

18 September 2017

Enquiries: Mr Louis Hitchcock – 9364 0625
Your Reference: Petition No.11

Hon Matthew Swinbourn MLC
Standing Committee on Environment and Public Affairs
Parliament House
Harvest Terrace
PERTH WA 6000

Dear Mr Swinbourn

CITY OF MELVILLE RESPONSE TO PETITION NO.11 – WAVE PARK, ALFRED

Thank you for your letter dated 17 August 2017 referring to the above petition tabled in the Legislative Council on 13 June 2017 by the Hon Pierre Yang MLC.

We note that the Hon Mr Yang's submission to you dated 10 July 2017 refers to the information in the submission being provided by representatives of the petitioners, being Mr Tom Lubin on behalf of the Alfred Cove Action Group (unincorporated) dated 30 June 2017 and that the Honourable Members knowledge of the Wave Park proposal largely comes from the information provided by representatives of the Alfred Cove Action Group who have objected to the proposal.

To assist with your inquiries in relation to the petition, the City is happy to provide comment in relation to the manner in which the City has assessed the Wave Park proposal from URBNSURF and dealt with it in accordance with statutory process under the relevant sections of the Local Government Act 1995. We are also happy to provide a response on each of the reasons Mr Lubin listed in his petition for opposing the Wave Park proposal.

The Wave Park Proposal Assessment and Ground Lease Approval

In June 2016 the Council resolved at its Ordinary Meeting to direct the Chief Executive Officer to investigate and report to the Council suitable future recreational uses of the existing Melville Bowling Club site at Tomkins Park, Alfred Cove for a possible financial contribution towards the redevelopment of a "Sporting Hub" at Tompkins Park which would also see the building of a new bowling club facility for the Melville Bowls Club.

In September 2016 the City received an unsolicited ground lease proposal from URBSURF to build and operate a world class surf sports park facility on the existing Melville Bowls Club site at Tomkins Park. The proposal was assessed by the City and considered to provide a number of benefits and opportunities to assist the City in meeting its vision and strategic goals. Some of these benefits include improved place activation, increased diversity and relevance, increased opportunities for sport development, increased tourism, increase in economic benefit and job creation (**Refer Attachment 1 – Wave Park Economic Impact Assessment**) and a secure long term ground lease income stream to the City to achieve its objective for long term financial sustainability into the future. The City sees the future wave park sports facility and upgraded

Tompkins Park Sporting & Recreational Hub benefiting not only the local community but also the broader regional community. With the introduction of surfing as a competitive event at the forthcoming Olympic Games, community interest in surfing as a sports and recreational activity is expected to grow and the Tompkins Park Hub is expected to cater for this increased demand by the community. The relocation of the two bowling clubs into Tompkins Park Sports Hub will in year 1 generate a \$48,000 saving not including the sale of the Mt Pleasant site (approximately (\$3.5M)

The City undertook detailed due diligence analysis of the proposal submitted by URBNSURF which included among other things:-

1. Independent risk assessment of the proposal, (Refer Attachment 2)
2. Independent economic impact assessment study, (Refer Attachment 1)
3. Independent market valuation of the ground lease value of the site (Refer Attachment 3); and
4. Legal advice on the structure and ground lease and development agreement.

A detailed Business Case was prepared by the City and advertised publically State-wide for a period of eight weeks together with a Public Notice in accordance with Section 3.59 of the LGA 1995 calling for public submissions. Public submissions both for the proposal totalling 3,026 and against the proposal totalling 651 were audited and presented in a Report to the Council (Refer Attachment 4) in February 2017 at which the Council resolved to progress the preparation of a draft ground lease and development agreement with URBNSURF subject to Council's final approval. In April 2017, the Council resolved to approve the ground lease agreement with URBNSURF and shortly after the conditional ground lease agreement was signed and executed by the City under Common Seal and by the Directors of URBNSURF.

