



2025

Business Plan

Saltwater Busselton Performing Arts and Convention Centre

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Business Plan April 2025

For proposed Major Land Transaction

SALTWATER PERFORMING ARTS AND CONVENTION CENTRE

BUSINESS PLAN IN ACCORDANCE WITH SECTION 3.59 OF THE LOCAL GOVERNMENT ACT 1995

SALTWATER PERFORMING ARTS AND CONVENTION CENTRE

Executive Summary

The City of Busselton proposes a major land transaction involving the development and operation of the Saltwater Performing Arts and Convention Centre (Saltwater), located in the Busselton Cultural Precinct, 9 Queen Street, Busselton, including the commercial lease of an adjacent building for the purposes of a restaurant/bar.

The purpose of this business plan is to inform the community and stakeholders of the project's nature, scope, financial implications, and strategic alignment. The City seeks public feedback, in accordance with the statutory requirements of section 3.59 of the *Local Government Act 1995*.

Introduction

The City of Busselton is undertaking a significant development of the Saltwater Performing Arts and Convention Centre. The City prepared an Operational Business Plan for the (then) Busselton Performing Arts and Convention Centre, now named Saltwater. As certain major land transactions are exempt from the requirements under section 3.59 of the *Local Government Act 1995*, in 2020, the City sought external advice to find out if the Saltwater Business Plan needed to be publicly advertised in accordance with these provisions. The advice received by the City at the time was that formal advertising was not required and on that basis the City progressed with construction of the building without formally advertising the Saltwater Business Plan. The City did however, share the Operational Business Plan and Business Cases developed for funding applications on its website to ensure full transparency with the community about the operating budgets and projections relating to Saltwater and this information has been regularly updated and publicly available for the last 5 years.

The City has since received further advice that, based on an alternative interpretation of the Local Government Act, advertising in accordance with section 3.59 might have been required. Therefore, although construction of the Saltwater building is nearing completion, to demonstrate Council's commitment to full transparency, the City is advertising a formal Business Plan prepared in accordance with section 3.59 of the Local Government Act.

This business plan addresses the expected effects on the provision of facilities and services by the Local Government, other persons providing facilities and services in the district, the finances of the Local Government, the other strategic and corporate priorities of the Council, and the ability of the Local Government to manage the undertaking.

This business plan will be advertised for a period of 6 weeks as required by the Act and submissions can be made to the City of Busselton. Usually, the Council would be required to consider all submissions made in proceeding with the major trading undertaking prior to its development. It is therefore uncertain what, if any action, will be taken from submissions received as the City has already entered into the transaction and is proceeding to the successful completion of the project.

Local Government Act 1995 Requirements

Section 3.59 of the *Local Government Act 1995* requires a local government to prepare a business plan and seek public feedback prior to deciding to proceed with a major land transaction.

A 'land transaction' is an agreement, or several agreements for a common purpose, under which a local government is to acquire or dispose of an interest in land or develop land.

The City has received advice that the contract to construct the Saltwater Performing Arts and Convention Centre is an agreement to develop land and that the proposed leases of the Weld Theatre and the Old Agricultural Bank as a restaurant/bar are agreements to dispose of an interest in land. The City has also received advice that the leases are also agreements under which the City is to develop land and therefore are agreements that share a common purpose with the construction and related building works (i.e. the construction contract and leases collectively comprise the 'land transaction').

A 'major land transaction' is a land transaction other than an exempt land transaction if the total value of the consideration under the transaction and anything done by the local government for achieving the purpose of the transaction, is more, or is worth more, than the amount prescribed. The amount prescribed for the City of Busselton is \$9,989,384 (Regulation 8A(1)(a)(ii) of the *Local Government (Functions and General) Regulations 1996*). The total value of the consideration under the transaction exceeds the prescribed amount.

A land transaction is an exempt land transaction for the purposes of section 3.59 if the local government enters into it without intending to produce profit to itself and without intending that another person will be sold, or given joint or exclusive use of, all or any of the land involved in the transaction (Regulation 8 of the *Local Government (Functions and General) Regulations 1996*).

The City has received advice that the 'land transaction' is not exempt for the purposes of section 3.59. Accordingly, and in line with advice from the Department of Local Government, Sport and Cultural Industries, the City has prepared this business plan in compliance with section 3.59.

