

**17.1 LATE ITEM - RESPONSE TO PROPOSED NEW LEASE OVER LOT 3799
RANKIN ROAD, NICKOL (BAY VILLAGE)**

File No:	LM17086
Responsible Executive Officer:	Chief Executive Officer
Reporting Author:	Chief Executive Officer
Date of Report:	17 September 2017
Applicant/Proponent:	DIF Management Pty Ltd
Disclosure of Interest:	Nil
Attachment(s)	1. Referral letter from the Department of Planning, Lands & Heritage
	2. Long Term Lease Business Case
	3. Letter to Woodside following Woodside presentation to August 2017 Councillor Briefing Session

PURPOSE

For Council to consider a proposal from DIF Management Pty Ltd (DIF), to lease Lot 3799 Rankin Road, Nickol (Bay Village site) for up to 30 years to build, own and operate a FIFO Camp to support Woodside's operational, maintenance and shutdown workforces.

BACKGROUND

The Department of Planning, Lands and Heritage has written to the City seeking Council's position in relation to a request for a new 30 year lease over the Bay Village site.

The Proposal

The proposed new lease is for redevelopment of the Bay Village site to accommodate Woodside's FIFO workforce requirements for the foreseeable future. The proposed lease term is 15 years with 3 x 5 year options. The City has been advised that the proponent intends to building and operating a 700 Camp for FIFO workers at the site.

The proponents have indicated that the facility is planned to meet the '*base load (employee) demand required for operations and maintenance (not construction)*' with 80% usage being Woodside contractors and 20% direct Woodside employees.

The Land

Particulars of Lot 3799 are listed below:

- Location: Corner of Rankin Rd and Bayview Rd, Karratha
- Size: 6Ha
- Owner: State of Western Australia
- Responsible Authority: Department of Lands

The Proponent

While the primary user of the facility is intended to be Woodside and/or contractors employed to work on Woodside operated sites, the applicant for the lease of the land is not a Woodside owned/operated entity. The applicant, DIF Management Australia Pty Ltd, DIF is a

consortium that intends to finance, build, 'own' and operate the facility for the duration of the lease. The DIF consortium includes the Commonwealth Bank, Multiplex Constructions Pty Ltd and Compass Group Remote Hospitality Services Pty Ltd.

History - Bay Village Development

In November 1998 Council resolved to support the development of a 548 person "construction" village on the Bay Village site. This support translated into a conditional development approval, granted to Woodside on the 19th February 1999.

At the time of considering Woodside's original proposal for the Bay Village site, Council considered the site appropriate for the use due to its separation from the nearest dwellings, with no dwellings facing directly onto the site. The report to Council notes that *'the development has been configured such that it can be easily adapted for either a tourist chalet village or subdivided for residential purposes.'* The potential for retention of facility buildings for community or commercial use in the future was also contemplated at the time. In its resolution, the Council of the day endorsed the end use of the site being either chalet park or residential subdivision.

At its meeting in February 1999, Council adopted a Management Statement for the Bay Village development. To encourage integration with the local community, the Management Statement included commitments to:

- A shuttle service to the town centre, sports clubs and community facilities, and encouraging occupants to join local clubs and sporting organisations.
- A lit walkway to the Tambrey Centre.

These commitments were not fulfilled throughout the life of the previous Bay Village development.

History – Bay Village Lease

The previous lease for the Bay Village site between the State Government and the Woodside operated North West Shelf Gas Joint Venturer commenced on 31 January 2001 for a period of five years with a further optional term of five years. An unregistered extension to the term was subsequently granted until 30 January 2014. At the expiry of that lease Bay Village was placed into 'care and maintenance.' While the site has been untenanted, the lease has been extended by agreement between the State and the Woodside Joint venture until December 2017. The City has not been engaged in the consideration of any lease extensions.

