

12.1.6 PROPOSED ACCOMMODATION VILLAGE KAMBALDA

Location: Kambalda
Applicant: N/A
Disclosure of Interest: Nil
Date: 18 November 2021
Author: James Trail, Chief Executive Officer

SUMMARY

Council to receive the update report on the proposed accommodation village in Kambalda

BACKGROUND

The Shire of Coolgardie is proposing to:

- develop up to a 200 room worker accommodation village;
- operate the worker accommodation village to meet the needs of the local mining industry; and
- engage a suitably skilled and experience operator to provide the worker accommodation village and services.
- the Reserve management order for the site already provides for the development of accommodation and power to lease.

The Shire prepared a Business Plan for the proposed village. The purpose of this Business Plan was to:

- inform the community the Shire of Coolgardie proposes to develop and operate up to a 200 room worker accommodation village located at Reserve 47229 Lot 562 Salmon Gum Road, Kambalda West, Western Australia;
- provide opportunity for the community to consider and make informed submissions on the Business Plan; and
- satisfy the requirements of Section 3.59 of the Local Government Act 1995.

The Shire held a community information session on Thursday 7th October. The submissions on the Business Plan closed in early November

The Shire received;

1. Hand delivered document on 18th October 2021 with 281 names. The document was on a petition cover page addressed to the Shire President requesting that Council accept signatures as individual submissions opposing the Major Land Transactions/ Trading Undertakings : 200 rooms Kambalda, 300 rooms Coolgardie. The 281 names were not on individual submission forms. The following reasons were stated;
 - a. Against FIFO
 - b. Against being in competition to local accommodation providers and business owners
 - c. Money not being generated nor spent in town
 - d. Prefer residential accommodation/development for long-term benefits
 - e. Traffic congestion and location issues
 - f. Ratepayers will be responsible for the \$9million

2. A Petition was tabled at the Ordinary Council Meeting on the 26th October 2021 with the same 281 names and for the same reasons opposing the Major Land Transactions/Trading Undertakings. The petition was tabled by Jan McLeod – 83 Kingswood Street Widgiemooltha. Unfortunately, the petition tabled by Jan McLeod was invalid as it was not presented in accordance with the Shire's Meeting Procedures Local Law 2019. Jan McLeod has been written to and advised that the petition was invalid.
3. 90 individual submissions were received objecting to the accommodation village in Kambalda. Of these it is estimated in excess of 60% were the same people who signed the hand delivered document on the 18th October. Most of these submissions also included the following reasons for their objections;
 - a. Against FIFO
 - b. Against being in competition to local accommodation providers and business owners
 - c. Money not being generated nor spent in town
 - d. Prefer residential accommodation/development for long-term benefits
 - e. Traffic congestion and location issues
 - f. Ratepayers will be responsible for the \$9million

Some other major concerns raised were;

- a. Noise
- b. Devaluation of properties
- c. Lack of detail and design
- d. Attracting families to town

COMMENT

Shire staff have assessed and reviewed ALL the submissions received as well as the petition. The information was presented at a briefing session to the Council with names, addresses and comments. It was noted by staff that the petition contents and reasons were the same as the document received on the 18th October 2021.

Out of the 281 names received on the petition and hand delivered document, 93 were ineligible for the following reasons;

- Names made up
- No signatures
- No address numbers

The petition tabled at the October Council Meeting is deemed to be invalid under the Shire Coolgardie Meeting Procedures Local Law 2019 – published in the Government Gazette on the 12/03/2020. The petition did not include all of the requirements as detailed below;

6.10 Petitions

(1) A petition is to—

- (a) be addressed to the President;
- (b) be made by electors of the district;
- (c) state the request on each page of the petition;
- (d) contain the name, address and signature of each elector making the request, and the date each elector signed;**
- (e) contain a summary of the reasons for the request; and
- (f) state the name of the person to whom, and an address at which, notice to the petitioners can be given.

(2) Upon receiving a petition, the Local Government is to submit the petition to the relevant officer to be included in his or her deliberations and report on the matter that is the subject of the petition.

(3) At any meeting, the Council is not to vote on any matter that is the subject of a petition presented to that meeting, unless—

(a) the matter is the subject of a report included in the agenda; and

(b) the Council has considered the issues raised in the petition.

Although the petition was invalid and 93 of the names on the hand delivered document on 18th October were ineligible, they were discussed, presented and raised with the Council at the briefing session that was held.