Saltwater Performing Arts and Convention Centre – Major Land Transaction

1 - Expected Effect on the Provision of Facilities and Services by the Local Government

The Saltwater Performing Arts and Convention Centre is expected to significantly enhance the provision of facilities and services by the local government. It will provide a state-of-the-art venue for performing arts, conferences, trade shows and events, filling a long-standing gap in community infrastructure. Saltwater will cater to a wide range of activities, including local and touring performances, business events, and community gatherings, thereby diversifying and enriching the cultural, educational and social offerings available to residents and visitors.

The management of the project construction and the management of Saltwater operations has been planned for as a strategic priority of the Council for many years. In 2021, when the Council decided to accept the construction tender and financial forecasts to operate the facility, it did not identify any required changes to service delivery levels for the range of facilities and services that the City provides.

While overall workforce growth has had to be managed and prioritised to enable the required employee costs to be staged in for Saltwater, this has mainly resulted in improvements to service levels being delayed; it has not had a significant impact on the current service delivery levels to the community.

At the time of the City entering into the Major Land Transaction the City's Long Term Financial Plan (2021-2031) contained funding for the construction of Saltwater and for forecast operational costs, as well as \$38M towards the priorities identified in the Sport and Recreation Facilities Strategy. Since that time costs to construct not only Saltwater but also carry out other works such as the upgrade of the Geographe Leisure Centre have increased. Additionally Council's priorities have changed with a new Council Plan. For example, it is now planned to build a new district leisure centre at a new location instead of the previously master planned expansion of the Geographe Leisure Centre. This general increase in costs has impacted, along with other factors, the City's ability to achieve the priorities identified in the City's Sport and Recreation Facilities Strategy. These have however been reforecast through the new Council Plan and Long-term Financial Plan.

2 - Expected effect on other persons providing facilities and services in the district

The November 2018, Busselton Entertainment Arts + Culture Hub (BEACH): Economic Assessment by Lawrence Consulting included a venue review which found that smaller local events are staged at the Weld Theatre, which provides a more intimate theatre experience with a restricted capacity of 120 seats. The Weld Theatre is generally viewed as a community asset that hosts work performed by the Busselton Repertory Club and other groups, with a schedule of events that includes a number of performances of the annual pantomime, the fringe festival and other plays, dancing and theatrical shows.

The nearest facility that could cater to larger performing arts events is the Bunbury Regional Entertainment Centre (BREC), which is 53km from Busselton. The market demand assessment and

needs analysis considered the existence and use of the BREC when determining the need for a facility in Busselton and the optimal size of the facility. A comparison of other performing arts venues in the region identified a number of findings that informed the development of this project. Further details can be found from page 19 in the Business Case published on the City's website here: [RfR - Business Case Current Template](#)

The assessment report concluded that: "Following the comprehensive catchment analysis and market demand assessment, the review of competing venues would suggest that there exists considerable demand for a performing arts centre in Busselton, the optimal capacity for which would be in the range of 600-650 seats depending on design configuration based on the market for performing arts in South West WA and the expected population growth in the region over the next 20-30 years."

The report also details the market demand for the convention centre component of the proposed facility. The report found that the City of Busselton and Capes region had few suitable venues to host key business events. A review of the local conferencing and event offering was undertaken by consultants Studio Evans Lane in 2016, and found the following existing venues:

- Abbey Beach Resort
- Geographe Bayview Resort
- The Ramada (previously Wyndham resort)
- Pullman Bunker Bay Resort
- Old Broadwater Farm
- The Equinox

Subsequent to this study small function areas ranging from 110 to 150 capacity were added at the Esplanade Hotel, Shelter Microbrewery and Hilton Garden Inn.

The Geographe Bayview Resort did have plans several years ago to build a larger function space. The Resort was issued a development approval (DA) for a 5 storey development at the northern end of the Bayview Geographe site on 19 September 2018. The development did not proceed.

In late 2021, Georgiana Molloy Anglican School (GMAS) announced they would be proceeding with a 400 fixed seat performing arts facility for their students. The Georgiana Molloy PAC would have been somewhat constrained commercially by its location on a school ground, with a range of additional policy settings. Given the clear differences between the two facilities, it was not considered that the two facilities would impact each other. The GMAS PAC did not proceed either.