The ground lease agreement is conditional upon URBNSURF (Lessee) achieving development approval from the relevant State Government Agencies and obtaining the necessary finances to build and operate the wave park sports facility. In addition, the City will be relocating the Melville Bowls Club into the new Bowls facility at Tompkins Park before the site is made available for URBNSURF to undertake building and construction. It is anticipated that these conditions will be satisfied by the end of 2018. Notwithstanding the outcome of the wave park proposal, the amalgamation of the two bowling clubs, being the Melville Bowls Club and Mount Pleasant Bowling Club, will proceed.

Response to Mr Lubin's Petition and Reasons for Opposing the Wave Park Proposal

In Mr Lubin's petition dated 30 June 2017, he listed twenty one reasons as to why he and the Wave Park Action Group oppose the Wave Park proposal. We have sought to respond to these individually below:-

1. This commercial operation will significantly reduce the public open space on the Swan River foreshore (currently available to the community) for the next 50 years. Private commercial enterprise is not an appropriate use of public open space.

Response - The proposed Wave Park Surf Sports Facility is a recreational facility which will be open to the public to utilise. The proponent URBNSURF have demonstrated to the City that their facility will not reduce the public open space along the Swan River foreshore and will in fact enhance the public open space for public and community. The facility will provide a state of the art new sport activity (Olympic Sport) for residents at various age groups.

2. The footprint of the Wave Park takes up land designated as riverside public open space Reserve and riparian buffer strip reserve.

Response – The City believes the Wave Park proposed activity is consistent with the current sporting and recreational uses at Tompkins Park and will not encroach on the reserve strip and will have a natural buffer from the river foreshore in keeping with the natural amenity that currently exists. Note the bulk of the current site is a fenced off 1960's Bowling club and is not accessible by the general public.

3. The wave park site abuts the Alfred Cove 'A' Class nature reserve. The Reserve is an asset of inestimable value. It is used by migratory and resident bird species such as the endangered Carnaby's cockatoo and vulnerable Red-tailed Black cockatoo. There has been a significant decline in both the number of bird species and the numbers of birds within particular species, both resident and migratory, that frequent this reserve and the proposed Wave Park can only increase this decline. It is home to native mammals and is enormously vulnerable to the impacts of surrounding activities. A wave park will result in inescapable short and long-term ecological damage to this reserve and its vicinity arising from noise pollution, light pollution, traffic, litter, vibration from wave park machinery etc.

Response – The City is well aware of the Marine Sanctuary and Nature Reserve at Alfred Cove and has been assured by the Director General of the Department of Parks and Wildlife that any development application by URBNSURF for the Wave Park proposal will be assessed in accordance with environmental legislation and the statutory process thoroughly before any decision is made to approve the development application.

4. The site overlooks the Swan Estuary Marine Park, another area of high conservation significance, home to seagrass beds which are breeding grounds for the marine life which supports much of the estuarine ecosystem right up to river dolphins which are frequent Visitors to Alfred Cove. Its mud flats are host to migratory birds, some of which fly in from as far afield as Siberia, some of which are listed as "critically endangered".

Response – As stated above in point 3 response the City is aware of this and is assured that this will be taken into consideration as part of the statutory environmental assessment process that will be undertaken as part of the development application.

5. The migratory birds using the Alfred Cove nature reserve and the Swan Estuary Marine Park are the subject of bilateral international agreements with China, Japan and Republic of Korea for the preservation of the East Asian – Australasian Flyway and the conservation of the listed species. Australia has an important obligation not to disrupt these reserves.

Response – Again, I refer to the City's response at points 3 & 4 above.

6. A large body of fresh water next to the Swan River will inevitably attract ducks and seagulls whose defecation in the water will create a potential health hazard. This will necessitate the use of bird deterrents (typically in the form of high-frequency noise emitters). Use of bird deterrents next to a bird sanctuary is a serious form of noise pollution.

