Bunbury Ocean Pool

Business Case

June 2023

22-169 AD

CITY OF BUNBURY

GOVERNMENT OF WESTERN AUSTRALIA

Department of
Local Government, Sport
and Cultural Industries

Revision and Distribution History

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01 Executive Summary

Bridge42 have been engaged by the City of Bunbury ('City') to lead delivery of a business case for the proposed Bunbury Ocean Pool. The Ocean Pool presents the opportunity to create a unique community asset which is free to use by all and will encourage active recreation and healthy wellbeing, will support local tourism and increase visitation to the area, and serve as the catalyst for broader coastal development along the Bunbury Foreshore.

VISION AND OBJECTIVES

The proposed location for the Ocean Pool is Wyalup Rocky Point (less than 600m west of the Bunbury CBD), the former location of the Basalt Quarry, with the project presenting the opportunity to activate the foreshore precinct and create a community assert that is free to all.

The core objectives for the project that have been cited from the City's *Bunbury Brighter: Strategic Community Plan* including:

People

Create a safe, healthy and connected community

Place

Provide an integrated, vibrant and well-planned City

Prosperity

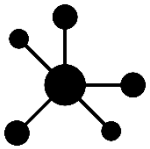
Deliver a strong and diversified economy

STATEMENT OF NEED

Based on the market and demand analysis completed, the project brief was developed and defined the Bunbury Ocean Pool as a project that:

Can deliver a unique service offering which does not compete with the surrounding aquatic facilities

Can serve as a catalyst to the broader foreshore precinct and encourage greater activation of the site



Improve connection to the Bunbury CBD and other surrounding assets

Create a place of destination which is able to leverage the strong Southwest visitor market and establish Bunbury as a place to visit, stay and play.

CONCEPT AND COST

Officer Woods was appointed as lead architect for the project and led the design process, which included site testing, interpreting the project brief, concept development and landscape masterplan/

The preferred scope includes the following key amenities:

- Lap pool, four lanes, 50 metres
- Rehabilitation pool, two lanes, 25 metres
- Entry ramp, max 1:20
- Childrens / Leisure pool,
- Community room,
- Toilet and Change room amenities
- Café / Kiosk

The cost estimate for the project was prepared by quantity surveyor, RLB, and coastal engineer, MP Rogers, estimating the total cost to deliver the works is $17.82 Million (excl, GST).

FINANCIAL ANALYSIS

A 20-year financial operational cashflow was prepared for the concept, and considered three different options:

- Single delivery, excluding externally financing the City's funding
- Single delivery, including externally financing the City's funding
- Staged delivery, excluding externally financing the City's funding

The cumulative net profit / loss and yearly operating average over a 20 year operating period is reflected below.

Option	1A	1B	2
Delivery	Single	Single	Staged
Finance	Excl.	Inc.	Excl.
Cum. Net Profit / Loss	-$18.167M	-$23.118M	-$20.518M
Avg. Net Profit / Loss p.a.	-$611K	-$1.065M	-$759K

The most financially viable scenario is Option 1A, operating at an average net loss of $611,000 p.a., over a 20-year period. Option 1A performs the best due to the ability to avoid finance and delivery of the revenue generating amenities (café and meeting room) upon opening.

ON-GOING FUNDING OPTIONS

Given the Ocean Pool will be 'free entry', the ability to generate direct revenue is limited, with a best-case scenario operating at a net loss of $611,000 p.a, on average, (Option 1A).

To offset the net loss, alternate on-going funding opportunities were considered, whereby revenue could be generated offsite and then utilised to compensate the operating costs of the Ocean Pool.

The on-going funding scenarios considered include:

- Sell existing freehold land and divest the profits within a diversified index investment fund, providing steady returns via dividends and portfolio growth.
- Broker a deal with the State, in which Crown Reserve land is developed, and certain lots are placed on a ground lease, whereby the rental income generated from these lots is utilised to support operations of the Ocean Pool (benchmarked from the Busselton Jetty model)
- Utilise land that is sold and developed, and commit the rates generated from the newly developed property to the Ocean Pool.

All these scenarios were prepared within the financial model, noting the below only illustrates the options that exclude finance (please refer to Section 7 to review the options that include finance).

Option	3A	4A	5A
Delivery	Single	Single	Single
Type	Sell & Divest	Ground Lease	Rate Income
Cum. Net Profit / Loss	-$6.300M	-$12.548M	-$11.458M
Avg. Net Profit / Loss p.a.	-$18K	-$330K	-$276K

Option 3A is the most financially viable option as the assumptions regarding the sale of three greenfield lots (approx. $8 Million) is invested within a diversified index fund, returning 7.45% p.a., a greater investment return to what is benchmarked for Options 4A and 5A.

Option 3A then allows for the Ocean Pool to operate at an average net loss of $18,000 p.a., assuming the profit generated from the alternate funding is fully committed to the project.

A further sensitivity analysis was undertaken on the options by altering the amount of funds committed to the capital and maintenance sinking funds per year. The sensitivity analysis included the following scenarios, noting that the percentage allocated is based on total construction cost.

Option	Sinking Fund Allowance	3A	4A	5A
Delivery		Single	Single	Single
Type		Sell & Divest	Ground Lease	Rate Income
Avg. Net Profit / Loss p.a.	2% [Base Case]	-$18K	-$330K	-$276K
	1.5%	$11K	-$301K	-$246K
	1.0%	$40K	-$272K	-$217K
	0.5%	$69K	-$242K	-$188K

The order of most to least financially viable between the options does not change, noting that if the sinking fund allowance is lowered, there is the opportunity for Option 3A to generate an average net profit per year.

Ultimately there is the opportunity for an approx. $88,000 saving across all options if the sinking fund allowances is reduced from 2% of construction costs to 0.5%.

DELIVERY & FUNDING

Based on a traditional procurement methodology and assuming immediate commencement of the next phase of works (schematic design and lobby for funding), it is estimated that the Ocean Pool could be delivered by the end of 2026.

The proposed funding breakdown and targets is as per below:

Entity	Amount (excl. GST)
City of Bunbury (Reserves or Finance)	$5.940M
State Government	$5.940M
Federal Government	$5.940M
Lotterywest	TBD – Likely small contribution to FFE or Fit Out
Other Industry Partners	
Total	**$17.820 Million**

At a minimum, it would be expected for the City to match the funding contribution to that requested of State and Federal Government (33/33/33 split). There is then opportunity to target smaller amounts of funding from not for profits and industry partners, whose contributions would likely be utilised for furniture procurement, final fit out works or public art installations.

NEXT STEPS

The Bunbury Ocean Pool presents the opportunity to deliver a community recreational asset which has no barriers to entry (free of charge and wheelchair accessibility), promotes an active and health lifestyle, encourages social engagement, promotes Bunbury and the region as a play to visit and will serve as a catalyst for the broader foreshore redevelopment.

The key next steps include:

- Endorsement of this business case and the preferred on-going funding option, which must consider the City's appetite for investment risk and alignment to other strategic objectives.
- Conversion of this business case into the WA Treasury Business Case format (critical to lobbying funding from the State).
- Engagement of an external lobbyist to commence lobbying for all types of external funding (public and private sector).
- Appointment of a project manager, to then commence procurement of the consultant team for schematic design.
- Commence early engagement with planning approval authorities (e.g. DPLH, DBCA, Southwest Development Commission) to assist with streamlining the eventual planning approval process.

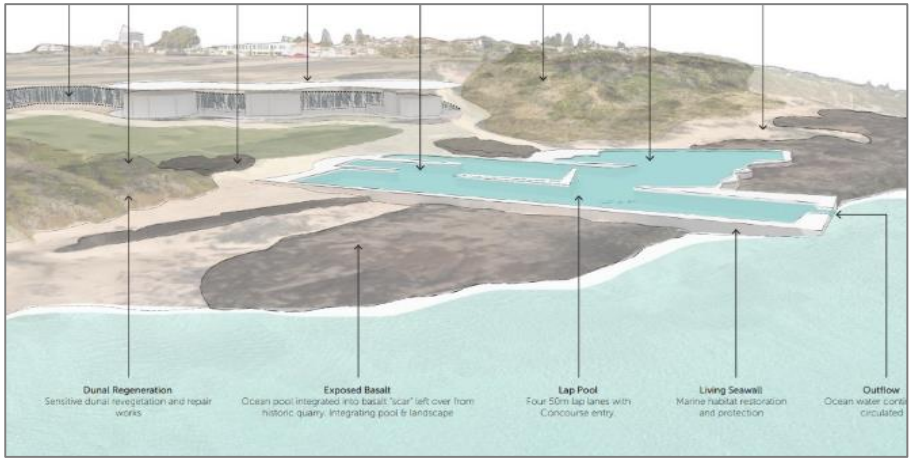


Figure 1: Artistic impression of the Bunbury Ocean Pool

02 Introduction

Bridge42 have been engaged by the City of Bunbury to lead the delivery of a business case for the development of a proposed Ocean Pool located on the Bunbury Coast.

The proposed ocean pool has been a longstanding opportunity and consideration for the local Council, with this business case presenting the proposed concept, cost, funding opportunity and overall viability for the project.

2.1 Background

The concept for a modern Ocean Pool has been long term ambition within Bunbury for a significant period. Over the course of the century, Bunbury has previously had two ocean pools (Bunbury Back Beach Baths and the Bunbury Basalt Quarry & Campground), both which were utilised for formal and informal swimming, as well as other aquatic sports. However, between 1930 – 1960, both ocean pools were filled or the infrastructure deteriorated to a point in which swimming was no longer possible.

The opportunity for a new Ocean Pool was revived in the early 2010s, when a masterplan was prepared for the foreshore precinct which noted the opportunity, with the preferred location being Wyalup Rocky Point. An initial concept for the pool was prepared by Calibre Consulting, with MP Rogers engaged in February 2021 to complete an *Ocean Pool Feasibility: Fatal Flaw Proof of Concept Study.*

The City are now seeking the completion of a business case which further defines the opportunity for an ocean pool, including concept, cost estimate, financial modelling and funding strategy, in order to allow for the project to progress to the next phase of investigation.

Parallel to this process, geotechnical, environmental and indigenous heritage survey investigations have also being undertaken at Wyalup Rocky Point to further determine the proposals viability.

2.2 Objectives

The purpose of the business case is to further investigate the proposed ocean pool concept, with consideration for additional development opportunities within the area.

The City is committed to completing these investigations, stating within their *Corporate Business Plan 2022 – 2026,* one of their key outcomes is to build a:

> "*place with attractive and welcoming community spaces where people want to live, with a commitment to fund investigations required to determine the viability of an ocean pool"*

While the objectives for this project which have been aligned to the City's *Bunbury Brighter: Strategic Community Plan,* have been detailed below:

People

A safe, healthy and connected community:

- A growing hub of culture and creativity
- A healthy and active community
- A compassionate and inclusive community

Place

An integrated, vibrant and well-planned City:

- A place with attractive and welcoming community spaces where people want to live

Prosperity

A strong and diversified economy:

- The premier city of regional Western Australia.
- A unique and desirable destination within the Southwest region.

2.3 Site History and Context

HISTORY

The proposed location for the ocean pool is Wyalup Rocky Point, located at the western end of Symmons Street, along Ocean Drive, approximately 500 metres from the Bunbury CBD.

The Wyalup Rocky Point area of Bunbury is a rocky section of coastline, whereby this section is primarily composed of basalt that formed from lava flows which occurred approximately 130 million years ago.

To protect this area and prevent the often dangerous and illegal mining of basalt, the Bunbury Council took control of the site in the 1890's. At this time, the Bunbury Council was also considering ways to improve the appeal of Bunbury and attract tourists to the area and proposed the idea of an ocean pool. During a visit of the WA State Engineers in the 1890's, the optimal location for an ocean pool was determined to be at the end of Symmons Street.

In 1907, the Bunbury Council began the process of initiating the Bunbury Basalt Quarry, with the eventual goal of creating a world class ocean pool. The Basalt Quarry continued to operate for over 20 years as it slowly approached the desired pool dimensions of 82 m long, 18 m wide and 3 m deep. With the onset of the depression during the 1930's and the subsequent building of the Bunbury Back Beach Baths, the quarry ocean pool concept was abandoned. In the late 1940's the Basalt Quarry was closed and during 1950's, the Basalt Quarry became an unofficial local attraction as a swimming hole and camping ground for visitors. However, the area slowly began to fill with sand and by the early 1960's the quarry was filled and swimming was no longer possible.

Since this time, the area has since been redeveloped and has become a public open space, with the provision of grassed area, public toilets, benches with shade and BBQ facilities, with the adjacent coastline still encumbered with basalt rocks.

Figure 2: The Basalt Quarry in 1951, after quarry operations had ceased and the location became an informal swimming hole for the community.

Figure 3: Satellite images from the 1950s and 2010s, comparing the previous informal swimming hole at the Basalt Quarry and the current status of Wyalup Rocky Point, with the quarry filled in and the area landscaped as public open space (red shading indicates previous quarry)

CONTEXT

The site is adjacent to the Bunbury Recreational Ground, while being located approximately 450 metres north of the Bunbury Surf Life Saving Club and south of the Bunbury Back Beach, both which are the primary beach swimming locations in the area. While the coastline along Ocean Drive remains consistent of either vegetative land parcels, detached residential dwellings or public recreational spaces.

Recreational and commercial infrastructure on the waterfront is currently concentrated along the eastern side of the CBD, including Koombana Bay, which is continuing to develop and expand, as well as the recently opened Bunbury Youth Precinct.

Therefore due to the significant investment recently undertaken within these areas, there is a recognised opportunity for redevelopment along the western coastline, including the Ocean Pool, however more broadly opportunity for other commercial and private investment to help activate the area. This includes the various land parcels located along Ocean Drive zoned as 'Tourism'.

Figure 4: Wyalup Rocky Point public open space, with the basalt rock coastline to the west

PREVIOUS WORK COMPLETED

In February 2021, Coastal Engineers, MP Rogers, completed an *Ocean Pool Feasibility – Fatal Flaw Proof of Concept Study*, for the proposed Bunbury Ocean Pool. The purpose of the report was to identify any fatal flaws relating to a concept design that had been developed, reporting on potential constraints include costal process, geotechnical, structural, environmental and heritage constraints.

The key outputs of the investigation undertaken included:

- There are no fatal flaws with the proposed Ocean Pool in any of the assessed areas.
- Prepared an indicative concept for the development (see Figure 5), with a scope that included an eight lane, 50 metre pool, kids / recreation pool and changeroom / shelter facilities.
- Estimated capital cost of $8,022,144 (excl. GST) based on the refined concept prepared.
- Estimated operating cost of $700,100 per year (excl. GST)
- Recommended the following key next steps:
    - Completing additional investigations and studies.
    - Refining the design to reduce the size and volume.
    - Consideration of the commercial aspects of the facility.

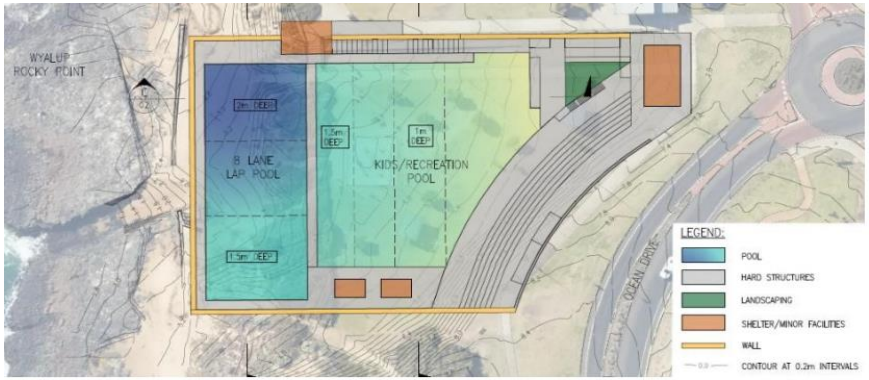


Figure 5: Previous ocean pool concept prepared by coastal engineer, MP Rogers, in February 2021.