The Studio Evans Lane 2016 review established there was little capacity in existing venues for medium to large scale business events in excess of 300 people and consequently there would be minimal displacement caused by Saltwater, particularly given the conservative number of events hosted relative to the potential future demand. Saltwater was designed to handle larger events, as well as grow the entire business event industry in Busselton significantly, which should then allow for some organic growth for these other venues and also scope for working in partnership to meet the anticipated demand.

Overall, Saltwater will have a positive effect on other service providers in the district by attracting more visitors and increasing local spending. The [Revised BPACC Business Case March 2022](#) outlines several economic benefits that Saltwater is expected to bring to the economy:

Job Creation: The project was forecast to create an estimated 138 jobs during the construction period and increase economic output by \$76.5 million to the Capes Region. Recent figures from the construction company show there has been an average of 49 contractors on site per day and an average of 9 of their staff on site per day managing the contract.

5.3. Workforce Data

The following workforce data is representative for the month of February 2025.

Total subcontractors on site	1029 over 21 days
Average subcontractor attendance per day	49 (1029 / 21 days)
Total Broad attendance	189 over 21 days
Average Broad attendance per day	9
Total man hours worked	13,398 (49 persons x 21 days x 11 hours & 9 persons x 21 days x 11 hours)

Upon completion, the project has been forecast to stimulate an additional output of \$6.6 million annually, delivering 44 full-time equivalent (FTE) jobs in direct and indirect ongoing employment, with 25 of these jobs in the tourism sector.

Local Business Growth: Saltwater will create new markets for business in conventions, conferences, trade shows, the arts, and creative sectors, which will increase local spending. The facility will also provide opportunities for local businesses such as accommodation providers, restaurateurs, café owners, and retailers to benefit from increased visitation.

Tourism and Event Attraction: Saltwater is expected to attract new interstate and international visitors to Busselton, particularly through business tourism (meetings, conferences, events, etc), which will help reduce the seasonality of visitation. The venue will also add to established visitor attractions and provide opportunities for Aboriginal cultural experiences, supporting job creation and increased recognition of the value of the region's rich First Nation's heritage.

Economic Diversification: Saltwater will diversify the City of Busselton's event offerings and fill the gap in indoor venues with a capacity that can reach over 1,000 people, servicing the winter and shoulder seasons. This will help broaden the horizons and prospects for youth and enrich the lives of the community and its visitors by increasing the spectrum of quality arts and culture and business events.

Social Benefits: Saltwater will provide social benefits valued at \$7 million, improving lives through increased participation in culture and the arts and connecting the community. The facility will also

support increased educational and training opportunities and provide a home for local artistic, cultural, and educational groups and individuals.

Overall, Saltwater is set to become a significant economic and social asset for the City of Busselton and the broader South West region, driving economic growth, job creation and community enrichment.

3 - Expected financial effect on the local government

The financial impact on the local government includes both the initial construction cost and ongoing operational expenses. The total project budget was \$44.5 million. with funding sourced from government grants, loan borrowings, reserves and other contributions. In 2024, the total project budget was increased to \$51.55 million funded from grants and reserves.

The City secured significant funding from various sources, including government grants. The table below sets out the overall project budget, when the Tender for construction was awarded in November 2021:

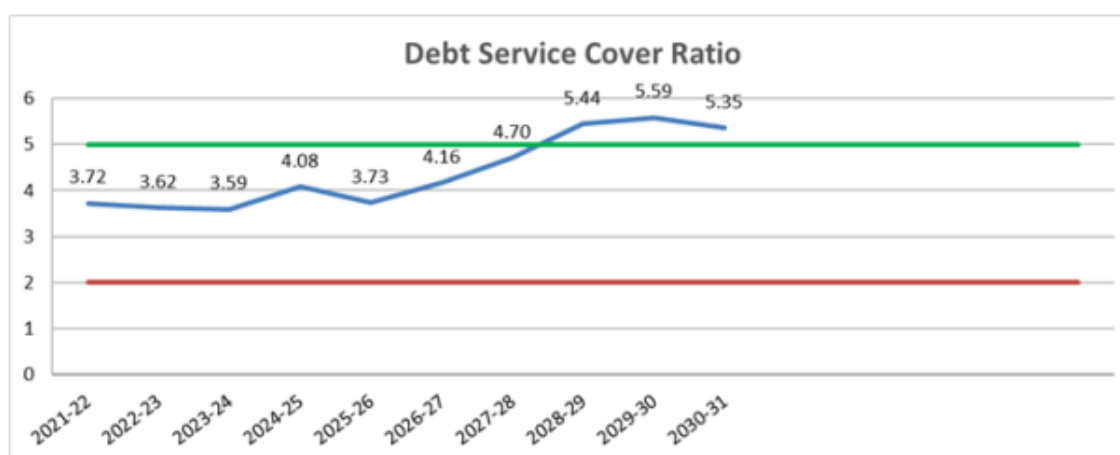
Description	Amount
Building contract including Weld Theatre upgrade	\$38,000,000
Consultant design	\$2,800,000
Contingency	\$3,000,000
Loose furniture/AV	\$250,000
Landscaping	\$500,000
TOTAL	\$44,550,000