The lease agreements were prepared under the *Land Administration Act 1997* and the *North West Gas Development (Woodside) Agreement Act 1979*, with provisions of the Agreement overriding provisions of the lease. Given that Woodside is not the applicant for the land and the fact that it is intended to accommodate staff who are involved with the North West Gas Project within this development, Officers are of the view that the lease should be considered under the *Land Administration Act 1997*, not the *State Agreement Act*.

In July 2017, the City approved an application for demolition and site rehabilitation at the Bay Village site. These works have commenced.

History – Current Proposal

In mid-2016 the City was advised by Woodside of its intent to call for Expressions of Interest (EOI) to develop the Bay Village site as a more modern, contemporary FIFO accommodation village. The EOI proceeded and a subsequent Request for Tender (RFT) process was undertaken by Woodside in late 2016 where shortlisted EOI applicants were invited to submit more detailed proposals.

The City was kept informed of the progress of this procurement process by Woodside and in Oct/Nov 2016 City Planning Officers were given the opportunity to comment on the designs of the RFT bids. At that time, the City staff indicated that while some proponent had put effort into designing modern camp infrastructure, none of the submitted proposals were considered to be a good quality outcome for the City as the proposals were considered to lack integration and have inappropriate urban design. City officers advised Woodside that acceptable urban design and community integration would be far easier to achieve at alternative sites.

In August 2017, Woodside announced that it had selected a preferred consortium from the RFT process for the development of the Bay Village site (DIF Consortium). While this proposal was assessed by officers as being one of the better proposals submitted in the RFT, it was not considered to be a good quality outcome.

At a meeting on the 14th August 2017 the DIF Consortium/Woodside discussed the proposal with Councillors. At that meeting DIF/Woodside were advised that the Council had significant issues/concerns with the proposal. These concerns were conveyed in writing with Woodside on the 16th August (see Attachment 3).

The DIF proposal that has been forwarded to the Department of Planning, Lands and Heritage and subsequently referred to the City for comment is practically the same as the proposal that City officers advised was not a good quality outcome in late 2016. The proposal does not address the issues and concerns that were raised in the City's August correspondence.

Timing

Timing of the granting of the lease is also a consideration. The granting of a new lease for the Bay Village site prior to the granting of development approval is considered premature. Consideration of whether and on what terms planning approval should be granted to the new lease requires consideration of the merits of the proposed development. The planning merits of the proposed development will be considered and determined via the development application process.

Notwithstanding the merits of this in-principle position, the relevant Minister/s are not bound to place the proposed lease on hold pending a decision on the application for development approval. Given that the lease has been referred to it for comment, Council should consider the merits of the proposed new lease and advise the Minister/s of its position on the proposed new lease.

Issues

There are two key issues that Council should consider when determining whether to support or oppose the proposed lease. Those issues are:

1. The need for the facility; and if need is demonstrated; and
2. The appropriateness of the location.

Need

Woodside Position

Woodside has stated that they require a 'baseload' of approx. 850 accommodation units for FIFO employees for the foreseeable future. This baseload is comprised of Karratha Life Extension project workers (approx. 600) Karratha Gas Plant Operational Workers (approx. 200) and Pluto Operational Workforce (approx. 50). In addition to this baseload need, there are 'spikes' anticipated in accommodation need. These spikes relate to planned maintenance shutdowns at both the Karratha Gas Plant and Pluto. Woodside has indicated that up to a further 700 FIFO accommodation units are likely to be required

during shutdowns. These shutdowns are scheduled intermittently (once or twice per year) and operate for relatively short periods (1-3 months.)

Woodside's data indicates that failing any new/additional announcements, FIFO bed demand is anticipated to drop in 2024. Having said that, Woodside has indicated that they are considering major growth opportunities in Karratha which will further increase FIFO accommodation demand if they are to proceed.

Woodside's assessment is that there are approximately 1000 'appropriate' FIFO accommodation units currently available within Karratha. They have indicated that this quantity is insufficient to fill their peak demand hence they are seeking to secure a further 700 FIFO beds for an extended time period (30 years).