03 Technical Investigations

As part of the business case process and following on from the recommendations from the original Fatal Flaws Investigation completed in February 2021, the following technical investigations were completed including:

- Geotechnical investigation;
- Ethnographic Survey and Due Diligence Risk Assessment ; and
- Environmental assessments

The key findings from each of these investigations have been utilised by the consultant team to prepare the proposed concept (see Section 6).

Please refer to the individual reports for further details on the key findings however, a summary of the outputs have been provided below.

3.1 Geotechnical Investigation

Geotechnical engineer, WML Consulting Engineers, led the geotechnical investigation of the proposed site. The key findings of the investigation completed noted the following below, with their full report available under Appendix A.

- Based on the results of the investigation, in general, the subsurface conditions encountered within the site comprised:
    - TOPSOIL: SAND with silt and root fibres, loose, over;
    - FILL: SAND, trace clay, trace gravel, loose to medium dense; often with construction rubble, over;
    - FILL: SAND to Silty SAND, loose to dense, over; and
    - Basalt, black, extremely to distinctly weathered, low to high strength.
- Basalt rock is expected to be encountered within 0.6m – 1.6m of the existing ground level in which the CPTu testing was undertaken.
- Groundwater was encountered between 2.5m – 3.8m below the existing surface level and will likely be encountered during any earthworks.
- The site, in its current condition, is considered susceptible to liquefaction due to the loose, saturated cohesionless soils; however, the risk of liquefaction may be reduced by remediating the uncontrolled loose sand fill.

Although the report notes some geotechnical challenges to the stie which will add to the proposed construction cost, these are not unexpected for developing in this location and can be managed via the recommendation for site preparation works detailed in WML's full report.

3.2 Ethnographic Survey and Due Diligence Risk Assessment

Recognising that surrounding the subject site, there are various landholdings which are recognised to have heritage significance to local Indigenous persons, it was deemed critical by the project team to undertake investigative work to determine the level of significance and understand how the project scope will need to be adjusted to protect and respect the significance of these surrounding landholdings.

The two investigative works undertaken included:

- Report Of An Ethnographic Aboriginal Heritage Survey For A Proposed Ocean Pool In The City Of Bunbury, Western Australia; and
- Due Diligence Risk Assessment Advice For A Proposed Ocean Pool In The City Of Bunbury, Western Australia

Both reports were documented by consulting anthropologists and archaeologists, Brad Goode & Associates.

Please refer to Appendix B and C to review the two technical reports however, a summary of the key findings and recommendations have been summarised below.

REPORT OF AN ETHNOGRAPHIC ABORIGINAL HERITAGE SURVEY FOR A PROPOSED OCEAN POOL IN THE CITY OF BUNBURY

Key findings of the ethnographic survey noted:

- A search of the Department of Planning, Lands and Heritage (DPLH) Aboriginal Heritage Inquiry System (AHIS) conducted by BGA on the 19th of July 2022 identified no registered Aboriginal heritage sites and two other heritage places, Place ID 1068 Back Beach Burials and Place ID 21373 Back Beach (BB01).
- Place ID 1068 Back Beach Burials is recorded as a burial ground at Lot 431 Upper Esplanade in Bunbury (O'Connor 1996). Archaeological investigations carried out in Lot 431 and Reserve 9997 did not uncover any significant quantity of skeletal materials. However, in 2013 ancestral remains previously uncovered from the wider Bunbury area were reburied within DPLH Place ID 1068 according to traditional Noongar cultural protocols.
- Place ID 21373 Back Beach (BB01) was reported as a mythological site in association with the Nyiiting or Dreaming (AIC 2004). Black rocks outcropping the beach within the dunal ridge at the Back Beach were reported to be part of a Dreaming Wargyl story.
- During the ethnographic survey with the *Gnaala Karla Booja ('GKB') Indigenous Land Use Agreement ('ILUA')* (representative body of the local indigenous landowners) undertaken on 14th November 2022, no new ethnographic sites, as defined by section 5 of the *Australian Aboriginal Heritage Act 1972 (*AHA) were identified within the project area.

The key recommendations from the report include:

- The City of Bunbury seeks Ministerial consent under section 18 of the AHA to use the land located within DPLH Place ID 1068 Back Beach Burials and Place ID 21373 Back Beach (BB01) for the proposed Ocean Pool at Wyalup Rocky Point on the Back Beach in Bunbury.
- Due consideration is given to the GKB ILUA (representative body of the local indigenous landowners) to their management requests including:
    - Cultural interpretation occurs as part of the Bunbury Ocean Pool; and
    - The Noongar community be offered employment opportunities as part of the project.
- When the ACHA 2021 is implemented in July 2023, that the City of Bunbury contact the GKB ILUA group Cultural Advice Committee to determine if a heritage management plan agreement is required to proceed with the project.

Figure 6: The subject site and the two Indigenous heritage places identified, Place ID 1068 Back Beach Burials and Plan ID 21373 Back Beach.

DUE DILIGENCE RISK ASSESSMENT ADVICE FOR A PROPOSED OCEAN POOL IN THE CITY OF BUNBURY

A due diligence risk assessment report under the *Western Australian Aboriginal Heritage Act 1972 (AHA)* was undertaken for the purpose to provide advice regarding the risk of a Section 17 breach of the AHA occurring, should the works proceed as they are currently planned.

The due diligence assessment builds upon the findings of the ethnographic survey, noting the following recommendations:

- Given the subject site was previously utilised as a Basalt Quarry for a period of 20 years (approx..) from 1907, this would have resulted in significant ground disturbance, followed by the quarry being filled in during the 1930s.

  Given the extensive ground disturbance of the area, the original landscape and soil system of the project area has been significantly altered. Therefore, there is minimal potential risk for surface or subsurface arachnological material to still be present in the area, therefore no archaeological Aboriginal heritage survey is recommended.

- As a result of the ethnographic survey, it is concluded under Section 1 of the AHA Aboriginal Heritage Due Diligence Guidelines, the works would likely constitute a significant disturbance to significantly altered lands. Under the Aboriginal Heritage Risk Matrix, there is a medium risk that Aboriginal heritage sites could potently be distributed by the works.

Based on these findings, it was recommended that an Ethnographic Survey be undertaken [which has since been completed as per the summary above]. The other key recommendations included:

- If any skeletal remains are unearthed during the ground disturbing activities, the project proponent is required to stop work in the immediate area and contact the Western Australian Police Services.

- Following, if the remains discovered are an Aboriginal set or partial set of remains, it is recommended that the proponent report the matter to the Registrar of Aboriginal Sites at DPLH.

3.3 Environmental Assessments

Multiple environmental assessments were undertaken for the project, led by multi-disciplined consulting firm *GHD.* The investigations included:

- Landscape and Visual Impact Assessment
- Environmental Noise Impact Assessment
- Preliminary Site Investigation with Limited Sampling
- Assessment of Pool Flushing and Effects of Coastal Water Quality
- Assessment of Effects on Benthic Habitats
- Desktop Flora and Vegetation Assessment
- Hydrogeology Assessment

Please refer to Appendix D which provides a compiled summary of the key findings of each of the environmental reports and then all of the individual reports as separate sections.

However, please also refer to the summary provided below for the key findings.

Report	Key Findings	Next Steps / Recommendations	Overall Risk to Project
1. Landscape and Visual Impact Assessment	Generally, the visual impacts at the site would be considered *High to Moderate* due to the sensitivity of receptors, including the coastal recreational areas and residential receptors and the magnitude of change resulting from the impacts of additional built form within the coastal setting. However, it is believed that these impacts can be managed through the design process and adopting the recommendations adopted within this report.	Recommended regarding design, the following considerations are made: • Design sensitively to connect with the unique coastal landscape. • Design sensitively to provide for the existing users of the beach and coastal environment. • Design sensitively to connect to the Indigenous landscape and existing burial grounds Recommendations for further assessments include: • Additional viewpoints assessment • Seascape visual impact assessment • Stakeholder engagement • Construction impacts • Photomontages • Landscape master planning	Low
2. Environmental Noise Impact Assessment	**Construction Noise**: Noise emissions from physical construction are predicted to be within noise limit noise receivers at all periods of the day. However, noting when multiple equipment items are operating simultaneously, this will likely exceed limits. **Blasting Noise and Vibration**: With charge masses of 10kg, it was found that the estimated blasting noise levels at four of the six sensitive receptors are in exceedance. Blasting vibration levels were in exceedance at three of the sensitive receptors. Charge masses well below 10 kg is expected to comply with all blasting criteria.	The impact from construction, blasting and vibration noise is considered low, and will not individually contribute to exceedance of noise criteria however, may do when operating simultaneously. Therefore, the construction management plan should still document the process for managing noise complaints. Operational noise from sources on Site have been found to cause exceedances in noise levels at nearby noise receptors. Whilst the predicted noise levels exceed the assessment criteria by up to 15 dB, the ambient noise present has a high chance of masking the noise even without noise mitigation procedures in place.	Low

Report	Key Findings	Next Steps / Recommendations	Overall Risk to Project
	Operational Noise: The results from the operational noise assessment is detailed below for the two locations chosen for the pump station: • Scenario A: twelve sensitive receptors exceed the noise criteria • Scenario B: sixteen sensitive receptors exceed the noise criteria	It is recommended that noise mitigation principles – including barricading the Site using fencing to provide distance between noise emitting sources and people in the area, locating pumps inside a mechanical plant room on the southern part of Site, and directing all fan units to the west, are applied.	
3. Preliminary Site Investigation with Limited Sampling	**Potential Sources of Contamination**: The quarry was backfilled prior to 1970 and again between 2001 and 2010. Fill material of unknown origin has the potential to contain concentrations of contaminants which may pose a risk to health and ecological based receptors. **Potential risks to health and environment and constraints of the proposed redevelopment:** Based on the test pits and soil sampling undertaken, the following is noted: • Inert waste materials (bricks, plastic, concrete, ceramics and metal) within fill sand at four of seven test pit locations were identified. • Limited sampling and analysis of the fill material identified concentrations of polycyclic aromatic hydrocarbons (PAH) and total recoverable hydrocarbons (TRH) greater than the adopted health- and ecology-based assessment criteria. • However, under current land use, the identified soil impacts are not considered to present a significant risk to terrestrial ecology, given that the area surrounding the identified impacted soil (and the area subject to backfilling) is modified for use as public open space, with vegetation limited to lawn and occasional trees	Undertake further soil and groundwater investigation in accordance with DWER (2021) contaminated sites guidelines, and other relevant guidelines to: • Further understand the soil and groundwater contamination of the site, and the associated health and ecological risks. • Inform the requirement for dewatering. • Support the characterisation of fill material required to be excavated and removed. Upon completion of the above, develop and implement a suitable Construction and Environmental Management Plan.	Medium

Report	Key Findings	Next Steps / Recommendations	Overall Risk to Project
	which were not noted to be showing any obvious signs of stress. • The Potential exists for current Site workers, sub-surface maintenance workers and future re-development workers to be exposed to the identified CoPC in the soil however, this is considered manageable via the processes to be documented in the Construction and Environmental Management Plan. The impact of this to future users of the pool is then considered minimal as the material will be removed and replaced during the works. • Potential asbestos containing material was not observed within any of the test pits **Indicative Waste Classification and Potential Re-Use:** The limited sampling and analysis data obtained as part of the PSI indicates that soil excavated to facilitate the proposed re-development will likely be suitable for disposal to a Class 1 or Class 2 landfill facility. Further sampling and analysis, in accordance with DWER (2019) waste classification guidelines, will likely be required to support this indicative waste classification.		
4. Assessment of Pool Flushing and Effects of Coastal Water Quality	If groundwater is the source water to the ocean pool, then it is likely that adherence all element of the Code of Practice (DoH 2020) will be required [Not Preferred] If seawater is the input to the ocean pool, then this assessment assumes that chemical dosing may not be required as it would be exempted by the Health (Aquatic Facilities) Regulations 2007 (and thus the Code of Practice (DoH 2020) though it is also assumed that the seawater inputs will meet the physical and	A baseline monitoring program at the proposed seawater intake location is prepared and will: • Inform design of treatment processes of incoming seawater prior to discharge into the ocean pool. • Establish baseline data for the existing microorganism (primary potential contaminant	Low

Report	Key Findings	Next Steps / Recommendations	Overall Risk to Project
	microbiological standards in the Code of Practice (DoH 2020) [Preferred] Assuming a seawater pool, additional design assumptions in this assessment include a turnover time of 3.5 hours for the ocean pool on the basis of the Code of Practice (DoH 2020) (i.e. on average the water in the pool is completely replaced every 3.5 hours with 'fresh' seawater) and the pool is a once- through flow system (i.e. no recycling of pool water). In the absence of chemical dosing, no material risks to MEQ are likely from the disposal of ocean pool water to the marine environment.	of concern for this option) at the proposed pool water disposal location. Routine monitoring during ocean pool operations is recommended to be focused on the potential key contaminant of concern, namely microorganism levels in the nearshore waters. Regarding developing the design further, the following is recommended: • A once-through flow system relative to a recycled (or semi-recycled) system substantially reduces the risk in the absence of chemical dosing. • The intake structure needs to optimise seawater quality to the ocean pool via appropriate siting (e.g. water depth) and design (e.g. intake gate at height above the seabed to reduce turbidity (e.g. silt and sand) and seagrass wrack conveyed). • Design of the pool to facilitate maintenance if sand and seagrass wrack are deposited during exceptionally high wave climate events.	
5. Assessment of Effects on Benthic Habitats	There is potential for indirect local benthic communities and habitats (BCH) impacts in the nearshore environment if the ocean pool waters are groundwater-sourced due to elevated total chlorine levels of 1-10 mg/L. The required dilutions of pool water disposed to the marine environment to meet the ANZG (2018) marine low reliability trigger value ranges from ~3,000 (for total chlorine of 10 mg/L) to ~300 (total chlorine of 1 mg/L), which would typically require a length scale in excess of hundreds of meters to achieve.	The following design considerations are suggested to minimise impacts to BCH and associated marine organisms: • Use seawater for the ocean pool with an exemption for chemical (chlorine) dosing to minimise impacts in the nearshore waters in proximity to the outfall. • Site the intake structure in a low ecological value habitat setting such as sand.	Low

Report	Key Findings	Next Steps / Recommendations	Overall Risk to Project
	However, any impacts/effects from total chlorine would not likely affect seagrass or macroalgae that are not present (or at very low and ephemeral coverage) in the nearshore zone due to the elevated wave climate in these shallow waters. There is very low potential for indirect BCH impacts from the disposal of seawater-sourced pool waters into the nearshore environment because it is assumed that chemical (chlorine) dosing is not a regulatory requirement.	• If possible and feasible, utilise directional drilling for the pipeline between the intake structure and the seawater pumps. • Incorporate screens in intake structure to minimise impingement of marine organisms. • Design the intake structure opening to minimise entrainment of marine organisms.	
6. Desktop Flora and Vegetation Assessment	• The majority of the site is consistent with the category of "Cleared Parkland" (0.34 ha) and a portion of the site (0.13 ha) is coastal vegetation that has been planted and/or naturally regenerated. • The age of the planted vegetation (i.e. greater than 10 years) means that it now considered to be native vegetation. • The vegetation on site is not consistent with the Tuart Forrest nor Banksia woodland communities. • No threatened flora nor vegetation were observed at the site. • Consistent with the findings in the Fatal Flaw assessment (MRA, 2021), there is minimal terrestrial ecological value on the site	• The Proposal may require approval under *Part IV of the Environmental Protection Act 1986,* this would include managing any impacts from vegetation clearing. • If the Proposal is not managed under Part IV, then impacts of vegetation clearing can be managed Under Part V of the Act. The Site may be able to be cleared under a clearing exemption under Regulation 5, Item 1 Clearing to construct a building. • Further assessment of the coastal vegetation is required to confirm its composition and condition to inform the environmental approvals. • Clearing of the 0.13 ha of coastal vegetation should be avoided where possible. Where this cannot be avoided, the site should be landscaped with appropriate species.	Low
7. Hydrogeology Assessment	**Feasibility of groundwater to supply the Pool:** Groundwater is not a viable source of water supply for the Project because there is insufficient groundwater to	Understanding groundwater levels and the water quality will be the most critical items to understand from a hydrology perspective, in order to draft the Dewatering Management Plan.	Medium

Report	Key Findings	Next Steps / Recommendations	Overall Risk to Project

	meet the calculated volumes and flushing that the Project requires.
	