Response – The City has been briefed by URBSURF who how it intends to manage the quality of the surf lagoon water body and this will form part of their Water Management Plan which will need to be assessed by the Department of Water and DPaW during the development application phase.

7. There will be inevitable and substantial disruption to the regionally significant ecological linkage. Such linkages enable the passage of wildlife between bushland feeding areas and are necessary for survival in the ever more densely populated metropolitan area. The proposed wave park will obstruct this linkage over almost its entire width at this point.

Response – Again, I refer to the City’s response at points 3, 4 & 5 above.

8. The entire area of the proposed Wave Park site falls within the Bush Forever Site 331. As such it should be left as is or restored to natural bush. Commercial development is in direct contradiction of Government policy for designated Bush Forever sites.

Response – The site for the proposed Wave Park sits wholly within the cleared Tompkins Park playing fields and the Melville Bowling Club greens. The proposal by URBNSURF does not require the removal of any native or introduce vegetation on the site and will be subject to assessment by DPaW.

9. Tompkins Park was used as a rubbish and building materials tip prior to its rehabilitation some years ago when a layer of sand was used to cover the refuse. As of January 2017 it is a listed Contaminated Site, containing asbestos, classified as “remediated for restrictive use”. A DER report states that the land use of the site is restricted to ‘recreational open space’ and “the site appears suitable for continued use as public open space”. The substantial excavations required to build the 2.2Ha lagoon will expose much of the waste material, and if conventional cut-to-fill construction is used, the contaminated material will end up in the embankment wall of the lagoon.

Response – The proposed use of the site for surf sports and recreational activities is consistent with current recreational and sporting uses on the site and the current status of the site being “remediated for restrictive use” does not prevent these uses on the site. The City is aware that the status of the site will be considered by DPaW in its assessment of any future development application. (Refer Attachment 5 - Contamination Investigation Report).

10. Major environmental damage would follow in the highly probable eventuality of seepage or flooding from a leak in the surfing lagoon. Such leaks have caused litigation and substantial damage from flooding at wave parks overseas using the same technology. Leaking or seepage of water from the contaminated area into the Swan River could have severe consequences for the marine ecosystem.

Response – This is an assertion by the Petitioner and the City is confident that the Minister for Environment will consider all the relevant facts around the proposal and any potential for negative environmental impacts and damage that may or may not result from the facility.

11. The City of Melville plans to extend Tompkins Park playing fields eastward to compensate for those to be occupied by the Wave Park, so the City’s water demand will not reduce. The water consumption of the Wave Park will be 1800mm per year pan evaporation from the lagoon, plus further evaporation due to droplets and spray from the breaking waves, plus effluent losses, garden, toilet, shower and kitchen consumption for 300,000 users per year. This will place significant additional strain on the aquifer.

Response – URBNSURF will be responsible for advising as to the proposed process for accessing their ground water requirements with the necessary applications to the Department of Water and the City of Melville through the development application phase.

12. Unacceptably high environmental and commercial risks remain due to the lack of due diligence by the City of Melville in its business case, and in its failure to properly review and act on public submissions regarding this project.

Response – The City undertook detailed due diligence on the proposal and sought independent advice from consultants in the process before finalising its Business Case. In addition the City chose to extend the public notice and submissions period from 6 weeks to 8 weeks to allow the public plenty of time to make submissions. All submissions received by the City by the closing date were recorded and a report on submissions was prepared and present to the Council (Refer Attachment 6 - Council Report) before a decision to approve progressing the ground lease agreement was made. The ground lease agreement contains protections for the City by way of guarantees to be provided by URBNSURF.

13. Failure on the part of the CoM to consult with the Department of Parks and Wildlife (DPaW) in spite of the site lying totally within the San-Canning Development Control Area (Swan River Trust Board is part of DPaW) prior to executing the conditional lease.