The total project funding was set out as follows:

Income	Value \$	Comment
Federal Grant	\$10.35M	
Loan Borrowings	\$26.5M	
Old Library Building Sale	\$2.7M	
P&G / Building Reserve	\$575,000	
LRCIP Federal Grant	\$1.92M	Tranche 3
Surplus 20/21	\$1M	
Developer Contributions	\$625k	
Sponsorship	\$250k	Rio Tinto

Furniture & Equipment Reserve	\$350k
TOTAL	\$44,550,000

The City's borrowing capacity was sufficient to service the required loan amount while maintaining the appropriate benchmarks debt ratios. To ensure the City's debt remains within an acceptable level, the Debt Service Coverage Ratio (DSCR) is required to remain above the minimum standard of 2.0 as per the Department of Local Government Sport and Cultural Industries (DLGSC) Guidelines. Forecasts at the time were based on a final loan value of \$26.5M, borrowed at a low fixed interest rate of 2.5% over a term of 20 years (interest rate confirmed as of 10 November 2021), the impact of the total projected borrowings on the City's DSCR is depicted in the graph below, clearly highlighting the City's ability to remain well above the minimum standard.



To take advantage of low interest rates and to time loan terms with other City borrowings, the Council later decided to take out five separate loans for the amounts and fixed interest rates. These are shown in the City's loans schedule in its annual budget for the year ending 30 June 2025.

Borrowings and associated repayments were also considered to be funded through increases to fees and charges or rates, or a combination of the two. In addition, the Council had the ability to consider a review of key cash reserves held by the City, of which, at that time, there was a current balance of \$62.8 million, and to consider amounts scheduled to be transferred to reserves. In the absence of any other funding, an additional rate increase of up to 2% was also considered to fund the borrowings.

Saltwater is expected to operate at a net cost ranging from \$1.32m to \$1.7m over the next ten years. Most Local Government facilities and services operate at a cost, this is not unusual. Saltwater's purpose is to generate broader economic outputs and social benefits. The City has planned for the ongoing operational costs and asset maintenance in its long-term financial plan, ensuring the facility's sustainability.

In 2024, the draft Business Operations Plan and operating financial forecasts were externally reviewed. The draft Business Operations Plan has been updated to version 7 and can be found here on the City's website: [Saltwater Business Operations Plan Version 7 .pdf](#). It should be noted that during 2024/25 the City reviewed the way in which internal allocations (overheads) are allocated. From 2025/25 onwards the Saltwater operating budget will include additional costs previously allocated to other supporting services such as legal costs and loan fees. These costs are not additional to the City's budget merely allocated and reported differently with no financial impact to the City.

The City has the financial capacity to sustain Saltwater should the operating forecasts take longer to realise or not be achieved due to changing market environments or other assumed dependencies not materialising.

To inform the Business Operations Plan a Lifecycle Management Plan (LMP) was developed to establish the project's financial sustainability and ongoing viability. The LMP can be found on the City's website here: [lifecycle-management-plan-bpacc-\(saltwater\)](#)

The Plan forecasts costs and operational maintenance requirements over the next 23 years. This period of 23 years has been chosen in order to reflect the twenty year maintenance and renewal requirements of the building components as well as the initial operating cost implications immediately following construction. It is expected the building will have a longer lifespan than 23 years.