	Characterising the Hydrology: Groundwater levels at the pool range from 1.14 to 2.6 mAHD (2.5 to 3.8 mbgl), noting the Bunbury Basalt hosts very little to no groundwater.
	
	Assess source abstraction impacts to the environment: Groundwater is not required for the Project, therefore there is no risk to the environment from groundwater abstraction and a hydrogeological model has not been included.
	
	Dewatering requirements: Due to the proximity to the ocean, there is possibility of shallow groundwater being encountered during earthworks. This could occur if excavating deeper than approximately 2.5 mbgl in the west and 3.8 mbgl in the east of the project area.
	
	Groundwater yield will be small with low flows thus, provisions will be required using surface pumps and small pumps or drainage channels to manage water.
		The recommendations are:
		
		• Installing three temporary monitoring wells targeting the shallow Bunbury Basalts, in-situ geology, and the backfill material.
		  • Target depth will be 2m -3m below the water table; maximum well depth is expected to be 6 mbgl.
		  • Installation of a 2m - 3m screen will be sufficient to intercept the groundwater
		  • Airlift to develop and calculate an approximate groundwater yield and flow rate to assist with determining dewatering management
		• Sampling of water quality for field parameters and laboratory analysis of: EC, TDS, pH plus any other analytes required for the dewatering management plan (i.e. hydrocarbons, metals).
		• Survey completed wells for accurate location and elevation to interpret groundwater data.
		• If time allows: Installation of a data logger with hourly intervals for collection of continuous water level data. The logger should be installed for a year to capture tidal influence and seasonal fluctuations as well as groundwater response to rainfall events. Alternatively:
		  • Collection of manual water level dips throughout the year (monthly) to record groundwater levels	

3.4 Technical Investigations Summary

Based on the multiple geotechnical, ethnographic and environmental technical investigations undertaken at the subject site, the key items which are likely to require further investigation or management moving forward include:

- The site, in its current condition, is considered susceptible to liquefaction due to the loose, saturated cohesionless soils (‘i.e. further geotechnical investigation’).
- Obtaining development approvals under Section 18 of the AHA and ensuring the works do not disturb the surrounding landholdings which have indigenous heritage and historical significance.
- Further soil testing and sampling to better understand the impact of potential contamination and the quality of existing soils, noting any health and ecological impact.
- Groundwater management, including water quality and the dewatering required for the site.

Although there are recognised challenges to the site, it is recommended that further investigation is undertaken to better understand and quantify the risks.

However, preliminary analysis does not consider the above challenges fatal to project delivery.

Figure 7: The basalt rock coastline, adjacent to the Wyalup Rocky Point public open space

04 Market Analysis

4.1 Site Due Diligence

The proposed location for the Ocean Pool is Wyalup Rocky Point, situated at the end of Symmons Street and along Ocean Drive. The site was previously utilised as a former quarry, which has since now been redeveloped as passive open space, with the provision for public shelters, toilet amenities, BBQ facilities and children's play equipment.

Through consultation with the City, the site is underutilised by the community for reasons including:

- Inability to swim at the adjacent beach due to the formation of the basalt rocks, with swimmers preferring to swim closer to the Surf Life Saving Club (470 metres south of the subject site) or further north up the coast line;
- Limited public amenity offered at the site outside of green space and bench seating;
- Lack of connection to the main CBD (500 metres east of the subject site); and
- Little protection from weather conditions including strong winds which are often experienced along the coast line.

Directly east of the site is Bunbury Recreation Oval, utilised by the Bunbury Cricket and Runners Club, respectively, while to the South is the Bunbury Surf Life Saving Club (SLSC). Through consultation and inspection of the SLSC, it is noted as reaching end of useful life and may require upgrades and or replacement in the short to medium term.

As noted within the indigenous heritage survey, there are two significant sites overlapping the subject site including:

- Registered Site ID 21373 (Back Beach 01 (BB01): Classified as type Mythology, Natural Feature.
- Registered Site ID 1608 (Back Beach Burials): Classified as type Skeletal Material / Burial.

Any proposed works will need to take on board the recommendations noted in the ethnographic survey and the due diligence risk assessment (as summarised under Section 3.2, or the full reports located under Appendices B and C).

Lastly, to the north and south of the site is undeveloped land zoned as 'Tourism'. With potential hotel development currently considered for one of these lots, and broader opportunity with the remaining, the proposed location for the Ocean Pool has the opportunity to further serve as a catalyst for the developing foreshore precinct.

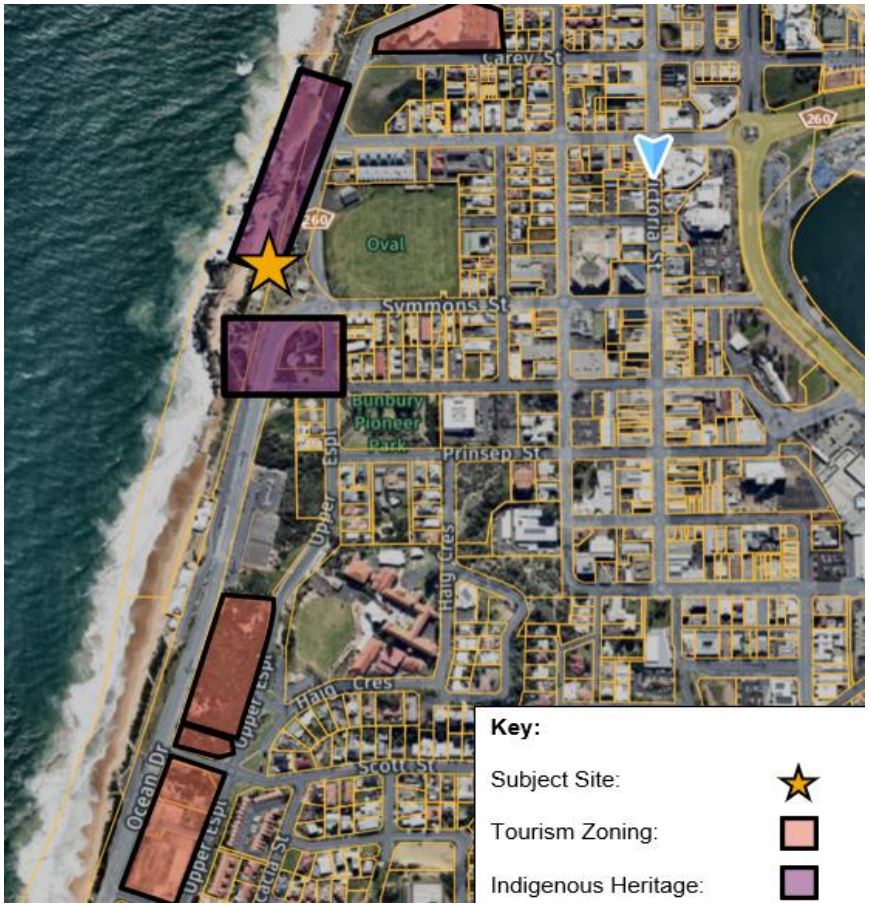


Figure 8: Aerial of Ocean Drive, Bunbury, noting the subject site and the land parcels noted as having Indigenous Heritage Significance and sites zoned as Tourism.

4.2 Catchment Analysis

Considering the broader catchment, refer to Figure 9 with the following notes:

- Majority of water based recreational infrastructure in Bunbury has been focused at Koombana Bay, which reflects a multi-million dollar water front redevelopment led by DevelopmentWA, with joint funding between Federal, State and Local Governments.

  Works are continuing to be undertaken at Koombana Bay, with the Casuarina Drive redevelopment underway (Stage 2) and planned upgrades for Casuarina Boat Harbour (Stage 3).

- Opposite Koombana Bay and located adjacent to the Bunbury inlet is *Koolambidi Woola – Bunbury Youth Precinct*. Completed in July 2022, the precinct provides a mix of recreational activities for all ages.

- Located 450 metres from the subject site is the Bunbury CBD which is focused on Victoria Street, offering a mix of office, retail and food and beverage tenancies.

- Throughout the immediate catchment is a mix of motel and hotel accommodation, where the condition and quality of service offering varies.

- The remaining surrounding catchment consists of primarily residential accommodation, reflected as detached single dwellings or semi detached (townhouse, units, apartments) dwellings, ranging between one to two storeys. However, increased residential density is steadily growing, with recent apartment towers completed near Koombana Bay.

The catchment analysis reflects how new community and recreation infrastructure has predominantly been focused east of Victoria Street, leaving the Bunbury foreshore along Ocean Drive relatively untouched.

While the Bunbury CBD is a relatively close distance to the subject site, the focus of development in and around Victoria Street has limited any physical connection to the site via Symmons Street, providing limited reasons for residents or visitors to traverse to the site.

Figure 9: Catchment analysis of the subject site, reviewing the key nodes within a 2km radius.

AQUATIC ASSESSMENT ANALYSIS

Extending beyond the immediate 2km catchment is consideration for the two primary aquatic centres which service the Bunbury region. These include:

South West Sports Centre

Distance from Site: 5.2km

Amenities:

- Aquatics: 50m (10 Lane), 25m, water play, spar, sauna and steam room.
- Healthclub.
- Café.
- Hardcourts.
- Squash Courts.
- Surrounding Sporting Fields.

Leschenault Leisure Centre

Distance from Site: 11.7km

Amenities:

- Aquatics: 25m (8 lane), water play, spa and steam room.
- Healthclub (400sqm).
- Café.
- Hardcourts.
- Surrounding Sporting Fields.

Both aquatic and recreation centres are well utilised community facilities, with funding recently committed to both to investigate and facilitate upgrades to revitalise some of the amenities, as well extension of the facilities.

Particularly the South West Sports Centre, both facilities are within reasonable distances to the subject site and have the potential to be considered competitors to the Ocean Pool, subject to the scope adopted.

Speaking only on behalf of the South West Sports Centre, the City of Bunbury have re-stated their commitment to the ongoing operations and upgrades to the South West Sports Centre therefore, there is a need to ensure the proposed Ocean Pool does not become a direct competitor to this facility that may potentially impact revenue streams or community attendance.

4.3 Demographics

The following demographic analysis was undertaken, considering the following key metrics of the City Bunbury and compared to that of Greater Perth[1].

	City of Bunbury	Greater Perth
Population	44,972	2,116,647
Median Age	41	37
Median Weekly Family Income	$1,919	$2,259
Families w. Children	58%	61%
Highest Occupation	17.9% (Professionals)	23.7% (Professionals)

Bunbury adopts WA's largest regional town status, adopting a higher median age and lower weekly income compared to Greater Perth however, this relatively aligns to other WA regional towns.

While when considering the broader population of the South West (from Preston Beach to Capel and as far East as Collie), the population is that of 107,549, reflecting the opportunity to create a community asset which sets a new benchmark in WA and attracts those from the surrounding regions, not just the immediate locality.

4.4 Tourism Opportunity

Outside of servicing local and surrounding residents, one of the key objectives of the project is creating a unique and desirable destination within the South West region that will attract visitors.

Tourism WA commissioned *City of Bunbury: Overnight Visitor Factsheet 2017/18/19*, with Figures 10 & 11 reflecting some of the key statistics including:

- The average annual visitors for the City of Bunbury is 417,000.
- Average annual spend (from visitors) is $151 million.
- Majority of visitors are intrastate.
- Average length of stay is 3.2 nights.
- 'Visiting friends and family' is the primary purpose of travel (42%), while staying with friends and facility is the most popular type of accommodation utilised (55%).

The National Visitor Survey then indicated between June 2021 and June 2022 that Bunbury had experienced an 83.7% increase in domestic visitor nights, which is likely attributed to COVID-19 whereby WA experienced a greater influx of interstate visitors.

Although the above reflects steady tourism figures, the attraction of interstate and international visitors remains low, with these types of visitors more likely drawn to the Dunsborough and Margaret River regions.

However, noting that Bunbury remains a central corridor to access these regions, Tourism WA reported that between January 2022 and September 2022, 6.937 million visitors (international, interstate, intrastate and day trip) had visited WA's southwest region. The Ocean Pool therefore,

[1] Demographic date sourced from the ABS 2021 Census

provides the opportunity to tap into and take advantage of this significant visitor pool and create an iconic asset and destination within the South West.

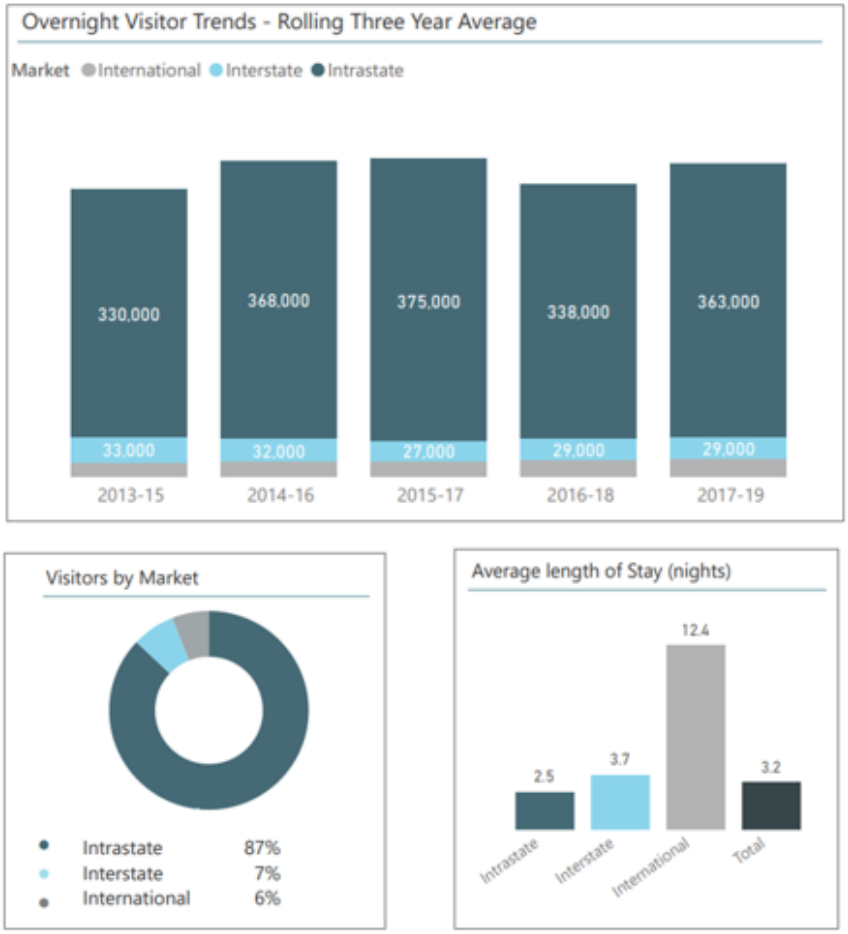


Figure 10: City of Bunbury: Overnight Visitor Factsheet 2017/18/19 - Key statistics including visitor trends, average length of stay and types of accommodation