Information that was unable to be presented by Creating Communities at the Community Information Session

- The proposed location of the village close to the shops; hotel; pool etc creates a critical mass of people to support the local businesses. Factual evidence shows that on average workers will spend at least one night eating out – just to break the monotony of the village.
- In town villages create significant local spend of up to \$100 per week by residents – who go to the shops; buy items etc. As they are close to these venues – they aren't reliant on transport and will happily support them to break the monotony of the village experience.
- People make choices which includes a FIFO Lifestyle. Research shows that when asked if they would take up a position if it was residential 90-95% wouldn't and would prefer to stay FIFO. Reasons include partner's work; children moving schools; poor housing choice; short term contracts – not providing options for longer term commitment. Most of the conditions to attract and retain the workforce are set by the employer, not the village operator, so there is little the Shire can do about this.
- FIFO workers support local businesses – mostly for personal care items and other shopping items. The closer they live to local businesses the more they use them). A key opportunity exists for the Shire / village operator to provide local supply contracts to deliver maintenance; grounds; supply of materials etc. Also, workers at the village can be prioritised to be sourced locally. This is a significant number of employees to run a village.
- FIFO is a reality of work choices to attract and retain skilled employees. While there may be a preference for residential by local residents who have made that choice themselves research shows that the vast majority will not take it up, even if it is provided. FIFO provides a workforce choice for people.
- Pilbara towns certainly used to have the perception that FIFO destroys towns. This has well and truly dissipated since they have experienced it over time and learnt to engage and integrate workers better.
- Treating these people (often with their own families) as outcasts will certainly not do anything to encourage them. What better way to think about moving to a place than to enjoy the experience there? Well, if you provide a good induction, welcome them to the community, involve them in community activities – then it may encourage some of them and their families to relocate. Again, research shows that many FIFO workers do want to be involved in community initiatives, but can be deterred by long hours and the attitudes of some local residents
- There is no evidence at all that house prices will decrease. What will decrease house prices is providing more residential housing. When there is a downturn in the industry you are left with a glut of housing. FIFO actually buffers housing price fluctuations. (This is seasonal and less profitable than FIFO with guaranteed bed take up). Also, will drop the values of housing in the area as it increases supply and if any downturn in the market there is a glut of housing.

- FIFO villages may eventually be underutilized during periods of economic downturn with the boom and bust nature of mining. Consequently, it is easier to relocate temporary facilities than it is for permanent residential housing. Existing villages are out of town which minimises their benefit to the local community for local spend; use of local businesses etc
- It is not true that all money goes out of town. Wages may do however this assumes there is no spend by workers in town (which is false). It also doesn't factor in all the local employment and contracts that can be provided locally to run the village. These additional jobs and contracts don't exist to the same extent for residential housing.
- Villages tend to be very quiet due to having to respect people sleeping at different times. Not like a house where people could have parties; drum kits; whatever
- If FIFO workers were housed residentially near the school – would they suddenly not be labelled as paedophiles because they live in a house? There is no evidence between paedophilia and FIFO workers that the Shire is aware of.

Information to address a number of issues raised in Submissions

- The village is proposed to be right across the road from the Hotel. Consequently, it shouldn't provide issues of people returning via local streets from the Hotel. It is also important to note the workers are regularly alcohol tested and if they blow over are usually dismissed.
- The Village is not proposed to be located across from the school. The footprint of the village including facilities and carpark is not proposed to be located any closer than the boundary fence of the Fire and Emergency Services Building of the Fire Building.
- The Village peak times will be opposite to school times. Furthermore, the school might be able to partner with the village (Like in Karratha and Port Hedland) to provide support to the school for training; resources; etc.
- School traffic times and vehicle movements are at different times to those of the traffic to and from the village. The traffic for the Village will also be along Blue Bush not Salmon Gum Road. FIFO villages generally are on a 6am to 6pm operation with the majority of workers on day shift not being there when the school is operating and those who are there are eating; sleeping.
- The rooms will have proper sound proofing and block out blinds as per any village. Noise of people in adjoining rooms is more of an issue than venues away from the site. School noise like recess sirens might be an issue for night shifters but unlikely.
- It is not anticipated that the early morning beepers of vehicles will be an issue. It is anticipated that this will be managed by the car parks to be front in; front out (no reverse) like many villages are. Furthermore, it is not anticipated many single vehicles will be parked at the village given 90% of workers will be bused in and out.
- Local businesses and accommodation providers will only be hurt if they have existing arrangements with companies to accommodate and provide services to FIFO workers. The Shire President, Deputy President and CEO have met with the Hoteliers to discuss concerns expressed in regard to this issue.
- In conversations between the owners of the two villages and the CEO it has been confirmed the two villages are at full capacity. Furthermore, it was highlighted that the demand for accommodation will continue to far outweigh supply. The conversations also highlighted the need for greater interaction and contribution to the community which would exist with a village located in Town.