Current Situation

Since Bay Village was placed in care and maintenance in January 2014, Woodside has been filling its 'baseload' FIFO accommodation demand using private facilities that exist in and around Karratha. This demand has been an average of 950 units per night, higher than the forward projection level of 850 units.

Given Woodside has indicated that need spikes at 1500 units of accommodation (including 250 for operational purposes) and that they have indicated that there is 1000 units of appropriate accommodation available, it is unclear why 700 additional rooms are required. This would seem to be oversupplying the market

A desktop assessment undertaken by City officers indicated that there are sufficient accommodation units available within Karratha to meet both baseload need and the 'spikes' in Woodside's FIFO need, albeit that the accommodation units are spread across multiple locations. City officers understand that Woodside's preference is for the FIFO employees to be primarily located in one facility.

The current proposal is for another 3rd party provider (DIF) to build and operate a facility with Woodside essentially underwriting the development through a 'take or pay' arrangement. Council's experience with Gap Ridge Village was that 3rd party owner/occupiers tend to try to make unoccupied beds available on the open market, which damages the local accommodation market.

In addition to FIFO accommodation, Woodside owns 761 houses in Karratha. Woodside has advised that 123 of these houses are currently vacant.

Discussion

Council has been a 'pro-development' group and has traditionally been very supportive of developments within the district that enable greater diversity of choice, more jobs and more local opportunities. The City has worked closely with State and Federal Government and resource companies (including Woodside) to rapidly deliver projects and initiatives that help achieve this objective. There has been substantial investment in making Karratha a much more appealing place to live.

Whilst acknowledging the need for FIFO in certain circumstances, Council's adopted planning policy position on FIFO accommodation (Policy DP10) indicates a strong desire to see a transition to a more normal, residentially based workforce over time. The DIF/Woodside proposal seeks to accommodate at least 250 Pluto and Karratha Gas Plant operational employees in camp accommodation for at least the next 10 years – possibly for 30 years.

While understanding the requirement for FIFO for certain roles and functions, City officers are yet to be convinced of the need for a facility of this size. Additionally, no data has been provided that substantiates the need for the facility to be in operation for 30 years. Councils clearly stated position regarding operational workforces is that they should live residentially or, where they are living in FIFO accommodation, that accommodation should be integrated within the community – not living in a traditional FIFO camp. This proposal seems to be in direct contravention of that principle.

Clause 67 of the *Planning and Development (Local Planning Schemes) Regulations 2015* states that “*The potential loss of any community service or benefit resulting from the development*” is a matter to be considered by a local government. Based on the relative loss in community benefits that result from a FIFO workforce when compared to a residential workforce, the proposed new lease and the associated proposed development would result in a very substantial cumulative loss of community benefit over a long-term lease period.

Appropriateness of the Location

Woodside/DIF Position

Woodside’s strong preference is for a new facility to be built at Bay Village. DIF have applied for the land to meet Woodside’s needs. Woodside/DIF has indicated that it will make its best endeavours to integrate the facility into the local community. While discussions have been held re how this may occur, there are no commitments given in the lease application.

Current Situation

Council has consistently advised Woodside that, if a new camp is to be built/operated, it needs to be integrated and look, feel and operate like a part of the community. The City has cited the style and location of RTIO’s Cajuput Village in Wickham as an exemplar of good quality, integrated FIFO accommodation. While Woodside/DIF have indicated that they will work with the City on this matter, the proposal as submitted is not considered to be a quality outcome for the City.

The City has advocated strongly that, if a new FIFO facility is to be built, there are better locations than the Bay Village site. In particular, the City has advocated for development to occur in the CBD or on the Tambrey Neighbourhood Centre (TNC) site. Woodside is not pursuing development on these sites and has indicated that their assessment is that it is uncommercial to build on alternate sites that have been identified. The City has asked for details regarding why it is uncommercial to build in a more central location but is yet to be provided with any substantive data that supports Woodside’s position.