The forecasts in the LMP are included in the Business Operation Plan Financial Forecast from page 29. The annual maintenance costs are shown as an expense line item 'Building Maintenance' and will be reviewed and funded through each year's annual operational budget. For the purposes of this forecast expenses were not split out by capital and maintenance.

Expenses forecast to cover the future required component renewal and replacement are shown on page 32 'Asset Management Renewal.' These are the amounts required to be transferred into the building's reserve in those years to fund future asset maintenance work.

The LMP demonstrates that the City has both the ability to quantify the ongoing cost implications and also the commitment to setting aside funds to ensure they can be met. The LMP drew on information contained in the Draft Business Operations Plan in regard to expected staffing levels and operational costs and was based on the forecast construction budget, at the time, of \$38million.

The LMP will be updated once construction has been completed to reflect the final cost of the construction, when the 'as constructed drawings' are received. Due to the project budget amendment to \$55.1m and the significant value engineering to replace materials with lower cost items, such as timber to steel, the forecast asset maintenance costs are likely to change on completion of the review. A reserve will be established on project completion once the building is entered onto the City's asset register.

4 - Expected effect on matters referred to in the Strategic Community Plan and Corporate Business Plan (now combined into the Council Plan 2024-2034).

The Saltwater project is well-aligned with the City of Busselton's Council Plan 2024-2034, supporting key strategic priorities across lifestyle, opportunity, and leadership. By fostering cultural development, enhancing community connectivity, stimulating economic growth, and demonstrating effective governance, Saltwater will play a crucial role in achieving the City's vision to be a City where environment, lifestyle and opportunity thrive.

Lifestyle

Objective 2: Recognise, respect and support arts, heritage and cultural diversity.

- **Contribution:** Saltwater will serve as a state-of-the-art venue for performing arts, cultural events, and community gatherings, fostering a vibrant cultural scene. It will provide gallery and performance spaces for both emerging and established artists, enhancing the cultural fabric of the community.

Objective 3: Facilitate access to inclusive services, places, and spaces to support community members to connect and thrive at every stage of life.

- **Contribution:** By offering diverse programming and accessible facilities, Saltwater will support community engagement and inclusivity, providing a space for people of all ages and backgrounds to connect and participate in cultural activities.

Opportunity

Objective 12: Facilitate an innovative and diversified economy that supports investment and employment growth.

- **Contribution:** Saltwater will stimulate economic growth by attracting visitors into the CBD, supporting local businesses, and creating job opportunities in the arts, hospitality, and tourism sectors. It will also provide a venue for business events and conferences, further diversifying the local economy.

Objective 13: Be a destination of choice for unique tourism experiences and events.

- **Contribution:** As a premier venue for performances, exhibitions, and events, Saltwater will enhance Busselton's reputation as a creative industry and tourism destination, drawing visitors from across the region and beyond.

Leadership

Objective 16: Provide effective governance and organisational leadership.

- **Contribution:** The planning and development of Saltwater demonstrates the City's commitment to strategic governance and leadership. The project aligns with the City's long-term financial and asset management plans, ensuring sustainable and responsible management of community resources.

Objective 17: Enhance the customer experience through improved customer service, process innovation, and business technologies.

- **Contribution:** Saltwater will leverage modern technologies and innovative practices to enhance the customer experience, from ticketing and event management to facility operations, ensuring a high standard of service and engagement.

5 - Ability of the Local Government to manage the undertaking or the performance of the transaction

The City of Busselton has demonstrated in various business cases a robust ability to manage the undertaking and performance of the Saltwater project.

The City has successfully managed large-scale projects such as the City Administration Building (\$22 million), Busselton Margaret River Airport Upgrade (\$73 million) and the Busselton Foreshore Development (\$53 million). Many City projects also require the management and acquittal of significant portions of grant funding.

A governance structure is in place, including a Project Steering Group and a Project Team with experienced professionals. The Saltwater project has been managed by a Project Manager, working with the Construction Superintendent and the internal City of Busselton Project Team to deliver the project. Overseeing the Project Manager is the Project Sponsor, the Director Economic and Business Development, who reports directly to the CEO of the City of Busselton. The Project Team report to the Project Steering Group. The Project Steering Group consists of the following City of Busselton staff: CEO, the Director Economic and Business Development, the Managers of Events and Cultural Services, Governance and Legal and Major Projects and Facilities (the project manager) and the Director Engineering and Environment.