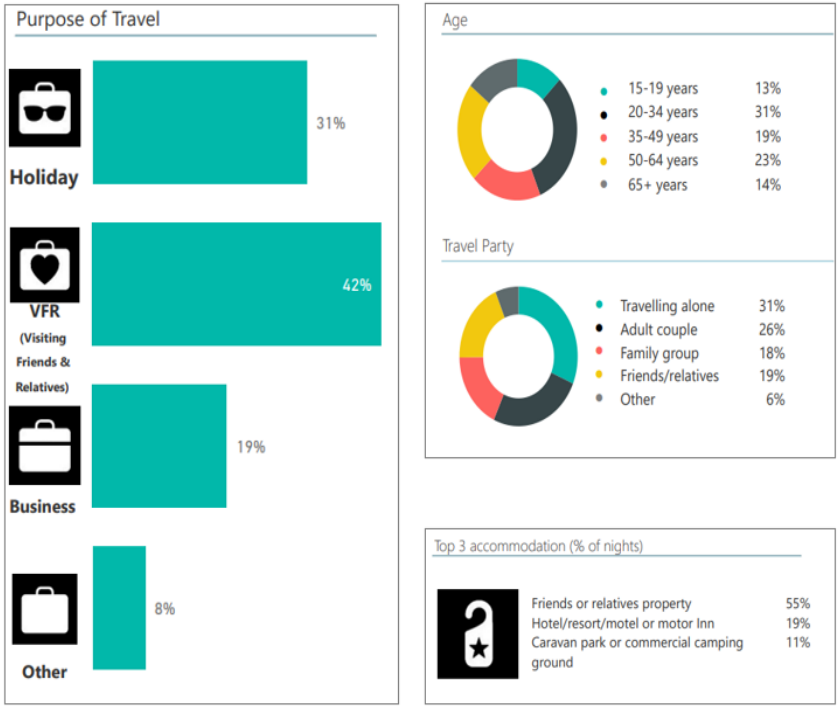


Figure 11: City of Bunbury Overnight Visitor Factsheet 2017/18/19 - Key Statistics including purpose of travel, average travelling age and travel party and the top three types of accommodation for visitors

4.5 Integration Opportunities

Acknowledging the core focus of the project is delivery of an ocean pool, the following investigation considered other facilities and amenities which could be integrated within the design. These amenities were categorised by either:

- Aquatics
- Civic and Community
- Health and Wellness
- Commercial
- Leisure

The key drivers for inclusion of additional amenities within the project scope included:

- Additional attractors which will encourage people to visit and interact with the site;
- Would be a complementary service offering to the ocean pool; and
- Would provide additional revenue sources to the City to assist with meeting ongoing operating costs.

The potential amenity opportunities per category were then identified as follows:

Category	Amenities
 **Aquatics**	50m pool
	25m pool
	Hydrotherapy
	Leisure Pool / Splash Area
	Recreation / Slide
 **Civic and Community**	Meeting Rooms
	City Offices
	Training Space
	Function Space
	Art Gallery / Workshop Space
	Cultural / Indigenous Centre or Learning Space
 **Health & Wellness**	Health Club / Gym
	Programmable Space
	Allied health tenancies
	Natural health facilities
 **Commercial**	Café / Kiosk
	Restaurant / Bar
	Offices (Sports / Aquatics Related)
	Retail
	Residential
 **Leisure**	Adventure garden / playground
	Waterslides
	Climbing
	Virtual Reality / Arcade

Determining the viability of these complementary amenities within the development was assessed based on:

- Avaliable land area and zoning
- Catchment, demographics and community needs
- Surrounding competitors
- Alignment to the project vision and the core service offering
- Ability to generate revenue or attract a third party operator

The below table summarises the finding of the analysis, with the amenities considered to be integrated provided a ranking based on viability. The ranking for each amenity is considered either being:

- **High Viability:** Complementary to the core service offering, could be accommodated at the site (both from a statutory planning and physical site area perspective) and would assist with creating a unique precinct for the community.
- **Medium Viability**: Has potential opportunity however, subject to other factors that are yet still to be determined including market conditions, further consultation with the City, community needs and ability to find a third-party operator, if the City is not to directly manage the amenity.
- **Low Viability:** Not considered appropriate to be integrated with the project.

The amenities identified as having 'high viability' are recommended to be adopted into the design scope, while items with 'medium viability' require further investigation and confirmation within the next phase of the project.

Amenity	Comments	Viability Ranking
• 50m pool and leisure pool • Café / Kiosk • Flexible Function Space (e.g. functions, training, yoga / Pilates / pop up fitness classes) • Restaurant / Bar • Playground / Natural Adventure Park	• Concept provides flexibility with size, shape and style of pool • 50m pool allows for the ability to align / partner with existing swim schools and clubs • Anchor restaurant tenant, with the ability to operate as a café and other food and beverage service. • Flexible space which can be utilised for multiple purposes (e.g. community events, external hire for functions)	High
• Health club • Meeting Rooms • Leisure (subject to scale and available developable area)	• Commercial tenancies (e.g. health club, leisure) subject to market conditions and current vacancy rates as well as available land area.	Medium
• Offices • Retail • Residential • Allied health tenancies	• Tenants more likely interested in space within the CBD and is also subject to market demand. • Difficulty in approvals regarding developing sole commercial spaces directly on the coast. • Does not align to the current zoning and will therefore require an amendment.	Low

4.6 Statement of Need [Summary]

Based on the analysis undertaken above, the key opportunities identified include:

- Create a unique and potentially iconic destination for Bunbury.
- Enhance and evolve an existing precinct with strong historical value to the community
- New recreation and leisure asset to the benefit of the community.
- Promotes an active and healthy lifestyle.
- Potential for integration of aligned community, sporting, leisure and commercial functions.
- Activation of an underutilised foreshore area.
- Leverage a strong South West tourism market
- Improve connection from the foreshore to the town centre and main retail street (Victoria St).

While the challenges to the development include:

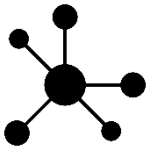
- Management of sensitive surrounding indigenous heritage sites and the existing fill.
- Competing with other water based infrastructure (Koombana Bay, Bunbury Youth Precinct, South West Sports Centre) and other main swimming beaches (Back Beach, Bunbury SLSC beach etc.).
- Little existing activation currently surrounding the site.
- Environmental conditions may impact the degree of usage year round.
- Connection to the Town Centre.
- The amount of area available for development.

Based on this analysis, there are recognised challenges to the site however, these are not considered extensive to the point in which the project is unviable or could not be managed via creative design or a robust operating strategy.

Therefore, the need in the market for this project reflects an Ocean Pool that:

Can deliver a unique service offering which does not compete with the surrounding aquatic facilities

Can serve as a catalyst to the broader foreshore precinct and encourage greater activation of the site



Improve connection to the Bunbury CBD and other surrounding assets

Create a place of destination which is able to leverage the strong Southwest visitor market and establish Bunbury as a place to visit, stay and play.

05 Project Benchmarking

When considering Ocean Pools, they are defined as either of the following categories:

- **Natural Ocean Pool:** A swimming pool which is naturally occurring (i.e. an existing body of water which is connected by the ocean, river or lake) or has had some infrastructure development however, is integrated with the natural environment.
- **Ocean Side Aquatic Facility:** A swimming pool which is completely manmade and is located adjacent to a naturally occurring water body however, has no actual physical connection.

There is an abundance of natural ocean pools located across the East Coast of Australia, with most having naturally been formed by the landscape however, with some infrastructure elements introduced to support their use (e.g. steps, ladders, boundary railings, changeroom and toilet facilities or water pumping facilities).

There are no natural ocean pools in Western Australia currently in operation, noting their had previously been these types of aquatic assets located in Bunbury and Cottesloe however, have since been filled in.

While there are less Ocean Side Aquatic Facilities located in Australia (typically due to the higher construction cost), they function as full recreation and aquatic facilities, with Scarborough Beach Pool being WA's only facility of this type.

The following benchmarking has been undertaken to note the key elements of each of these types of facilities, followed by a benefits and constraints analysis to assist with informing the project scope.

5.1 Natural Ocean Pools

There are over 100 natural ocean pools within Australia, with the majority located in New South Wales. These ocean pools typically adopt very similar scope and facility offering including:

- Lap swimming pool, with very few adopting any causal swimming areas.
- Surrounding amenities limited to changerooms and toilets, with few adopting commercial amenities.
- Majority do not charge for entry and are managed by the Local Council.
- There is a mix that adopt either a pumped filtration system (e.g. ocean water pumped into the pool) or are naturally occurring (e.g. rolling waves).

Given the extensive list of ocean pools and the strong similarities between them, the following examples have been benchmarked.

Pool	Notes
 Wylie's Baths, NSW	• Paid entry with set opening times • Includes function space, gallery, health and wellbeing initiatives and teaching space (lifesaving) • Linked to associated swimming clubs

Pool	Notes
 Cronulla Rock Pool, NSW	• Free entry • 50m pool only, for use predominantly with lap swimmers and swim clubs • One of four ocean pools within the Sutherland Shire
 MacCallum Pool, NSW	• Free entry • 33m pool • Located adjacent to the surrounding residential precinct.

The key outputs of the above benchmarking notes the following:

- Provide a basic service amenity to the community, typically leisure, casual and lap swimming.
- Highly accessible and low-cost model with minimal governance required.
- Generally less associated commercial amenity, subject to location.
- Reduced infrastructure and development costs through integration with the natural landscape.

The outlier in the benchmarking is Wylie Baths, being one of the few naturally occurring ocean pools which adopts a paid entry model.

5.2 Ocean Side Aquatic Facilities

These types of facilities are considered typical aquatic and recreation assets however, they happen to be located adjacent to the ocean and / or river.

There are a reduce number of examples of these types of facilities however, some of the key facilities benchmarked include:

Pool	Notes
 Scarborough Beach Pool, WA	**Amenities:** • Aquatics: 50m pool (8 lane, heated to 27 degrees), 25m pool and leisure pool. • Health club; Restaurant; Function Room. **Governance:** Local Government (City of Stirling). **Year Built:** 2018. **Project Value:** $26 Million
 Leichhardt Park Aquatic Centre, NSW	**Amenities:** • Aquatics: 50m pool (outdoor 7 lane, heated up to 27 degrees), 25m pool (indoor, 4 lanes), Diving pool, Toddler Pool, Leisure Pool, Hydrotherapy Pool. • Health club; Café; Creche. **Governance**: Local Government (Inner West Sydney Council). **Year Built:** 1960s (extension ‘09 to health club and indoor pool). **Project Value:** $6.5 Million (extension works only).

Pool	Notes
 North Sydney Olympic Pool, NSW	**Amenities:** • Aquatics: 50m pool (w. grandstand), 25m pool, Leisure pool / water play, Warm water pool, Spa and steam rooms. • Health club; Creche and playground; Café. **Governance**: Local Government (North Sydney Council). **Year Built:** 1938 (redevelopment underway to upgrade the 50m pool and include the additional amenities noted above). **Project Value:** $64 Million (redevelopment cost).

The key outputs of the benchmarking include:

- These facilities have a larger dedicated aquatic focus with 50m and 25m pools, with some newer facilities integrating alternate aquatic options (e.g. leisure, hydrotherapy).
- Most are then further supported with commercial amenities limited to Health & Fitness and Food & Beverage.
- Core user groups are lap swimmers, learn to swim and leisure, with all pools heated (year-round reliance).
- Predominantly Local Government managed with little private sector involvement.
- Most examples benchmarked have historical ties to natural swimming baths however, have since been redeveloped to full aquatic and recreation facilities.

5.3 Ocean Pool vs. Aquatic Facility

Based on the benchmarking undertaken, the following analysis comparing the benefits and constraints of the two types of aquatic assets was completed below:

Pool	Benefits	Constraints
 **Natural Ocean Pool**	• Unique offering (first in WA) – destination. • Reduced impact to landscape. • Simplified management / governance / operating structure. • Complementary to existing aquatic facilities. • Opportunity for further commercial integration.	• Reduced amenity. • Unlikely for pools to be heated. • Potentially reduced revenue as a public asset and access being free (subject to the financial analysis and aligned uses).
 **Ocean Side Aquatic Facility**	• Greater amenity and reliable year-round service offering. • Increased opportunity for commercial revenue (e.g. learn to swim classes, commercial tenancies, third party operators). • Increased target market.	• Two existing aquatic facilities in the catchment (will compete and discount alternate viability). • More complex management structure and hence higher capital and operating costs. • Scale required is unlikely to suit location and landscape sensitivities. • The high cost to deliver will likely delay project implementation due to the funding requirements.

Based on the analysis undertaken and with consideration regarding the project vision, existing aquatic facilities within the catchment and planned upgrades of each, the site area and with a focus of creating a unique service offering, **it is recommended that a natural ocean pool is the preferred type of aquatic asset adopted.**

5.4 Alignment to Government Priorities

Stated under Section 2.2, we recognise the strategic alignment of the project to the City's own objectives, stated under *Bunbury Brighter: Strategic Community Plan,* with the relevant objectives including:

Strategic Policy	Theme	Objectives Aligning to the Project
	People	A safe, healthy and connected community: • A growing hub of culture and creativity • A health and active community • A compassionate and inclusive community
	Place	An integrated, vibrant and well planned City • A place with attractive and welcoming community spaces where people want to live
	Prosperity	A strong and diversified economy • The premier city of regional Western Australia. • A unique and desirable destination within the South West region.

However, critical to ensuring the successful delivery of the Ocean Pool will be the support of the State and Federal Governments via upfront capital funding.

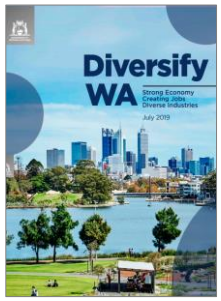
How this project aligns to the key strategic objectives of the relevant Governments have been summarised below, detailing how an investment towards this project will assist with achieving their own strategic vision, objectives and priorities.

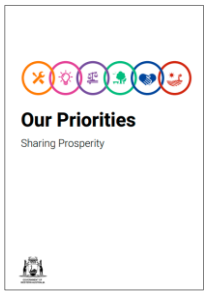
ALIGNMENT TO STATE GOVERNMENT OBJECTIVES

State Government Policy	Objectives and Outputs that align to this Project

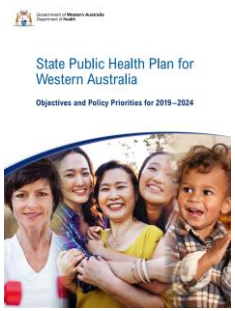

South West Development Commission: 2021 – 2023 Strategic Plan
	• A region that has fulling and sustainable jobs:
	  ○ Increase the economic value of tourism.
	  ○ Identify gaps and opportunities for strategic investment in new and existing tourism products, including supporting development for iconic tourism attractions.
	• A region that has thriving, diverse and creative communities:
	  ○ Work with Local Governments across the region to support their revitalisation plans and their own unique visions to enhance their communities.
	  ○ In partnership with the Bunbury Development Committee, the City of Bunbury and Local Governments, activate public and private sector investment in infrastructure and industry development to grow the economy and strengthen Bunbury's position as WA's Second City.
	• A region that is well supported by the State Government / Commission:
	  ○ Broker partnerships and networks across industry and the community to catalyse investment and growth.
	  ○ Provide leadership, collaboration and commitment to maximise outcomes for our people and our communities.
	  ○ Take a lead role in the facilitation of regional development opportunities

 Tourism WA: Corporate Plan 2021-22 [Note, 2022-23 corporate plan unavailable during documentation]	• Guiding and facilitating an increase in the number, range and uniqueness of the State's tourism offering by focussing on priority experience themes. • Prioritise the domestic tourism market, through dedicated marketing campaigns and initiatives, to disperse visitors throughout the State whilst balancing the potential opening of other international markets. • Develop and activate agreements with funding partners to encourage visitor participation in tourism experiences throughout the State.