Discussion

While FIFO camp operators often make attempts to integrate tenants into the community via commitments to shuttle services, providing ‘lifestyle coordinators’ and/or encouraging occupants to join local clubs and sporting organisations, these initiatives represent compensation measures rather than a genuine commitment to achieve integration with the local community.

LEVEL OF SIGNIFICANCE

In accordance with Council Policy CG-8 Significant Decision Making Policy, this matter is considered to be of **high** significance in terms of social and economic issues.

COUNCILLOR/OFFICER CONSULTATION

Officers have been liaising with Woodside representatives regarding this proposal for over 12 months. Woodside presented information on plans for the redevelopment of Bay Village to Council members and Executive Officers on 14 August 2017.

The Business Case submitted by DIF/Woodside indicates that it has met with City representatives and addressed Councillors. The Business Plan indicates that the City is supportive of Woodside's plans. This is not correct.

No mention is made of any concerns the City has expressed (both verbally and in writing) regarding this proposal.

COMMUNITY CONSULTATION

Woodside consulted neighbouring residents when notifying of the decommissioning of the existing Bay Village development. The application for development approval for redevelopment of the site would be publicly advertised prior to being determined.

STATUTORY IMPLICATIONS

Section 79 of the Land Administration Act 1997 gives the Minister the power to grant leases of Crown land for any purpose. If a new lease is to be entered for the Bay Village site, then based on the Gap Ridge Village experience, use should be limited to Woodside employees and Woodside contractors and office use only associated with operating the facility.

The North West Gas Development (Woodside) Agreement does not apply to the Pluto Gas Plant. Woodside intends to accommodate FIFO workers for the Pluto Gas Plant on the Bay Village site. This raises questions about the validity of continuing to apply powers under the *North West Gas Development (Woodside) Agreement Act 1979* to this site.

POLICY IMPLICATIONS

Council adopted Local Planning Policy DP10 - Transient Workforce Accommodation at its December 2014 OCM. DP10 states Council's preference for operational workers to be town-based and Council's expectation that FIFO operational workers should be accommodated in high standard, suitably integrated developments.

City officers considered development concepts for the Bay Village site over a year ago and advised Woodside that the Bay Village site is not considered to be adequately integrated into the community to justify the granting of a long term development approval.

No Social Impact Assessment or Social Impact Management Plan has been submitted with the proposal to justify/support a long term approval being granted.

FINANCIAL IMPLICATIONS

Woodside has indicated that it will cost approximately \$80M to construct this facility with approximately \$320M spent on operating it over the following 15 years. There is a stated commitment by DIF/Woodside to use local contractors on construction/operations where possible.

Lease for the Land would be payable by DIF to the State Government. In comparison to the overall development, these lease fees are very minimal.

If the land were to be leased for the purpose of Transient Workforce Accommodation, the leaseholder would be subject to municipal rate levies. These are estimated to be approximately \$50M over the 30-year life of the lease. Currently Bay Village pay minimal rates as Valuer General has substantially dropped the valuation of the land since it was put in care and maintenance.

STRATEGIC IMPLICATIONS

The proposal is not aligned to the Council's approved Strategic Community Plan 2016-2026 and Corporate Business Plan 2016-2021.

RISK MANAGEMENT CONSIDERATIONS

The level of risk is considered to be high to the City in terms of reputation as the proposal is contradictory the Council's established position on Transient Workforce Accommodation.

IMPACT ON CAPACITY

There is no impact on capacity or resourcing to carry out the Officer's recommendation.

RELEVANT PRECEDENTS

Previous leases for Bay Village and Gap Ridge Village have been for much shorter terms with regular opportunities for review.

While not being within our district, similar issues have arisen at BHPBIO's Kurra Village in Newman and in Chevron's FIFO Village 25km outside of Onslow. In the Kurra Village example, the camp is lease was not renewed, whereas in Onslow the State Government agreed to extending the lease (which was not supported by the Shire of Ashburton).

VOTING REQUIREMENTS

Simple Majority.

OPTIONS:Option 1

As per Officer's recommendation.