- Business Plan estimated net profit over 5 years - \$7.2 million
- Estimated net profit over 6 years - \$10 million
- All funds to be placed in a Reserve Fund for future community events, activities, programmes and infrastructure.
- Provide the Shire with seed funding to leverage future Federal and State grants given requirements for Local Governments to matching funding provided by State and Federal agencies.
- Would enable rates to be kept to under 2% for the next 5 years
- 92% of Shire's rate revenue or \$8.12 million paid by the Mining Companies, associated contractors and people employed by the mining companies or contractors
- 75% of staff employed in the Shire work for Mining Companies or associated contractors – estimated at 1740 people
- CEO has met with and/or spoken to Mining General Manager's or Chief Operating Officers on numerous occasions in regard to demand for accommodation
- All have maintained lack of accommodation is critical to their operations
- Willingness of mining companies to take rooms in the proposed Kambalda Village on the basis all profits to be set aside for community activities, events, programmes and infrastructure
- CEO met with Executive Director of Compass Group (owners of ESS) to discuss the proposed village and Compass future plans
- CEO spoken to District High School and Kambalda Police
- President, Deputy President and Chief met with local hoteliers
- No applications exist for extension to any accommodation providers in the Shire.
- CEO spoken to senior executive of Civeo
- 5 Senior Executives from companies approached the CEO at diggers and dealers asking whether the Shire could assist in the provision of accommodation
- Operating costs in Business Plan based on actual figures of villages currently operating in the Shire including all running costs and utility costs
- Revenue figures based on conversations and meetings between CEO and General Manager's and/or Chief Operating Officers and willingness to take rooms at an agreed price. This is reflected in the revenue figures in Business Plan
- Village is proposed to be leased – consequently if mining downturn occurs village is able to be removed and power, water and sewerage infrastructure remains in place for future potential aged care development
- Proposed loan funding is for installation of the village
- Separate Tender Packages (Installation) for water, sewerage, electrical, site works, ancillary works for installation proposed to enable local contractors to tender – estimated value \$4.5 million – based on installation costs of villages currently in the Shire
- Operation of proposed village would be tendered with intent to enable local people to be employed and work at the village – estimated up to 6 full time jobs created – enables local interested parties including hoteliers to tender for operation of village
- No wet mess proposed
- Shire managed village enables reinforcement to operator and mining companies for local businesses to be supported and local residents to be employed wherever possible. This would be written into any legal agreements between the Shire and potential operator and the mining companies.
- Proposed village would have very small carpark given most people staying in village would be arrive and go to sight by bus
- Local contractors wherever possible would be engaged for any maintenance required for grounds, water, sewerage and power given at the proposed village given management of village would be under the auspice of the Shire. This could also include Shire staff. This requirement would be included in legal agreement with operator. This expenditure has been included in the business plan financial model.

A Draft Concept Layout of the proposed village is attached. The draft layout has been prepared following consideration of submissions. The current layout shows a gym and recreation facility. If the proposed village proceeds the gym and recreation facility will either be removed or on a much reduced scale.

CONSULTATION

Community

Staff

Government

Mining Industry

Businesses

STATUTORY ENVIRONMENT

Nil

POLICY IMPLICATIONS

Nil

FINANCIAL IMPLICATIONS

The proposed \$9million loan was included in the 2021/2022 Annual Budget. Any borrowings from either WATC or any other financial institution goes through a rigorous risk and credit assessment. The provision of any proposed loan funds from WATC or any other financial institution will be subject to due diligence, risk assessment, formal credit approval, formal pricing approval and the submission of appropriate documentation requested including annual financial statements.

Risk analysis was done as part of due diligence in preparation of the financial modelling including in the business plan to ensure the workers accommodation village would generate sufficient funds to cover the cost of servicing the loan funds. Ultimately any loan funding provided to the Shire from any financial institution will be subject to due diligence and risk assessment.

The loan funding would effectively work like a self-supporting loan. The revenue received from daily occupancy of the proposed village would be used to pay the loan funding. This would not be drawn from general revenue nor rates revenue.

STRATEGIC IMPLICATIONS

A thriving local economy

Supporting local businesses in the Shire

Accountable and effective leaders

Developing strong partnerships with stakeholders for the benefit of our community

ATTACHMENTS

1. Draft Layout Proposed Accommodation Village Kambalda

VOTING REQUIREMENT

Simple majority

OFFICER RECOMMENDATION

That Council receive the update report on the proposed accommodation village in Kambalda

RESOLUTION #201/2021

Moved: Cr Kathie Lindup

Seconded: Cr Sherryl Botting

That Council receive the update report on the proposed accommodation village in Kambalda

In Favour: Crs Malcolm Cullen, Tracey Rathbone, Sherryl Botting, Tammee Keast, Kathie Lindup and Rose Mitchell

Against: Nil

CARRIED 6/0

POINT 2

That Council request the body of the content of this report be made available on the Shire of Coolgardie website for the communities perusal.

RESOLUTION #202/2021

Moved: Cr Tracey Rathbone

Seconded: Cr Kathie Lindup

POINT 2

That Council request the body of the content of this report be made available on the Shire of Coolgardie website for the communities perusal.

In Favour: Crs Malcolm Cullen, Tracey Rathbone, Sherryl Botting, Tammee Keast, Kathie Lindup and Rose Mitchell

Against: Nil

CARRIED 6/0