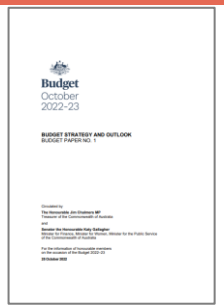
State Government Policy		Objectives and Outputs that align to this Project
	Diversify WA	• Creation of a tourism and event precinct that will assist WA in the attraction of tourists and tourist attracting events. • Development of world leading technology in the sport, leisure and education sectors.

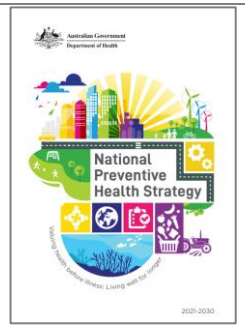
	Our Priorities: Sharing Prosperity	• Create significant employment opportunities during the construction phase.
		• Contribute to improving the health and wellbeing of children by actively engaging them in programs and facilities.
		• Provide a place for youth to socialise and participate.
		• Aboriginal Wellbeing:
		  ○ Fuller participation of Aboriginal people in WA's social and economic life through participate in the development of the project, given the indigenous heritage significant of the site and the surrounding land holdings.
		• A Bright Future:
		  ○ Improve the health and wellbeing of children in early years through physical health and wellbeing and social competence.

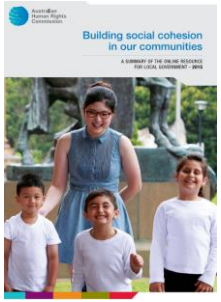
	Department of Local Government Sport and Cultural Industries: 2020 - 2030	• To support the public sector through a fit for purpose, sound legislative and policy framework that enables efficient and effective services to the community, supported by good governance. • To promote participation and achievement in sport, recreation, culture and arts • To promote and enhance the benefits of cultural diversity and social inclusion

State Government Policy		Objectives and Outputs that align to this Project
	Department of Local Government, Sport and Cultural Industries – State Sporting Facilities Plans	• Involves the development for new infrastructure to meet the demands of existing and emerging sports. • The development aligns to the State Infrastructure Strategy.
	Health Leadership Strategic Intent: 2019 - 2029	The Ocean Pool will encourage recreation and participation, assisting in achieving key public sector health priorities including: • Commit and collaborate to address major public health issues. • Improve mental health outcomes. • Drive safety, quality and value through transparency, funding and planning. • Innovate for sustainability.
	State Public Health Plan for WA – Objectives & Priorities for 2019 - 2024	• Empowering and enabling people to live healthy lives. • Providing health protection for the community. • Improving aboriginal health and wellbeing, including enhancing partnerships with the Aboriginal Community.

ALIGNMENT TO FEDERAL GOVERNMENT OBJECTIVES

Federal Government Policy	Objectives that align to Project
 Federal Budget: October 2022 -23	• $7.4 Billion commitment to support regional development across Australia. • Ability for Local Councils and Community Groups to seek support from the new Growing Regionals Program, which will fund local infrastructure projects such as libraries and regional airport upgrades. • While through the *Priority Community Infrastructure Program* and its *Investing in Our Communities Program*, the Government will provide $1.4 billion for local community, sport and infrastructure projects across Australia.
 **Australian Sport: The pathway to success:** delivering on increasing participation numbers, strengthening sporting pathways and striving for success.	• Provision of community coaching and officials training and development programs (e.g. coached swimming training at the Ocean Pool) • Using sport and physical participation to build communities through social inclusion. • Increasing the number of children participating in sport and physical recreation.
 **Australian Sport: Emerging challenges, new directions:** Reforming the Australian Sports System from community through to elite.	• Increasing participation rates in sport and physical activity, thereby supporting the health agenda. • Enhancing support and recognition of disabled sport (e.g. ensuring the Ocean Pool is equipped to fully accommodate disabled access, allowing those with a disability to participate within the Ocean Pool)

Federal Government Policy		Objectives that align to Project
	Sport 2030: A comprehensive plan to reshape the face of Australian sport and build a healthier, more physically active nation.	Will allow for multiple opportunities for people to participate in regular physical activity, lower barriers currently experienced by residents that deter them from participating in regular activity (lack of services in the area, travel time, personal cost etc.) and provide a new environment for people (especially children) to learn to swim, in an attempt to prevent future drownings.
	National Preventative Health Strategy: 2021 - 2030	Via implementation of the Ocean Pool, providing additional infrastructure for people to participate in active recreation, this will be considered a preventative health measure that will assist with achieving the below objectives: • All Australians live in good health and wellbeing for as long as possible • Health equity is achieved for priority populations (the Ocean Pool is intended to be free entry) • Investment in prevention measures (such as this project), are increased.
	About time! Women in sport and recreation in Australia: Encouraging more women in sport.	• The policies, commitments and statements recognise the Federal Government's position in increasing participation rates of women in physical activity and sport which aligns closely with the project's provision of recreational and aquatic infrastructure to service the needs of its residents. • The facility will provide modern amenities, such as changing and toilet facilities, which meet the requirements of female participants and do not serve as a barrier of entry to utilise the Ocean Pool

Federal Government Policy	Objectives that align to Project
 Diversity and Social Cohesion Program: Encouraging Building of Stronger Community	• Will create a community hub that will promote a sense of belonging and a spirit of inclusiveness.

SUMMARY

Based on the analysis of the various Government strategic objectives, the Bunbury Ocean Pool project is underpinned by the key following themes that will assist Government with achieving their objectives. This includes:

Key Government Priorities	How this project aligns to these priorities
 Sport & Physical Activity	Investment towards a project which will provide new infrastructure for the community to participate in physical recreation and informal sport, providing opportunities for socialisation within the community. The project will also provide modern, welcoming amenities for all, removing barriers of entry which often deter other use groups from participating in regular sport and physical activity (e.g. no modern changing or toilet facilities) as well financial hurdles, noting the intention is the Ocean Pool will be free entry for all.
 Health	Related to physical activity, the project will act as a preventative health measure, providing a place for people to exercise, reducing the likelihood of chronic health conditions occurring. The project will also serve as a meeting place for the community, a place to socialise and connect, providing benefits to mental wellbeing.
 Tourism	The project has the opportunity to become the first modern, true Ocean Pool in WA, acting as a beacon and attractor to those travelling through the south west as a place to visit, swim and enjoy. The on-going economic benefits through the increased visitation will then flow through to local businesses, as well as act as a promoter of the region to national and international visitors.
 Regional Investment	Both State and Federal Governments are committed to on-going support of development to regional areas. This project provides a strong example towards investment in regional infrastructure, which will serve to benefit the community through providing greater access to assets which promote and allow for physical recreation, as well as promote the region as a place to visit and experience.

06 Concept Development

6.1 Project Brief

Based on the market and demand analysis completed under Section 4 and the project benchmarking undertaken under Section 5, the following project brief was developed by the team and provided to the architect.

The brief was developed with the following key themes:

- Seeking to develop an ocean pool which does not act as a competitor to the two major aquatic centres within the catchment.
- Is aligned to the demand within the community and its needs.
- Can be physically accommodated on the site.
- Provides the opportunity for other supporting amenities to be delivered, which were considered to have a 'high' operating viability and would be complementary to the development.

Based on these key themes, the following design brief was prepared, noting the Bunbury Ocean Pool should look to adopt the below:

Category	Scope
Aquatics	• 4-6 Lane Pool located in the ocean / on the basalt rocks, with the inclusion of casual swimming space
Supporting Amenity	• Changerooms • Kiosk / Café (20 PAX) • Community Meeting Space / Room (70 to100m²) • Playground / Nature Space / BBQ Amenities
Future Proof Allowance	• Bunbury SLSC • Other F&B / Commercial offering attached / integrated with the SLSC

Note, with regard to the 'future proof allowance' scope, these were items identified by the team as potential future opportunities however, unlikely to be included within the current concept.

6.2 Site Testing

Based on the project brief, appointed architect, Officer Woods, prepared two indicative concepts with associated landscaping plans. The two concepts adopt the same project brief, the key difference between the two was:

- Option A: The 4-6 lane pool is located facing east to west, situated on the basalt rocks (Figure 12); and
- Option B: The 4-6 lane pool is located facing north to south, and is further setback from the coast line (Figure 13).

The purpose of the two options was to test the impact of the development on the site, as well as to consider logistical constraints each option would incur.

Based on the analysis completed, and via a Councillor meeting held in January 2023, it was agreed Option A was the preferred on the basis that:

- The pool overlooking the ocean and built on to the basalt rocks facing west better reflected the original project vision, that being creation of a pool truly based on the Ocean.
- Improved design outcome, recognising the significance this development would have as an attractor to locals as well as visitors traversing through the southwest.
- Reduced physical impact on the existing public open space, allowing for this area to be better utilised as a complementary public gathering and socialising area of the ocean pool, as well as allow for future supporting amenities to be delivered at a later date (e.g. the SLSC).
- Option B would enforce further regulations around operating and safety requirements as it would likely be considered an aquatic facility as opposed to an ocean pool.

Figure 12: Early concept, proposing the Ocean Pool be located east to west, situated on the Basalt Rock (endorsed by Council as the preferred)

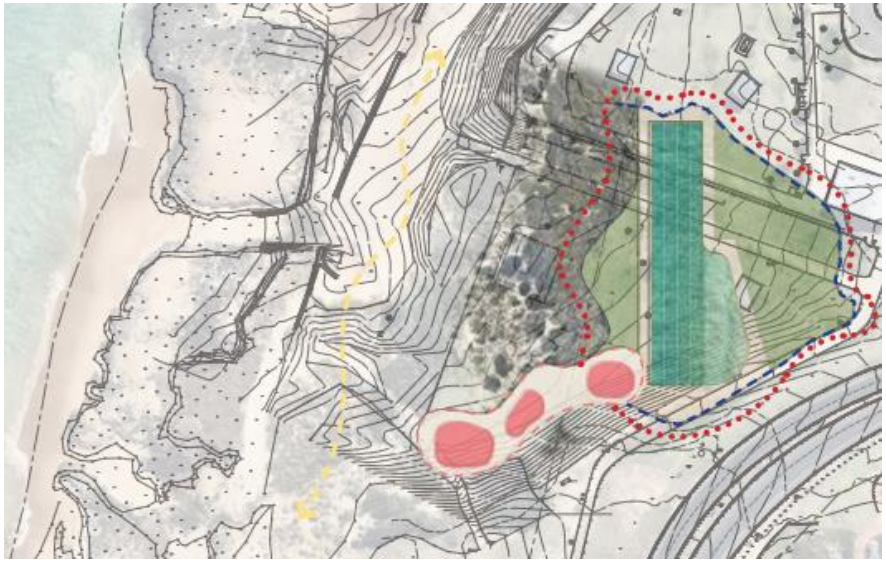


Figure 13: Early concept, proposing the Ocean Pool be located north to south, set back from the coast and located on the existing POS (agreed by Council to not pursue this concept)

6.3 Concept Development

The concept plan was developed based on three key spacial elements including:

1. The revealing of the former quarry wall to create a protected gathering space;
2. The ocean pool nestled into basalt shelf; and
3. The community facilities

The three elements are brought together through a combination of regenerated dunes, rejuvenated parkland program of activities and amenities, and both an expressive and functional path network. A considered coastal materials palette and resilient native coastal tree species for shade are also employed.

Commanding views are afforded from an arrival and orientation node to the eastern side of the area. Integration within the wider context has ensured the design is an Arrival Space from town.

The design accommodates a North/South main promenade, allowing for continual pedestrian and cycle movement as part of the broader coastline.

A curved access path follows and celebrates the former quarry wall and basalt geology forming a link to the public facilities building and pool concourse.

A sunken turf area creates a protected zone to prolong use into Winter months and offers a defined amphitheatre space for events. Community gathering nodes, children's play spaces, shelters, BBQ's and seating are incorporated within the ensemble.

SCOPE

The proposed concept incorporates the following key amenities and scope:

- Lap pool, four lanes, 50 metres
- Rehabilitation pool, two lanes, 25 metres
- Childrens / Leisure pool, equivalent to half a lap pool (approx. 250m²)
- Entry ramp, max 1:20 for users of all abilities and vehicular access to service and clean the pool.
- Submersible pump enclosure within ocean pool enclosure / wall.
- Community room, approximately accommodate 50 pax (80m²), flexible use to facility a range of community oriented functions such as meetings, classes, events etc.
- Amenities, 1 UAT, 3x WCs and 2 Changerooms per gender
- Café / Kiosk, approx. 30m², small scale offering with outdoor covered evening.

IMAGERY AND VISIONING DOCUMENTS

Please refer to Appendix E to review the full design report however, a summary of the key concepts and visioning images have been provided below.

Figure 14: Master plan of the Bunbury Ocean Pool

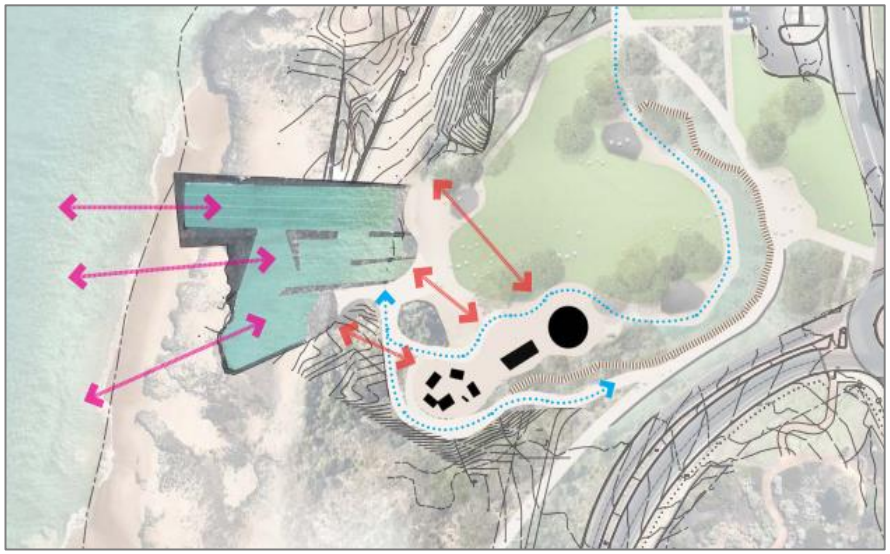


Figure 15: Refined concept plan of the Bunbury Ocean Pool

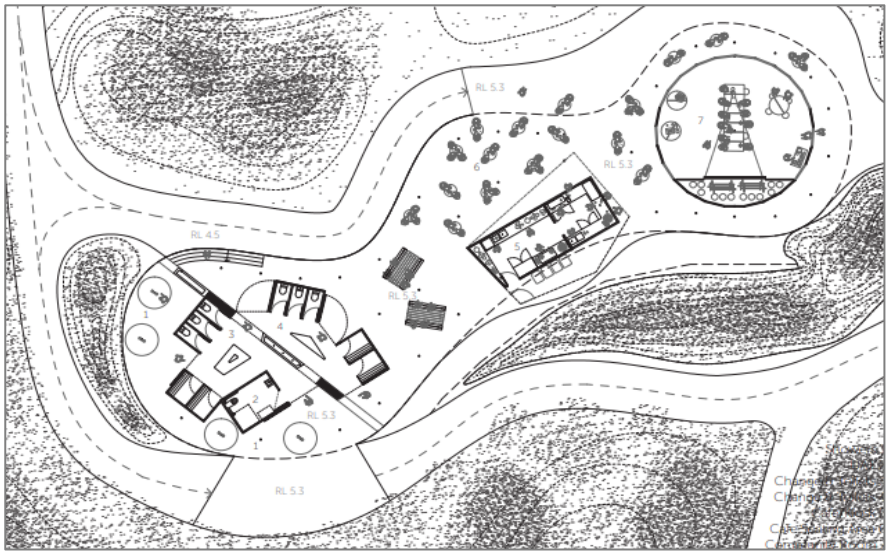


Figure 17: Internal floor plan of the three 'dry amenities' including toilet & changeroom amenities, kiosk / cafe and meeting room (left to right)

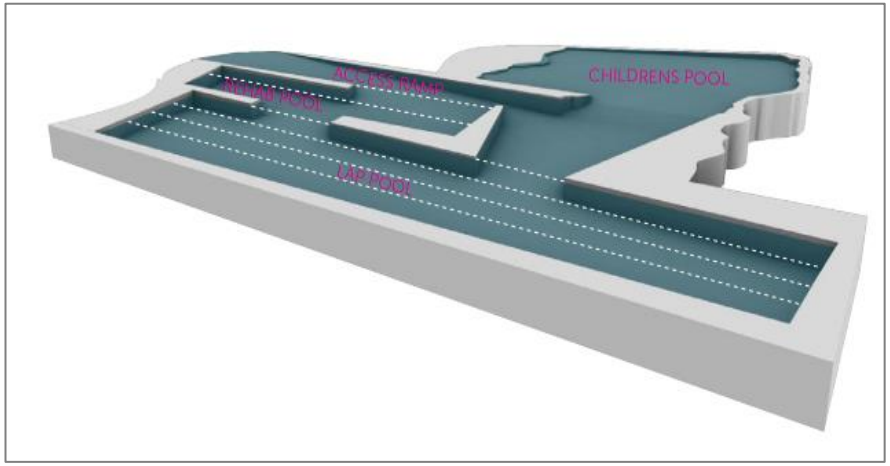


Figure 16: 3D render of the Ocean Pool, including the lap pool, the rehabilitation pool and the children's pool.