Option 2 – Shorter Term Lease Approval

That Council by Simple Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to SUPPORT a new lease over Lot 3799 Rankin Road, Nickol (Bay Village) for a term of five years with a further term option of five years.

Option 3 – Support Long Term Lease Application

That Council by Simple Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to SUPPORT the proposed new lease term of 15 years with up to three further term options of 5 years each (30 years).

CONCLUSION

While the need to assist Woodside address its short-term FIFO bed requirements and any additional requirements that result from expansion are acknowledged, the request for a new 30 year lease for the Bay Village site is not considered appropriate at this time as the applicant:

- a) Is yet to adequately address the need for the facility (particularly for the length of term requested)
- b) Is yet to address the social impacts of granting such a long term approval; and
- c) The site location is considered to be a poor outcome.

The Bay Village site will not provide for meaningful integration into the local community. The City has provided Woodside site options that would justify a long term approval but Woodside remains focused on the Bay Village site.

Currently the 100% Woodside owned and operated Pluto facility operates on nearly 100% FIFO employees. The North West Shelf Facility (which is operated by Woodside but has multiple owners) has residentially based staff but does operate with a higher level of FIFO workforce than other major local businesses. The City is eager to see Woodside transition to more residential workers over time. There is nothing set out in the proposed 30-year lease documentation that indicates this is a material component of Woodside's accommodation strategy.

Officers are of the opinion that the application for development approval should be determined prior to a decision being made on the lease. If the lease is determined first, then it is recommended that Council not support the requested new lease because it would result in a long term loss of community benefit with no associated plans to transition to more residential workers. If a new lease is to be granted for the Bay Village site, then a lease term of five years with a further five-year option should apply. If such a lease is to be contemplated, then Woodside should be required to prepare a workforce transition plan showing how the number of residential workers will be increased over time. The success in implementing this plan could then be reviewed as part of considering each lease renewal request.

Given that:

- a) the proposed plans for redevelopment of the Bay Village site include accommodating Pluto FIFO workers; and
- b) the Applicant for the lease is not Woodside,

it is recommended that any new lease be prepared under the *Land Administration Act 1997* only and not the *North West Gas Development (Woodside) Agreement Act 1979*.

OFFICER'S RECOMMENDATION

That Council by Simple Majority pursuant to Section 3.18 of the *Local Government Act 1995* RESOLVES to:

- 1. OBJECT to the proposed new lease over Lot 3799 on Deposited Plan 185178 (the Bay Village site) because it would result in a long term loss of community benefit with no associated plans to transition to more residential workers;**
- 2. OBJECT to the proposed new lease term of 15 years with up to three further term options of 5 years each (30 years) because need/demand for the development has not been demonstrated;**
- 3. REQUEST the decision on the proposed lease be deferred pending a decision being made on the related application for development approval; and**
- 4. REQUEST any new lease for the Bay Village site be prepared under the *Land Administration Act 1997* only and not the *North West Gas Development (Woodside) Agreement Act 1979* given that the applicant is not Woodside Pty Ltd and the proposal includes accommodating workers not covered by the North West Gas Development (Woodside) Agreement.**



**Government of Western Australia
Department of Lands**

Regional and Metro Services

Your ref:

Our ref: 00506-1981

JOB No: 172396

Enquiries: Shane Edwards

Ph: (08) 6552 4556

Fax: (08) 6552 4413

Email: shane.edwards@lands.wa.gov.au

06 September 2017

Attn: Ryan Hall
City of Karratha
PO Box 219
KARRATHA WA 6714

Dear Ryan

PROPOSED NEW LEASE OVER LOT 3799 ON DEPOSITED PLAN 185178 PURSUANT TO SECTION 79 LAND ADMINISTRATION ACT 1997 – CITY OF KARRATHA

On the 23 August 2017, the Department of Planning, Lands and Heritage (DPLH) received an application from DIF Management Australia Pty Ltd to redevelop Lot 3799 on Deposited Plan 185178, Rankin Road (Bay Village).