Response – During the public submission phase the City wrote to the Department of Parks and Wildlife and a received a written response from the Director General of DPaW regarding the Wave Park proposal and this response was tabled in the report to the Council in February 2017. (Refer Attachment 5)

14. In addition, DPaW's submission to the CoM CEO, stating some highly relevant matters to be considered prior to the granting of a lease was never, to the best of our knowledge, provided to the Melville Councillors prior to the voting on granting a conditional lease to the Wave Park Group.

Response – The City is unaware of this claim by the Petitioner and as mentioned at point 13 above, the City tabled the response in the report to the Council. (Refer Attachment 6 - Council Report)

15. The total annual attendance at the wave park is forecast by the developer at approximately 300,000. Canning Highway is the only access road and is one of the most congested Roads in WA. The Wave Park will substantially increase traffic and affect the surrounding areas which are primarily residential.

Response – The forecast annual attendance numbers of 300,000 represent less than half of the 700,000 people who attend the Melville Recreational Centre at the corner of Canning Hwy and Stock Rd Palmyra and are considered by the City not to have a significant impact on traffic flows and the surrounding areas. The Department of Main Roads has been advised and will be referred to by DPaW to provide comment on the proposal when the development application is lodged. The City is aware that the Department of Main Roads may require URBNSURF to prepared a traffic impact assessment report as part of this process. Note that the facility only can have so many people per hour which reduces and manages traffic flows

16. The Wave Park developer has no experience whatsoever in developing, building, or operating such a theme park facility nor does his company have the funds for such a

venture.

Response – The City is aware that this is a new venture and the proponent, whilst having no track record, is introducing a new technology to Australia and is progressing its Melbourne and Sydney Wave Park projects ahead of the Perth project. The City had consultants prepare an independent risk assessment report which included an assessment of the proponent's background and capacity to deliver the project. The City is satisfied that together with its Solicitors advice, has taken reasonable measures to mitigate any risk through documenting in the lease protections for the City. (Refer Attachment 2 - Risk Assessment Report)

17 The technology proposed by the developer has not operated without environmental incident anywhere it has been installed.

Response – URBNSURF was not the owner or operator of the overseas wave park facilities.

18. There are no examples anywhere of a Wave Park, using the developer's technology, operating as a commercially successful business. The two most referred to Wave Park, Snowdonia, in Wales and NLAND Surf in Austin Texas have been closed several times due to significant leaks and water quality issues of the surf lagoon.

Response – This is an assertion by the Petitioner and the City has no information to suggest that other overseas wave parks have not operated successfully. Once again, URBNSURF is not the owner or operator of these facilities.

19. The Wave Park does not contribute to the overall amenity of the area which is already well served for water sports, eating, drinking and recreation facilities.

Response – The City believes the wave park surf sports and recreational facility will provide a unique sporting and recreational aquatic activity for the public and community and is confident that it will contribute significantly to the amenity at Tompkins Park Recreational Park. The project has the potential to demonstrate that Tompkins Park can become a local and regional sporting hub destination for the public and may lead the way for future sporting hubs to develop around Perth and Western Australia.

20. The proposal contravenes a wide range of existing Government and City planning and conservation policies and guidelines.

Response – The City is confident that the proposal complies with the permitted uses on the site including State and Local Government Planning Policies and Guidelines and the proposed use will be subject to a full assessment during the development application phase.

21. Due to the high cost of relocating the Melville Bowling Club and rearranging Tompkins Park playing fields to accommodate the Wave Park, financial benefit to the City is marginal at best, and there is a strong possibility that Ratepayers will in fact subsidise this private development.

Response – The relocation of the Melville Bowls Clubs 300 meters to the east on Tompkins Park to new facilities is part of the City delivering on the its Bowls Strategy recommendations. It will see an improved facility and amenity for the Melville Bowls Club and should the Wave Park proposal not receive approval or proceed, the City has budget for and is committed to delivery the new Bowls facility at Tompkins Park. This is not dependent on funding from any future

ground lease income the City may receive from URBNSURF. (Refer Attachment 7 - Financial Analysis), which excludes reference to any potential ground lease income and rates from the wave park sports facility.