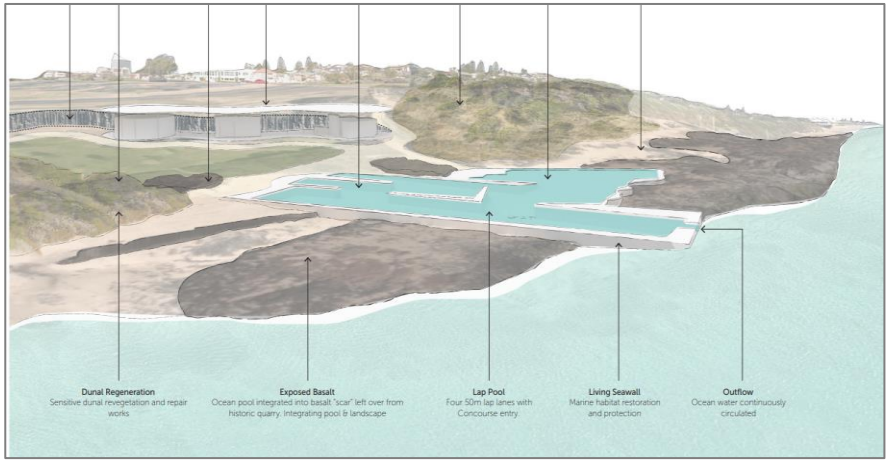


Figure 18: Artist impression of the Bunbury Ocean Pool

07 Cost and Financials

7.1 Capital Costs

Based on the preferred concept option illustrated under Section 6.3, quantity surveyor, RBB, and coastal engineer, MP Rogers, were engaged to provide a capital cost estimate to deliver the Ocean Pool.

Please refer to Appendix F to review the full cost report, noting a summary has been detailed below.

Item	Cost (excl. GST)
Building Works:	
Ocean Pool	$4,847,685
Stage 1 - Slabs and Ablutions, Changerooms, UAT & Covered Area	$1,045,000
Stage 2 - Community Room	$635,000
Stage 3 - Café	$365,000
Site Works	$4,435,000
Sub Total (Building & Site Works)	**$11,327,685**
Design & Construction Contingency	$1,892,315
Escalation to Construction (12 Months)	$2,089,000
Stage 2 & 3 Amenities	$115,000
Additional Allowances & Provisions (i.e. headworks, professional fees etc.)	$2,396,000
Total Project Cost	**$17,820,000**

Exclusions:

- *GST*
- *Public Art Allowance*
- *Furniture, fittings and equipment*
- *ICT / AV*
- *Commissioning and relocation cost*

STAGED DELIVERY

A sperate cost analysis was completed under the assumption that the works were staged over a 10-year period. It is qualified the below staging costs have not been verified by a licensed quantity surveyor and have been based on extrapolating the single staged cost estimate, with then appropriate escalation and allowances applied to each stage.

The below staged costing estimate was prepared purely for the purposes of the financial operational cashflow and if the City are interested in further pursuing a staged scenario, Bridge42 recommends that the below is formally estimated by a QS.

The proposed cost for the separable stages of delivery is as per below.

Stage	Cost (excl. GST)
Stage 1: Ocean Pool, Change rooms and Landscaping	$16,040,117
Stage 2: Community Room	$1,146,118
Stage 3: Café	$676,921
Total	**$18,620,987**

Key comments include:

- Given the bulk of the works, including site preparation, earthworks and delivery of the ocean pool and changerooms, occur in Stage 1, the cost for this stage remains significant.
- It is then assumed that Stage 2 and Stage 3 are then delivered in Years 5 and 10 of operation, respectively.
- Overall, since the majority of works remain in Stage 1, staging the works only incurs a minor cost increase of $800,000 over the 10 year period.

7.2 Key Assumptions

A 20-year financial operational cashflow has been prepared for the project. The purpose of the financial model is to understand the on-going operating cost of the asset, ensuring that it remains financially viable across the life of its operation.

Please refer to Appendix G which details the key assumptions which have informed the model however, a summary has been provided below.

Item	Amount (p.a.)	Comment
Revenue:		
Food Van License Fee	$20,000	Assumes two food van license fee ($10,000 each) to lease a space at the site. Note, food vans are only assumed if the café is not built in Stage 1
Café / Restaurant	$37,500	Benchmarked from currently advertised F&B tenancies within the Bunbury CBD ($375/m² net rent)
Meeting Room / Precinct Hire Space	$8,000	Conservative allowance, assuming meeting space / precinct hired 20 times a year, at a hire fee of $400.
Expenditure:		
Ocean Pool Operating Costs	$285,505	As informed by MP Rogers. Note, this total estimate includes pumping costs, general supplies, general cleaning, removal of marine growth and maintenance of the pump and the pool structure).
Building Utility Costs	$25,060	Includes electricity, rates, water, cleaning etc. Benchmarked from Rawlinson's 2022 Construction Handbook
Precinct Upkeep / Maintenance	$75,000	Current precinct costs are $54,000. Increase in cost assumed due to the increase in amenity provision

Utilising the core assumptions, the following options were prepared for the financial model, with the options differing either based on the source of internal funding and whether a single or staged delivery was assumed.

Item	Option 1A Single Delivery Excl. Finance	Option 1B Single Delivery Inc. Finance	Option 2 Staged Delivery Excl. Finance
Funding Breakdown:			
Federal Government	$5,940,000	$5,940,000	$5,940,000
State Government	$5,940,000	$5,940,000	$5,940,000

Item	Option 1A Single Delivery Excl. Finance	Option 1B Single Delivery Inc. Finance	Option 2 Staged Delivery Excl. Finance
City:			
Reserves	$5,940,000	$0	$7,927,576
Finance	$0	$5,940,000	$0
Other Funding Parties	$0	$0	$0
Finance Rate (WA Treasury Corporation)		5.55% p.a.	
Maintenance Sinking Fund Allowance		0.5% p.a. (of capital cost)	
Capital Replacement Sinking Fund Allowance		1.5% p.a. (of capital cost)	
Revenue & Expenditure Escalation		2.5% p.a.	

Note, all options assume an equal split of funding between Federal, State and Local Government.

Option 1A and 1B both assume the project is delivered within a single stage of works. These options only differ on the basis as to whether the City funds their capital contribution ($5.94 Million) either entirely from their internal reserves (i.e. interest free) or whether they borrow the full amount from the WA Treasury Corporation.

Option 2 then assumes a staged delivery of the works. If the works are staged, it is assumed that the City would not seek external finance for their capital contribution.

7.3 Financial Modelling – 20 Year Operational Summary

Based on the assumptions and options defined, the below reflects a 20-year financial operational summary. Please refer to Appendix G to review the full financial model for each option.

No.	Item	Option 1A Single Delivery Excl. Finance	Option 1B Single Delivery Inc. Finance	Option 2 Staged Delivery Excl. Finance
	Total Capital Cost	**$17,820,000**	**$17,820,000**	**$18,620,987**
	City Contribution:	$5,940,000	$5,940,000	$7,927,576
1.0	**Total Revenue**	**$1,527,767**	**$1,527,767**	**$1,163,846**
2.0	**Expenditure**			
2.1	City Development Cost	-$5,940,000	$0	-$7,927,576
2.2	Operating Cost	-$11,421,966	-$11,421,966	-$11,421,966
2.3	Finance	$0	-$10,891,106	$0
2.4	Sinking Funds (Cap. & Maintenance)	-$2,332,800	-$2,332,800	-$2,332,800
2.5	**Total Expenditure**	**-$19,694,766**	**-$24,645,872**	**-$21,682,342**
3.0	**Net Profit Cashflow**			
3.1	**Cumulative (20 Years)**	**-$18,166,999**	**-$23,118,105**	**-$20,518,497**
3.2	Year 1	-$413,249	-$867,046	-$433,544
3.3	Year 10	-$613,321	-$1,067,118	-$638,667
3.4	Year 20	-$748,804	-$1,202,600	-$748,804
3.5	**Average Net Profit / Loss Per Year (excl. Capital)**	**-$611,350**	**-$1,065,146**	**-$758,590**
4.0	**KPIs**			
4.1	Net Present Value (Discount Rate of 5%)	-$11,453,373	-$12,571,815	-$12,403,718

Based on the financial analysis above, the following is noted:

- Revenue generated will always remain low due to a 'free entry' model being adopted, meaning direct revenue will only be derived from either the café or food vans, and meeting room / precinct hire, which is rented out at community hire rates.
- Option 1A is the best financially performing scenario due to avoiding the need for external finance and all revenue generating activities (café and meeting room / precinct hire) being delivered in Year 1.
- Option 1B is the worst performing as it assumes the City's capital contribution is fully financed by the WA Treasury, incurring $4.95 Million in additional repayments over 20 years.
- Option 2A underperforms compared to Option 1A because although it excludes finance, it attracts a higher capital cost due to staging of the works and assumes that the community room is not built until Year 5, and the café not until Year 10, delaying the revenue potential of the site.

Overall, Option 1A is the most financially viable option however, due to the low revenue streams and on-going expenditure, will operate at an average net loss of $611,000 per year, across a 20 year period.

If this option was to be endorsed, the City would need to budget for these funds each financial year to maintain the asset and ensure it continues to operate to a high standard.

7.4 On-Going Funding Scenarios

Noting that the best case scenario is the Ocean Pool will operate at a net loss of $611,000 p.a. (on average across a 20 year period), alternate on-going funding scenarios are required in order to ensure financial sustainability.

The following funding scenarios have been investigated, with further detail of each documented below.

1. Sell existing freehold land and divest the profits.
2. Develop Crown Reserve land and establish ground lease tenants
3. Sell existing freehold land and when the land is developed, dedicate the rate revenue generated to support the Ocean Pool.

#1 SELL EXISTING FREEHOLD LAND AND DIVEST

The premise of this on-going funding scenario assumes:

- The City commit to selling freehold parcels of land. For the purposes of this business case, it has been assumed the following coastal lots are sold:
    - Lot 66 (D031953), Ocean Drive (2,885m²)
    - Lot 497 (D031953), 65 Ocean Drive (4.472m²)
    - Lot 330 (P411911), 5 Ocean Drive (City retains only a third of sales value due to an existing agreement over the land)
- The profit generated (which is assumed to be $8 Million, based on an indicative desktop market valuation) is then fully invested within a diversified, index investment fund, returning a 10 year average return of 7.45% p.a. (as benchmarked from 10 diversified index funds).
- The dividends and portfolio growth from these invested funds are then utilised to offset the net operating loss of the Ocean Pool.

Figure 19: Lots 66, 497 and 330, located on Ocean Drive, assumed to be sold, with the profits divested within a diversified index fund, with all profit derived utilised to offset the Ocean Pool operating costs.

#2 DEVELOP AND GROUND LEASE

The scenario for 'Develop and Ground Lease' is based on the premise currently utilised for the Busselton Jetty.

Consultation was held with the City of Busselton to further understand their existing ground lease model and how the profit from these leases are utilised to offset the operating costs for Busselton Jetty.

Key feedback from the consultation with the City of Busselton is as per below:

- The Busselton Foreshore is a Crown Reserve, owned by the State, and zoned for the purposes of Public Open Space.
- As part of a masterplan and structure plan process, four lots were agreed to be excised from the Foreshore Reserve including Lots 432, 561, 555 and 600. These lots were rezoned as 'Special Use', as seen in Figure 20.
- The City of Busselton agreed a deal with the State, whereby the City will take on a peppercorn lease for these four lots. The City would then be able to offer a ground lease to external parties (i.e. the City takes on the risk of the ground lease).
- Ground leases were offered as part of an advertised tender process to food and beverage / hospitality operators. Leases started with a term of 45 years, plus options.
- As part of the agreement with the State, all revenue derived from the four ground leases must be utilised to offset maintenance and upgrade costs for the Busselton Jetty.
- Noting once all four developments on each lot are operational, they will provide a revenue of $344,000 p.a. to be utilised for the Busselton Jetty.

The purpose of this concept is that given the history and age of the Busselton Jetty, it will incur significant repair costs over time. This proposal minimises the likelihood of the State needing to commit additional funding over time for the repairs, while also providing commercial tenancies on the foreshore which will assist with activating the precinct.

Figure 20: Lots 432, 561, 555 and 600 located on Foreshore Parade, Busselton, which have been excited from the Foreshore Reserve and are now being offered as ground leases to commercial tenants, with all rental income being dedicated to maintaining the Jetty

The opportunity is then for the City of Bunbury to broker a similar deal with the State. The land which would be proposed is adjacent to the Site, being the Bunbury Recreational Oval (Figure 21), which is held in a Crown Reserve.

The opportunity would be for this area to be master planned as a vibrant foreshore precinct, consisting of a mixture of food and beverage, commercial, residential tenancies, along with public open space.

The key implementation steps would include:

- Masterplan the adjacent Bunbury Recreation Oval as a foreshore precinct.
- Liaise with the Department of Planning, Lands and Heritage (State Gov.) and seek endorsement for the masterplan, as this area is held under a Crown Reserve.
- Undertake required planning approvals, including re-zoning and Structure Plan.
- Reach an agreement with the State regarding the ground lease revenue of the proposed tenancies be utilised to support the Ocean Pool Operations.
- Precinct is constructed, tenants occupy premises and the ground lease rental payments begin.

Note, for the purposes of incorporating this funding model within the financial analysis (see Section 7.5), it is assumed that four separable lots are created as part of the masterplan, providing a total revenue of $250,000 p.a. based on a ground lease model.

Figure 21: Bunbury Recreational Oval, proposing to be master planned and redeveloped as a foreshore precinct, adopting a ground lease model, with revenue derived from tenants utilised to offset costs of the Ocean Pool.

#3 SELL FREEHOLD LAND AND UTILISE RATE REVENUE

The final scenario would consider the sale of Lot #330 (as illustrated in Figure 19) which is earmarked to be redeveloped as a hotel.