To support the proposed redevelopment, DIF Management Australia Pty Ltd seek a section 79 *Land Administration Act 1997* lease for an initial term of 15 years with with up to three further term options of 5 years each (30 years total).

The proposed redevelopment of Lot 3799 is to support Woodside's long term Fly-in Fly-out accommodation requirements for the North West Shelf and Pluto Projects and other future projects where required.

I ask if you could please provide DPLH at your earliest convenience of any comments/objections you may have to the proposed lease grant proceeding.

I have enclosed a copy of the application from DIF Management Australia Pty Ltd which comprehensively outlines the proposed redevelopment and a Smartplan graphic (hachured in red) for your reference.

For further enquiries please contact Mr Shane Edwards, Project Officer, Major Projects, Department of Planning, Lands and Heritage on telephone (08) 6552 4556.

Yours sincerely,

**Shane Edwards
Project Officer
Major Projects**

A large offshore oil rig is illuminated at night, set against a dark blue sky and a calm sea. The rig's lights create a bright glow, reflecting on the water. The structure is complex, with multiple levels and various pieces of equipment visible.

ENQUIRY – CROWN LAND

KARRATHA LONG TERM ACCOMMODATION PROJECT

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Definitions

Defined terms

In this document:

Bay Village means the obsolete workers' accommodation village currently situated on the Land.

Consortium means the Compass Group Consortium, comprised of:

- a. equity participant – DIF Management Australia Pty Ltd as investment manager of DIF Infrastructure IV Cooperatief U.A. and/or DIF Infrastructure V Cooperatief U.A. and/or DIF CIF I Holding Cooperatief U.A.;
- b. debt provider – Commonwealth Bank of Australia (and/or other financiers);
- c. design and construct contractor – Multiplex Constructions Pty Ltd; and
- d. facilities management contractor – Compass Group Remote Hospitality Services Pty Ltd.

Facility a 700 room state of the art fly-in fly-out workers' accommodation facility to be constructed on the Land for the use of:

- a. employees and contractors of the North West Shelf Joint Venture;
- b. employees and contractors of the Pluto Joint Venture; or
- c. any other approved persons.

Land means the whole of the land known as Lot 3799 Rankin Road, Gap Ridge, Karratha being Lot 3799 on Deposited Plan 18578 and being the land more particularly described in Certificate of Title Volume LR3019 Folio 150.

North West Shelf Joint Venture means the joint venture of:

- a. Woodside Energy Limited ACN 005 482 986;
- b. Shell Development (Australia) Pty Ltd ACN 009 663 576;
- c. BHP Billiton Petroleum (North West Shelf) Pty Ltd ACN 004 514 489;

- d. Chevron Australia Pty Ltd ACN 086 197 757;
- e. BP Developments Australia Pty Ltd ACN 081 102 856; and
- f. Japan Australia LNG (MIMI) Pty Ltd ACN 006 303 180,

in relation to the operation of the LNG project known as the “North West Shelf Project”, of which Woodside Energy Limited ACN 005 482 986 is the agent.

Project means the proposal of the Consortium to build, own and operate the Facility, with the support of Woodside, known as the Karratha Long Term Accommodation Project.

Pluto Joint Venture means the joint venture of:

- a. Woodside Burrup Pty Ltd ACN 120 237 416;
- b. Kansai Electric Power Australia Pty Ltd ACN 126 720 732; and
- c. Tokyo Gas Pluto Pty Ltd ACN 126 462 744,

in relation to the operation of the LNG project known as the “Pluto Project”, of which Woodside Burrup Pty Ltd ACN 120 237 416 is the agent.

Preferred Tenderer Agreement means the agreement dated 5 August 2017 between Woodside and DIF Management Australia Pty Ltd as investment manager of DIF Infrastructure V Cooperatief U.A, inviting the Consortium to participate in the process of finalising and completing the Project.