Thankyou for providing the City with the opportunity to comment on the petition and we are happy to assist your Committee further in relation to this matter should you require it.

Yours sincerely

Dr Shayne Silcox
Chief Executive Officer
City of Melville

ATTACHMENTS

1. Wave Park Economic Impact Assessment
2. Risk Assessment – Wave Park Recreational Facility, Tompkins Park
 - a) Redacted Version
 - b) Un-redacted Version
3. Market Rental Valuation
 - a) Redacted Version
 - b) Un-redacted Version
4. Report to Council
 - a) Item CD17/8095 dated 21 February 2017
 - b) Item CD16/8092 dated 28 November 2016
 - c) Business Case
5. Detailed Site Investigation Report Tomkins Park
6. Report to Council Item M17/5544 dated 6 April 2017
7. Financial Analysis
8. Ground Lease Agreement

Wave Park Lease approved by Council

City of Melville Councillors have given their approval to progress the signing of a ground lease for the development of a widely publicised Wave Park facility in Alfred Cove.

Following a number of amendments and gruelling debate into the early hours of the morning, Council's decision at the Special Meeting, now directs the Chief Executive Officer and the Mayor to proceed with the execution of the ground lease agreement for the surf and recreation facility.

City of Melville Mayor Russell Aubrey welcomed the decision.

"Councils decision to progress to execution of the lease is a significant step towards what will be a unique and transformative development both for the Melville community and for the State," Mayor Aubrey said.

"From the beginning, there has been a lot of interest in this project from the community which was evident through the high number of submissions the City received with over 3000 in support and over 650 against, clearly showing there was wide spread support for this type of facility to be established in Perth.

FOR The Proposal - Total: 3,026

- 719 Resident support to Proposal
- 2,307 Non-Residents support the proposal

AGAINST The Proposal - Total: 651

- 587 Residents object against the proposal
- 64 Non-Residents object against the proposal

"The City has worked through a long process guided clearly by the Local Government Act, allowing the project to be fully considered and measures put in place to ensure the appropriate assessment of risks and impacts will be conducted, as a condition of the lease.

"It is the responsibility of the City and Councillors to plan for the long term needs of the community and for Melville residents and ratepayers this project offers both social and economic benefits."

"CEO Dr Shayne Silcox highlighted that for ratepayers in particular, the development would provide a financial opportunity to help keep rate increases as low as possible into the future.

"During the construction stage of the project, estimates tell us that approximately 20% of the \$28.0 million total construction cost for this facility will be directly returned to the local economy, with 51 FTE jobs and an estimated \$5.2 million in incomes and salaries paid to City of Melville households. This is a win for our community," Dr Silcox said.

"When operating the project will also have the potential to deliver

- \$25.3 million worth of additional output (including \$10.3 million in direct impacts)
- \$11.9 million contribution to GRP (including \$4.0 million through direct impacts)
- \$7.6 million in incomes and salaries paid to households (including \$2.7 million in direct incomes)
- Employment totaling 122 FTE jobs (including 53 direct jobs)

“In addition to economic benefits, the project is also likely to provide social benefits to the City of Melville once operational

“These include:

- Increased employment of unskilled and older/youth labour;
- Increased tourism visitation to other areas within the City of Melville;
- Increased local participation in sport and sport development opportunities;
- Improved place activation and more diverse local use of the space;
- Improved community involvement.

“Importantly, one of the City’s priorities is to support a healthy and active community, and we are thrilled we will be able to deliver a new and additional sport to our community if the project goes ahead.

“A transformational project of this type is complex by nature and our Councillors and officers have worked through the issues to reach this milestone. It is now up to the Wave Park Group to meet the conditions of the lease over the next 12 to 18 months before the project can become a reality.”

Once signed, the lease requires the Wave Park Group to secure approvals from a large number of external agencies including the Department of Parks and Wildlife. Without those approvals, the project will not go ahead.