The rate revenue that would be generated from the operating hotel once built is estimated to be $250,000 p.a. This revenue would then be dedicated to the Ocean Pool to assist with subsidising operating costs.

ON-GOING FUNDING SCENARIO CONSIDERATIONS

Noting the on-going funding scenarios defined above, the following benefits and constraints analysis has been completed for each.

On-Going Funding Scenario	Benefits	Constraints / Considerations
#1 Sell existing freehold land and divest	• Low costs to implement. • Steady return rate if invested within a diversified index fund. • Allows currently unutilised land to be developed as part of the broader foreshore activation strategy once sold.	• Council's interest in investing all profits within a diversified commercial investment fund (i.e. appetite for risk). • Sale of the land and value will be subject to market conditions. • Opportunity cost for the land (i.e. is selling to an external entity the highest and best use for that land) • Need to ensure that the seller is eager in developing the land and not letting it sit vacant for an extended period of time.
#2 Develop and ground lease	• Creation of a complementary adjacent foreshore precinct. • Ability to create a large number of ground lease lots, subject to the masterplan. • Will create new business and employment opportunities and encourage more people to engage with the coastal foreshore.	• Timely process to implement (estimated four to five years) as will include relocating the oval, master planning, re-zoning, negotiation with the State and development. • The revenue generated does not yet consider the costs to develop the land ready to be ground leased. • This scenario is contingent on the State wanting to accept this type of proposal. • Ground lease take up will be subject to market conditions.
#3 Sell Freehold land and utilise rate revenue	• Low costs to implement. • Relatively low risk compared to the other funding scenarios. • Guaranteed steady revenue via the rates generated.	• Option is conditional to the purchaser developing the land shortly after sale.

7.5 Financial Modelling – On-Going Funding Scenarios

Utilising the on-going funding scenarios defined under Section 7.4, these have been prepared as 20-year financial operational cashflows. Options 1A and 1B detailed under Section 7.3 have been included for comparison purposes.

Please refer to Appendix G to review the full financial cashflow for each option.

		No On-Going Funding		On-Going Funding Scenarios					
No.	Item	Option 1A Excl. Finance	Option 1B Inc. Finance	Option 3A Excl. Finance Sell & Divest	Option 3B Inc. Finance Sell & Divest	Option 4A Excl. Finance Develop & Ground Lease	Option 4B Inc. Finance Develop & Ground Lease	Option 5A Excl. Finance Sell & Rate Revenue for Lot #330	Option 5B Inc. Finance Sell & Rate Revenue for Lot #330
	Total Capital Cost	**$17,820,000**	**$17,820,000**	**$17,820,000**	**$17,820,000**	**$17,820,000**	**$17,820,000**	**$17,820,000**	**$17,820,000**
	City Contribution:	$5,940,000	$5,940,000	$5,940,000	$5,940,000	$5,940,000	$5,940,000	$5,940,000	$5,940,000
1.0	**Revenue**								
1.1	Ocean Pool Revenue	$0	$0	$1,527,767	$1,527,767	$1,527,767	$1,527,767	$1,527,767	$1,527,767
1.2	Alternate On-Going Funding	$1,527,767	$1,527,767	$11,867,254	$11,867,254	$5,618,780	$5,618,780	$6,709,464	$6,709,464
1.3	**Total Revenue**	**$1,527,767**	**$1,527,767**	**$13,395,021**	**$13,395,021**	**$7,146,547**	**$7,146,547**	**$8,237,231**	**$8,237,231**
2.0	**Expenditure**								
2.1	City Development Cost	-$5,940,000	$0	-$5,940,000	$0	-$5,940,000	$0	-$5,940,000	$0
2.2	Operating Cost	-$11,421,966	-$11,421,966	-$11,421,966	-$11,421,966	-$11,421,966	-$11,421,966	-$11,421,966	-$11,421,966
2.3	Finance	$0	-$10,891,106	$0	-$10,891,106	$0	-$10,891,106	$0	-$10,891,106
2.4	Sinking Funds (Cap. & Maintenance)	-$2,332,800	-$2,332,800	-$2,332,800	-$2,332,800	-$2,332,800	-$2,332,800	-$2,332,800	-$2,332,800
2.5	**Total Expenditure**	**-$19,694,766**	**-$24,645,872**	**-$19,694,766**	**-$24,645,872**	**-$19,694,766**	**-$24,645,872**	**-$19,694,766**	**-$24,645,872**
3.0	**Net Profit Cashflow**								
3.1	**Cumulative (20 Years)**	**-$18,166,999**	**-$23,118,105**	**-$6,299,745**	**-$11,250,851**	**-$12,548,219**	**-$17,499,325**	**-$11,457,535**	**-$16,408,641**

No.	Item	No On-Going Funding		On-Going Funding Scenarios					
		Option 1A Excl. Finance	Option 1B Inc. Finance	Option 3A Excl. Finance Sell & Divest	Option 3B Inc. Finance Sell & Divest	Option 4A Excl. Finance Develop & Ground Lease	Option 4B Inc. Finance Develop & Ground Lease	Option 5A Excl. Finance Sell & Rate Revenue for Lot #330	Option 5B Inc. Finance Sell & Rate Revenue for Lot #330
3.2	Year 1	-$413,249	-$867,046	$180,113	-$273,683	-$413,249	-$867,046	-$150,593	-$604,389
3.3	Year 10	-$613,321	-$1,067,118	-$19,959	-$473,755	-$285,300	-$739,096	-$285,300	-$739,096
3.4	Year 20	-$748,804	-$1,202,600	-$155,442	-$609,238	-$328,909	-$782,705	-$328,909	-$782,705
3.5	**Average Net Profit / Loss Per Year (excl. Capital)**	**-$611,350**	**-$1,065,146**	**-$17,987**	**-$471,783**	**-$330,411**	**-$784,207**	**-$275,877**	**-$729,673**
4.0	**KPIs**								
4.1	Net Present Value (Discount Rate of 5%)	-$11,453,373	-$12,571,815	-$5,065,630	-$6,184,072	-$8,816,591	-$9,935,033	-$7,982,622	-$9,101,064
4.2	NPV Ranking	7	8	1	2	4	6	3	5

Based on the table above, the following is noted:

- Any ability to avoid external finance (any of the 'A' options) will deliver an improved financial performance.
- Option 3A is financially the most viable option, providing an average net operating loss per year of $17,987. This is due to the ability to avoid finance and the 'sell and divest' scenario delivering the greatest investment returns (average 7.45% return p.a. of $8 Million).
- Option 5A is the next best financially viable option (which does not include finance) due to the fixed revenue achieved through the $250,000 generated in rates each year through the sale and development of Lot #330. The average net loss per year is $275,877.
- While Option 4A also provides a steady revenue stream through the 'develop and ground lease' however, not to the extent of the other on-going funding scenarios.

Overall, any of the on-going funding scenarios deliver an improved operating performance compared to the Options which do not (Option 1A and 1B). However, Options 3, 4 and 5 will still require some additional budget commitment from the City to maintain financial viability and 'break even', and selecting a preferred will need to consider the City's appetite for investment risk, any additional costs to implement these options and do these other options align to the City's other strategic and planning objectives.

7.6 Sensitivity Analysis

A further sensitivity analysis was undertaken on the financial model options based on the amount dedicated to the sinking funds for capital and maintenance. The purpose of the sinking fund is to dedicate funds each year within the cashflow to a reserve, so that at a point in time when upgrades are required to the asset, there are dedicated funds avaliable.

The sensitivity analysis has been completed by altering the agreed percentage of construction cost committed to the sinking fund. These include the below:

- Base Case (as per Section 7.5): 1.5% committed to capital replacement, and 0.5% to maintenance (2% total).
- Scenario A: 1% committed to capital replacement, and 0.5% to maintenance (1.5% total).
- Scenario B: 0.5% committed to capital replacement, and 0.5% to maintenance (1% total).
- Scenario C: 0% committed to capital replacement, and 0.5% to maintenance (0.5% total).

The net profit / loss figures for each of the sensitivity scenarios have been compared below. Please refer to Appendix H to review the full financial model summary.

		No On-Going Funding		On-Going Funding Scenarios					
No.	**Item**	**Option 1A** Excl. Finance	**Option 1B** Inc. Finance	**Option 3A** Excl. Finance	**Option 3B** Inc. Finance	**Option 4A** Excl. Finance	**Option 4B** Inc. Finance	**Option 5A** Excl. Finance	**Option 5B** Inc. Finance
		Sell & Divest	Sell & Divest	Develop & Ground Lease	Develop & Ground Lease	Sell & Rate Revenue for Lot #330	Sell & Rate Revenue for Lot #330		
Base Case (as per Section 7.5): 1.5% committed to capital replacement, and 0.5% to maintenance.									
1.1	Cumulative (20 Years)	-$18,166,999	-$23,118,105	-$6,299,745	-$11,250,851	-$12,548,219	-$17,499,325	-$11,457,535	-$16,408,641
1.2	Average Net Profit / Loss Per Year (excl. Capital)	-$611,350	-$1,065,146	-$17,987	-$471,783	-$330,411	-$784,207	-$275,877	-$729,673
Scenario A: 1% committed to capital replacement, and 0.5% to maintenance.									
2.1	Cumulative (20 Years)	-$17,583,799	-$22,534,905	-$5,716,545	-$10,667,651	-$11,965,019	-$16,916,125	-$10,874,335	-$15,825,441
2.2	Average Net Profit / Loss Per Year (excl. Capital)	-$11,155,409	-$12,273,851	$11,173	-$442,623	-$301,251	-$755,047	-$246,717	-$700,513
Scenario B: 0.5% committed to capital replacement, and 0.5% to maintenance									

No.	Item	No On-Going Funding		On-Going Funding Scenarios					
		Option 1A Excl. Finance	Option 1B Inc. Finance	Option 3A Excl. Finance Sell & Divest	Option 3B Inc. Finance Sell & Divest	Option 4A Excl. Finance Develop & Ground Lease	Option 4B Inc. Finance Develop & Ground Lease	Option 5A Excl. Finance Sell & Rate Revenue for Lot #330	Option 5B Inc. Finance Sell & Rate Revenue for Lot #330
3.1	Cumulative (20 Years)	-$17,000,599	-$21,951,705	-$5,133,345	-$10,084,451	-$11,381,819	-$16,332,925	-$10,291,135	-$15,242,241
3.2	Average Net Profit / Loss Per Year (excl. Capital)	-$553,030	-$1,006,826	$40,333	-$413,463	-$272,091	-$725,887	-$217,557	-$671,353
	Scenario C: 0% committed to capital replacement, and 0.5% to maintenance.								
3.1	Cumulative (20 Years)	-$16,417,399	-$21,368,505	-$4,550,145	-$9,501,251	-$10,798,619	-$15,749,725	-$9,707,935	-$14,659,041
3.2	Average Net Profit / Loss Per Year (excl. Capital)	-$523,870	-$977,666	$69,493	-$384,303	-$242,931	-$696,727	-$188,397	-$642,193

The following is noted regarding the sensitivity analysis above:

- Altering the amount of funds committed to the sinking fund does not change the order of the options from most to lease viable as noted under Section 7.5 (i.e. Option 3A remains the most financially viable and Option 1B remains least financially viable).
- Reducing the sinking fund allowance for both capital replacement and maintenance from 2% to 1.5% would result in the Ocean Pool achieving an average net profit per year for Option 3A only.
- Operating performance for Options 4 and 5 also improve however, still operate at an average net loss p.a.

The financial operating performance for each option increases as the allowance for the sinking fund decreases, potentially providing a cost saving of up to $90,000 p.a. for each option. However, it needs to be considered that without the sinking funds being dedicated each year, there will be a requirement for the City to draw down from other reserves at a point in time when capital replacement and maintenance works are required.

7.7 Financial Summary

Based on the financial analysis completed, the following is summarised.

- The cost to deliver the Ocean Pool within a single stage is $17.82 Million (excl. GST)
- Assuming the City do not borrow their funding contribution ($5.94 Million), the Ocean Pool will operate at an average net loss of $611,000 p.a. (Option 1A) due to pool entry being free and limited commercial tenancies on site.
- Potential on-going funding scenarios to support operations include:
    - Sell existing freehold land and divest the profits (Option 3A and 3B)
    - Develop land and establish ground lease tenants (Option 4A and 4B)
    - Sell existing freehold land and when the land is developed, utilise the rate revenue generated for this project (Option 5A and 5B)
- Applying the on-going funding scenarios, Option 3A delivers the greatest financial return, with an average net operating loss of $18,000 p.a. This is due to having no finance and delivering the greatest return on investment via the funding invested in a diversified index fund (7.45% average return p.a. based on $8 Million invested).
- Options 4 and 5 then follow as next best performing however, still operating at a net loss.
- However, when considering on-going funding scenarios to implement and support operations, the City need to consider:
    - The opportunity cost.
    - The appetite for investment risk.
    - The process, time and any other costs required in order to implement the on-going funding option.
- There is then further opportunity to improve the financial outcome by altering the percentage of construction cost committed to a sinking fund each year (ranging from a 0.5% to 2% construction cost contribution each year). Under this scenario, it is possible for Option 3A to return an average net profit p.a. if the sinking fund contribution reduces from 2% to 1.5%.

Overall, without an alternate on-going funding source, the best case scenario assumes the Ocean Pool will operate at a net loss of $611,000 p.a.

However, there is recognised opportunity to offset these costs via a multitude of ongoing funding scenarios, with Option 3A delivering the greatest financial return and the greatest likelihood of achieving a ‘break even’ operating position.

08 Delivery

8.1 Risk Analysis

A high level risk analysis for the Bunbury Ocean Pool has been undertaken below. Note, the risk analysis focuses on the key risks currently related to the project, as opposed to capturing whole of life project risks (e.g. accidents on site, delivering on time etc.)

Upon endorsement of the business case and commencement of the next phase (schematic design), it is recommended that a project risk workshop is undertaken with the project control group to identify all project related risks and develop the appropriate risk mitigation strategies.

Please refer to Figure 22, which provides a key in which the risk analysis scoring has been undertaken, while the full risk analysis can be reviewed in the table below.

		Consequence				
		Negligible 1	Minor 2	Moderate 3	Major 4	Catastrophic 5
Likelihood	5 Almost certain	Moderate 5	High 10	Extreme 15	Extreme 20	Extreme 25
	4 Likely	Moderate 4	High 8	High 12	Extreme 16	Extreme 20
	3 Possible	Low 3	Moderate 6	High 9	High 12	Extreme 15
	2 Unlikely	Low 2	Moderate 4	Moderate 6	High 8	High 10
	1 Rare	Low 1	Low 2	Low 3	Moderate 4	Moderate 5

Figure 22: Risk matrix utilised to categorise the project risks identified in the table below.