The City of Busselton has been supported in this project by a community reference group, the BPACC Community Reference Group (BCRG), was convened in January 2015 as the Busselton Performing Arts Working Group and revised its name and role in January 2020 with the terms of reference being to:

- a. Review and provide feedback on design and operational interfaces facilitating timely delivery of the BPACC in accordance with project program.
- b. Develop a Stakeholder Matrix and Communications Plan to facilitate community consultation and stakeholder engagement throughout the development process.
- c. Consult and engage with identified stakeholders, as appropriate, to obtain informed feedback that helps the design development and future operations.
- d. Stay informed with the latest plans and developments as the project progresses to field appropriate questions and positively respond to feedback.
- e. Provide a conduit to the community in a supportive role.
- f. Identify and secure funding, sponsorship, donations to value-add elements such as fit out, technologies, accessibility, promotion and heritage conservation.
- g. Advocate for the project to drive volunteer attraction to fulfil forecast front of house roles.

The BCRG has been comprised of the BPACC Councillor Working Group (a group of City Councillors tasked with representing the Council in the development of the project), and representatives of key stakeholder groups including Busselton Repertory Club, Acting Up, CinefestOZ, Margaret River Busselton Tourism Association, Busselton Chamber of Commerce, City of Busselton key staff members and a representative for local schools.

[Saltwater_Business_Operations_Plan_Version_7_.pdf](#) contains risks identified with operational readiness. This has been reviewed with each update of the Plan and is monitored by the Project Team at regular meetings. There is also a comprehensive construction project risk register which is reviewed and updated at fortnightly construction project team meetings.

To prepare for operational readiness several versions of the [Saltwater_Business_Operations_Plan_Version_7_.pdf](#) have been developed. The Plan includes staffing, programming, and maintenance forecasts as detailed in the sections above. The plan articulates the vision for the venue and what outcomes it will achieve, critical success factors and the programming planned when the venue opens.

Saltwater has its own website to promote the venue and a marketing plan has been developed which outlines how awareness of the new venue is being achieved. This has already resulted in bookings for the first 12 months of operating.

In 2022 an experienced Venue Manager was recruited to assist the Project team with a review of the draft Business Operations Plan, construction and design queries of a technical nature and procurement decisions for internal fit out. The Venue Manager worked with the Project Team to successfully implement a venue booking system, select and procure a ticketing system and developed the programming plan.

Later in 2022, a Marketing and Business Development Officer was employed to assist with the brand development and website launch of Saltwater. The role has been instrumental in building national awareness of the venue and building partnerships with regional facilities and industry stakeholders to support Saltwater's integration into the broader South West cultural and business events landscape.

Other recruitment has been aligned with the construction program and as the building nears completion a Senior Technical Officer has been appointed to oversee the IT and AV equipment installations throughout the venue.

Volunteer attraction has already commenced with a Friends of the Cultural Precinct group forming in 2023.

The Project Sponsor, Project Manager and Venue Manager have worked closely with the Busselton Repertory Club and Acting Up Drama Group on the integration of their operations into the building design. The Weld Theatre, leased by the City to the Repertory Club, has received a complete renovation including a reconfigured back of house, new kitchen, electrical upgrade, new lighting and ceiling fans, compliant stage access, improved disability access and large offsite storage location.

These points collectively demonstrate the City of Busselton's strong capability to manage the project effectively, ensuring its successful completion and long-term sustainability.

References

[Revised BPACC Business Case March 2022](#)

[Documents » City of Busselton](#)

[Saltwater_Business_Operations_Plan_Version_7_.pdf](#)

[stakeholder-engagement-timeline.](#)

[lifecycle-management-plan-bpacc-\(saltwater\)](#)

[Busselton Entertainment Arts + Culture Hub \(BEACH\): Economic Assessment, November 2018, Lawrence Consulting,](#)

SUBMISSIONS

Submissions about this business plan can be made to the Chief Executive Officer, City of Busselton, Southern Drive Busselton WA until the close of business on [insert date]. Submissions in writing can be delivered to the City Administration Centre, posted via Locked Bag 1 Busselton, or emailed to the attention of the Chief Executive Officer at city@busselton.wa.gov.au.

If more information is required prior to making a submission, contact the City's Director, Economic and Business Development at City of Busselton at maxine.palmer@busselton.wa.gov.au.