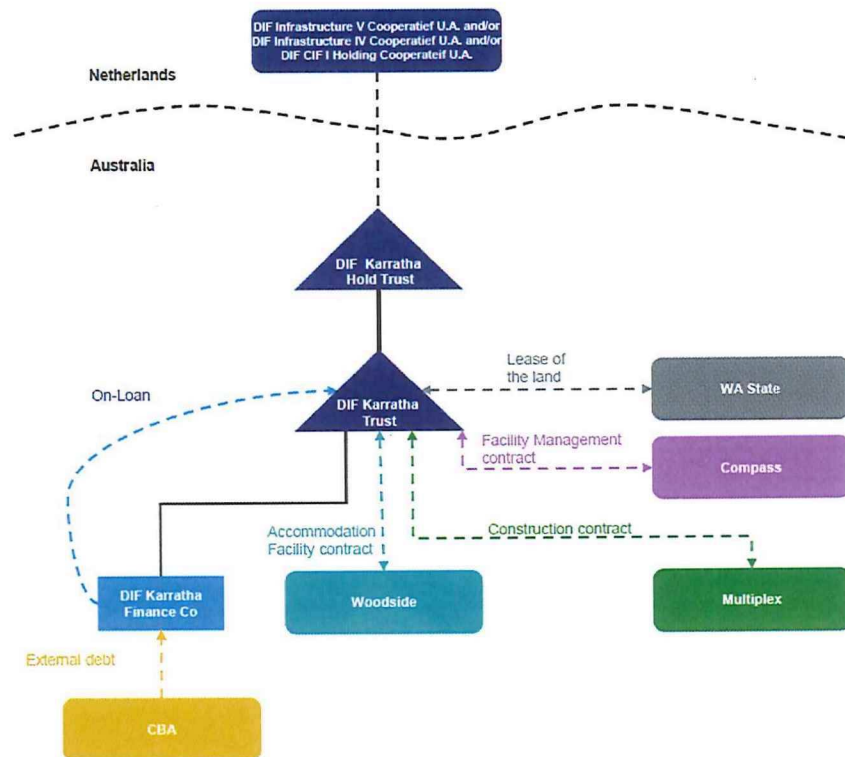
Woodside means Woodside Energy Limited ACN 005 482 986 and Woodside Burrup Pty Ltd ACN 120 237 416.

Attachment 1

1. Enquirer details

Incorporated entity name or individual name

DIF Management Australia Pty Ltd makes this application as nominee for the DIF Karratha Trust. The proposed corporate structure of the Project is set out in the following diagram:



Attachment 2

2. Land Details

2.4 Have you sought comment or advice from the local government?

Date	City of Karratha comment or advice	Details/evidence
19 July 2017	City of Karratha has approved the demolition of Bay Village	A copy of the Development Approval in relation to the demolition of Bay Village is below.
7 August 2017	Meeting between Woodside and City of Karratha Mayor and CEO	City of Karratha indicated a preparedness to work together with Woodside and the Consortium to “make Bay Village work”.
14 August 2017	Closed meeting between City of Karratha counsellors, Woodside and the Consortium	City of Karratha indicated that it is not opposed to the design concept and welcomes opportunities for employment of a local workforce during construction and operation of the Facility.
Ongoing		Over the coming months, the Consortium will continue to refine the design of the Facility and listen to feedback from the City of Karratha.



TOWN PLANNING SCHEME No. 8

DECISION ON APPLICATION FOR DEVELOPMENT APPROVAL DA17078

APPLICANT(S) DETAILS: WOODSIDE ENERGY LTD (GRV PROPERTIES)
GPO BOX D188
PERTH WA 6840

PROPERTY ADDRESS: 4 RANKIN ROAD NICKOL WA 6714

LAND PARCEL(S) DETAILS: LOT 3799 ON PLAN 185178

OWNER(S) DETAILS: STATE OF WESTERN AUSTRALIA

PROPOSED DEVELOPMENT: DEMOLITION AND SITE REHABILITATION

Approval to commence or carry out development in accordance with the provisions of the Shire of Roebourne Town Planning Scheme No.8 (TPS8), the application lodged 30/06/2017 and the attached stamped plans is: -