Risk	Likelihood (1-5)	Consequence (1-5)	Risk Rating	Mitigation Strategy
1. Inability to secure external project funding to deliver the works.	2	3	Moderate (6)	• Clearly identify your funding targets from external entities and align their priorities and objectives to this project. • Ensure the City's position is clear regarding their own internal funding contribution ability. • Review critical dates to start engaging with State / Federal Govt. entities (e.g. elections, budget preparations etc.) • Engage an external lobbyist to assist with State / Federal Government interface.
2. Unable to appropriately coordinate and collaboratively work with local indigenous Elders to manage heritage sensitivities surrounding the site	2	3	Moderate (6)	• Clearly understand the outcomes of the ethnographic survey completed as part of the business case and stay aligned to their recommendations. • Continue open communication and project involvement with the Indigenous Elders. • Actively seek further opportunities in the project to further promote and protect the surrounding heritage sites.
3. Limited number of contractors who could deliver the works based on its location on the Coast	3	3	High (9)	• Undertake a procurement workshop upon commencement of schematic design to determine the preferred procurement option. • Investigate a list of suitable contractors who may be skilled, experienced and resourced to undertake the complex works and seek early involvement. • If there is not enough contractors available to allow for competitive bids for the work, look to alternate contract arrangements (e.g. Design and Construct, Early Contractor Involvement etc.) to allow for a more collaborative approach when negotiating price.
4. Delays in achieving planning and environmental	4	2	High (8)	• Appoint an external planner and commence early consultation with the key approval authorities (e.g. Dept. of Planning Lands and Heritage, Dept. of Biodiversity,

Risk	Likelihood (1-5)	Consequence (1-5)	Risk Rating	Mitigation Strategy
approvals given the sites location				Conservation and Attraction, South West Development Commission). • During the early consultation, understand the full documentation requirements to obtain planning approval and commence early on these work packages. • Maintain strong lines of communication between the planning authorities and the City to ensure any concerns can be managed efficiently,
5. Community opposition to the project given it is development along the coastline	3	3	High (9)	• Document the communications management plan, identifying the likely concerns to be raised by the community. • Mange timing in regard to publicly releasing information to the community. • Allow suitable opportunity for members of the community to provide feedback via a variety of forums. • Ensure any concerns raised can be appropriately addressed either via the technical investigations completed or by a member of the project team.
6. High repairs and maintenance costs to the pool given its location on the coast line, becoming a financial burden to the City	3	2	Moderate (6)	• Appoint a design and engineering team who has had experience in coastal / ocean pool developments. • Look to adopt materials which can sustain the harshness and the unpredictability of the coast line. • Ensure a suitable sinking fund is established within the budget to ensure regular annual repairs and maintenance can happen quickly, ensuring the concern does not worsen. • Look to implement one of the on-going funding solution options detailed under Section 7.

8.2 Programme

A project programme which outlines the key phases to deliver the works has been prepared, with the full detailed programme to be reviewed under Appendix I.

However, a summary of the key milestones and anticipated timeframes have been summarised below.

Note that for the purposes of preparing the programme, a traditional procurement method has been assumed.

However, the procurement method as well as other key items (e.g. time to acquire external funding, planning approvals, availability of resources etc.) will have an impact on the overall programme.

Milestone	Start Date	End Date
Document Business Case	Jun ‘22	Apr ‘23
Business Case Endorsed	May ‘23	
Lobby for External Funding	Jun ‘23	May ‘24
Procure PM & Consultants	May ‘23	Oct ‘23
Schematic Design	Oct ‘23	Apr ‘24
Community Advertising	Apr ‘24	May ‘25
Planning (Prep, Waiting Period & Approval)	Jan ‘24	Nov ‘24
Detailed Design	Sep ‘24	Mar ‘25
Contractor Procurement (Tender & Appt.)	Mar ‘25	Jul ‘25
Construction	Jul ‘25	Sep ‘26
Ocean Pool Opening	Oct ‘26	
Defects Liability Period	Oct ‘26	Sep ‘27

Overall, from endorsement of the business case, it is assumed a 42 month timeline to deliver the Ocean Pool, subject to the programme items noted above and decision from Council to endorse the project.

8.3 Procurement

Upon commencement of the Schematic Design phase, it is recommended that a procurement workshop is undertaken by the project team. Given the uniqueness of the project and the intricacies that building along the coastline introduce, it is important that all procurement scenarios are thoroughly considered by the team.

The below summaries some of the avaliable procurement scenarios, noting the benefits and constraints of each.

Procurement Method	Benefits	Constraints
Traditional	• Client/Project Sponsor maintains full control of design. • Allows for full market tender process at each phase • Appropriate approach if there is flexibility in the programme and budget. • Good control of cost estimate prior and post tender. • Design is fully resolved / documented prior to tender. • Flexible options to have single or multiple contractors on site simultaneously. • Tender prices do not need to allow for design and design related risks.	• Design risk sits with the client/project sponsor. • Increased programme. • Lack of external expertise if operating on a complex site. • Delays during the design phase will delay the project. • Errors and omissions in documentation can give rise to variations and associated additional costs and delays. • Project contingency needs to make allowance for design relation risks.
Design and Construct	• Receives some input from the contractor regarding design. • Ability to control the extent of the design completed before contractor is appointed. • Construction commencement ahead of completion of documentation. • Encourages contractor innovation and improved buildability. • Design team continuity may be possible through innovation. • Risk of contract claims due to errors in design is reduced. • Transfer of risk to contractor.	• Design received by the contractor may not algin to their skills, expertise or the project vision. • Premium paid for risk transfer. • Changes to client or user group requirements after execution of the contract may be costly. • Quality can be reduced by contractor cost management. • Principal has reduced influence / control over the design deliverables. • Tender prices higher, reflecting costs of tendering, design costs, risk and reduced market competition.

Procurement Method	Benefits	Constraints
Managing Contractor	• Level of risk is flexible. • Ability to utilise contractor as needed (fee for service). • Client and Contractor work together to scope the project requirements. • Contract incentivises the contractor's innovation in seeking cost savings (which can be shared). • Many design activities can proceed in parallel with the tendering and construction of other packages. • Contractor is responsible for the management of all interfaces between design and construction as well as staging.	• Where design is paid on a "cost plus" basis, there is little incentive for the contractor to tightly control design expenditure. • Contractor margins (profit as well as overheads) may be high. • Contract administration is complex and requires experienced personnel on the client's team. • Limited number of competent potential tenderers which reduces competition.
Early Contractor Involvement	• Contractor involved with the design team from inception. • Shifts risk of design to the contractor. • Ability to receive expertise if it is a complex project/site. • Tender process for ECI can be less intensive/costly for the industry as a whole. • Aimed at selecting the best team to deliver a project. • Potentially shortened delivery time. • Experience and knowledge is harnessed early in the project life cycle. • Increased opportunities for innovation. • Quick decision-making capabilities. • Better integration of construction methods. • Potential for early procurement of materials. • Fewer expected variations during construction	• Required to undertake full tender process upon inception. • Increased risk of disagreements on design between consultants if vision and objectives are not aligned. • Involvement of client senior staff in early stages for longer periods. • Additional costs resulting from 'options costing' by contractor and designer ideas being considered. • The need to extensively involve independent cost estimators to prevent higher 'uncontested' prices building up. • Contractor may de-risk project for own benefit rather than add value to the Client.

It is noted that Local and State Government projects typically adopt a traditional procurement methodology, primarily on the basis that the client is able to:

- Maintain full control of the design;
- Undertake a competitive tender process for each key phase; and
- There is certainty regarding the project cost pre and post tender.

However, recognising the uniqueness of the project and the specialist expertise that may be required for design and constructing infrastructure built on the coast line, there is merit in the consideration of either a ‘Design or Construct’ or ‘Early Contractor Involvement’ procurement methodology. The benefits to either of these methodologies would include:

- Harnessing the contractors expertise and knowledge during the design and delivery process;
- Transfer of project risk to the contractor; and
- Fast tracked delivery timeframe.

However, the benefits of an alternative procurement methodology are to be measured against some of the challenges, including limited number of contractors who have the resources to commit to an alternative contract format, a willingness from the City to lose some control over the design and an additional premium paid by the City due to the transfer of risk.

8.4 Funding Strategy

As noted under Section 7.1, the capital cost to deliver the Bunbury Ocean Pool is estimated at approx. $17.82 Million (excl. GST).

The proposed funding strategy has been outlined below, noting the key funding sources, their relevance to the project, targeted amounts and immediate opportunities identified.

Source	Amount	Comment / Alignment to Strategic Objectives	Immediate Opportunities
CITY OF BUNBURY	$5.94 Million	• Contribution from the City's internal reserves • The project aligns to *Corporate Business Plan 2022 – 202 and* City's *Bunbury Brighter: Strategic Community Plan.*	
WESTERN AUSTRALIAN TREASURY CORPORATION	TBD subject to what the City of Bunbury commits from their internal reserves and the amount of external funding received	• Opportunity for the City to borrow funds directly from the WA Treasury Corporation. • Interest rate of 5.55% p.a. as per Mar '23	• Requests for finance always available.
Department of Local Government, Sport and Cultural Industries, Government of Western Australia **(Community Sporting and Recreation Facilities Fund)**	$2 Million	• Potential grant opportunity via the Department of Local Government Sport and Cultural Industries. • The purpose of the program is to provide Western Australian Government financial assistance to community groups and local government authorities to develop basic infrastructure for sport and recreation. • There was a total of $12.5 Million avaliable for allocation in the 2022/23 funding round, with a similar amount then expected for 2023/24.	• July 2023 is when the next round of funding is avaliable.
GOVERNMENT OF WESTERN AUSTRALIA	$3.94 Million	Aligns to the State's focus on: • Investment in the southwest region • Local tourism • Sport and recreation • Health and Wellbeing	• Funding requests via submission of a WA Treasury Business Case always available. • Budget submissions typically accepted between Oct '23 and Feb

Source	Amount	Comment / Alignment to Strategic Objectives	Immediate Opportunities
			’24, to be announced in the May ’24 budget. • Next State election (Mar ’25)
Australian Government	$5.94 Million	• $7.4 Billion commitment to support regional development across Australia. • Ability for Local Councils and Community Groups to seek support from the new *Growing Regions Program*, which will fund local infrastructure projects such as civic upgrades. • While through the *Priority Community Infrastructure Program* and its *Investing in Our Communities Program*, the Government will provide $1.4 billion for local community, sport and infrastructure projects across Australia.	• Applications for the *Priority Community Infrastructure Program* are open here. • Opportunity to lobby the business case directly with the nominated Federal Govt. representative.
lotterywest	Amount to be determined however, likely less than $500,000, with this funding to be utilised for post work costs (e.g. internal fitout, furniture procurement, public art etc.	• Lotterywest awards grants based on projects and initiatives that align to their Community Investment Framework.	• Lotterywest applications always open, with a typical assessment period of four months.
SOUTH32 SOUTHERN PORTS ALBANY BUNBURY ESPERANCE MINDEROO FOUNDATION Tattarang		Opportunity for local industry leaders to contribute towards the project. Their alignment to the project would focus on: • Contributing back to the local community in which they operate. • Social responsibility • Strong public relations opportunities for each industry	• Opportunity to engage directly with industry, pitching the project and then discussing opportunities regarding how they can support delivery.
Total	**$17.82 Million**		

FUNDING SUMMARY

When lobbying for funding directly via the State or Federal Government, there is a general expectation that the contribution sought by these entities is matched or aligns closely to what the City is willing to contribute to the project (e.g. 33% funding contribution by the Local, State and Federal Governments).

This demonstrates to State and Federal representatives that the City is committed to this project and is dedicated to seeing it delivered. It is recommended that an external lobbyist is engaged to assist with the procurement of State and Federal Government funding.

Therefore, the starting point would be to assume equal contributions for capital funding from Federal, State and Local Government of $5.94 Million each, noting there are other funding initiatives within State and Federal Governments which could be utilised to top up a direct contribution (e.g. Community Sporting and Recreation Facilities Fund).

Funding from other remaining entities (e.g. Lotterywest and private sector) would be considered minor funding parties, as their contribution will likely always be less that what Government can provide. Therefore, there funding is typically requested to assist with implementing finishing works (e.g. fit outs, procurement of furniture, installation of public art etc.) or for the inclusion of optional scope items that may have needed to be value engineered out of the scope during the design process.

Figure 23: Masterplan of the Bunbury Ocean Pool and landscaped precinct

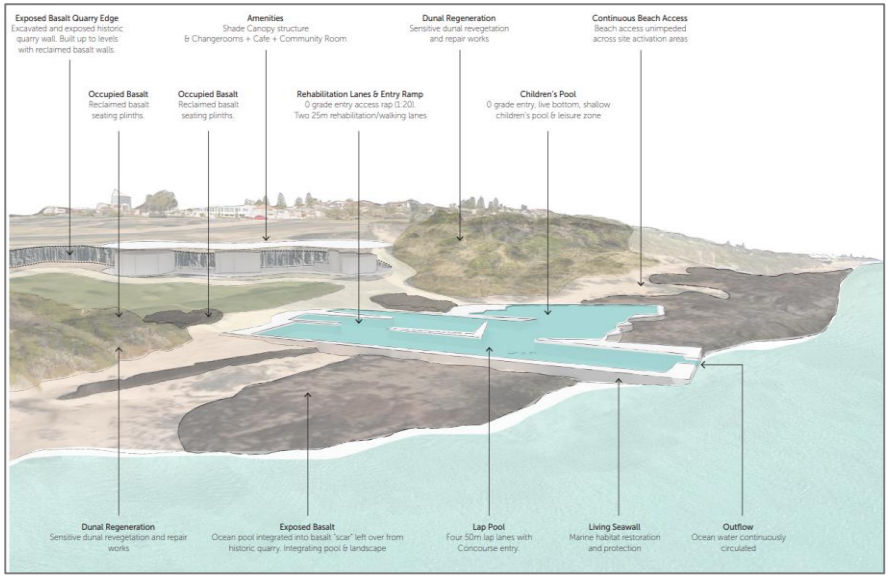


Figure 24: Artist impression of the Bunbury Ocean Pool

8.5 Summary

The Bunbury Ocean Pool reflects a unique opportunity to deliver the first, true operating ocean pool in Western Australia, providing a new recreation and health and wellbeing asset to the community, creating a place to socialise and connect, while further enhancing the South West region by providing new tourism and engagement opportunities for visitors.

The Ocean Pool aligns to the State and Federal Government priorities by:

- Creating an asset which encourages physical activity and social connection amongst users, which is free of charge, removing barriers of entry such as cost.
- Will deliver improved physical health conditions to its users, decreasing the likelihood of chronic diseases and improving mental wellbeing outcomes.
- Supports further investment in regional areas, improving the liveability of Bunbury and its surrounding towns, creating local employment and providing a new attraction which will further incentivise visitors to the area to then engage and stay within the region.

As per the concept design, the Ocean Pool will be situated directly on the coast line, providing an all 50m and 25m pool, as well as a casual swim area, along with an improved landscaped precinct, with the provision for new amenities, supporting F&B outlets and community amenities.

The estimated cost to deliver the Ocean Pool is $17.82 Million, with an estimated net average operating cost to the City of $611,000 p.a. (including capital and maintenance sinking fund, and any finance obligations). However, there is opportunity to minimise this on-going cost via multiple on-going funding scenarios and through adjustment of the sinking fund allowance, even delivering a net operating profit if applied appropriately (as seen under Option 3A in Section 7).

In regard to delivery, the following items are noted:

- Assuming an immediate commencement of the next phase of works post business case (i.e. schematic design and funding acquisition), it is assumed the Ocean Pool could be delivered by October 2026 (subject to funding, planning approvals and procurement methodology)
- Key immediate risks to be managed will include securing the required external funding, stakeholder management, particularly regarding delivering works based on the coast as well as continued collaboration with the local Elders, and delays in planning approvals.

The recommended target funding strategy, noting the key entities and sought after amounts is as per below.

Entity	Amount
City of Bunbury	$5.94M (Reserves or Finance)
DLGSC (State Gov.)	$2M
State Gov.	$3.94M
Federal Gov.	$5.94M
Lotterywest	TBD, with contributions likely smaller and dedicated to Fit Out
Private Sector Partners	
Total	$17.82M

8.6 Next Steps

Upon endorsement of the business case from Council, the following next steps are recommended:

- Conversion of this business case into the WA Treasury Business Case format (critical to lobbying funding from the State).
- Engagement of an external lobbyist to commence lobbying for all types of funding (public and private sector).
- Appointment of a project manager, to then commence procurement of the consultant team for schematic design.
- Commence early engagement with planning approval authorities (e.g. DPLH, DBCA, Southwest Development Commission) to assist with streamlining the eventual planning approval process.