GRANTED subject to the following conditions: -

- This decision constitutes planning approval only and is valid for a period of two (2) years from the date of approval. If demolition is not substantially commenced within the two (2) year period, the approval shall lapse and be of no further effect.
- A Traffic Management Plan shall be submitted to and endorsed by the City of Karratha prior to the commencement of works.
- At least seven (7) days prior to the commencement of demolition, the proponent shall send a letter to all potentially affected nearby landowners adjacent to the site, to be determined in consultation with the City, advising:
 - The date(s) and time(s) demolition works are intended to start and finish;
 - The measure(s) implemented to reduce dust transmission to nearby properties; and
 - Contact details for appropriate person/s responsible for the works for complaints should the level of dust received at any property be considered unacceptable by residents.
 A copy of this letter shall be provided to the City along with a report following the completion of demolition detailing any complaints received and actions undertaken to resolve any dust issues.
- The community artwork tiles located in the central facilities area shall be deconstructed, kept in an intact condition as far as reasonably practicable, transported and stored off-site at a location to be determined by City of Karratha.
- Earthworks over the site and batters must be stabilised to prevent sand or dust blowing, and appropriate measures shall be implemented within the time and in the manner directed by the City of Karratha in the event that sand or dust is blown from the site.
- The lot shall be graded and compacted to ensure stormwater does not pond onsite, and enters the surrounding drainage network without erosion to the satisfaction of the City of Karratha.

- All crossovers are to be removed and kerbs reinstated to match existing, with the exception of crossovers agreed to be retained to the satisfaction of the City of Karratha.
- The bus parking bay adjacent to Rankin Road shall be removed and new kerb profile provided to match existing to the satisfaction of the City of Karratha.
- If it is determined that the site will not be redeveloped, the site is to be rehabilitated to the satisfaction of the City of Karratha within 6 months of that determination.
- Any unauthorised damage to road pavements, kerbing, footpaths or City of Karratha assets caused by construction activity including but not limited to vehicle movements, shall be repaired in accordance with specifications, work supervision and scheduling arrangements approved by the City.

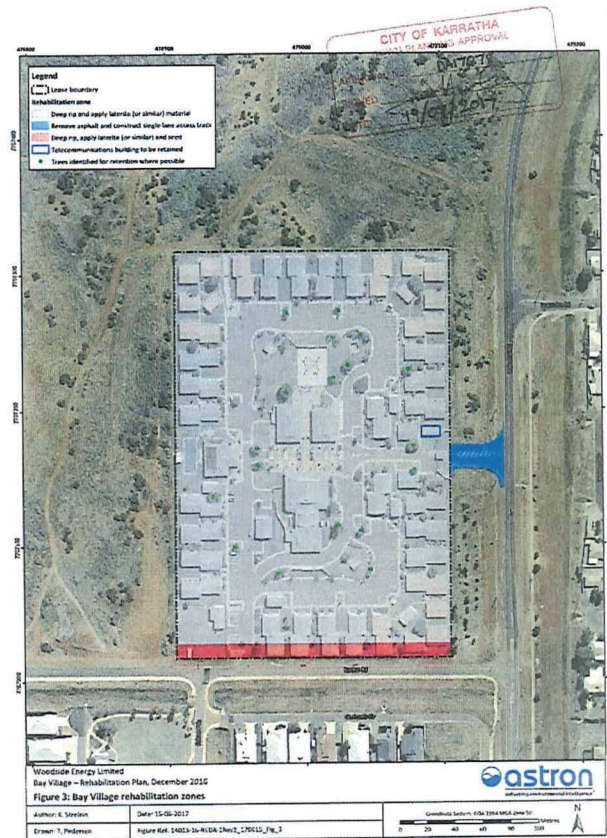
Advice Notes

- A Demolition Permit is required to be issued by the City of Karratha prior to the commencement of any onsite demolition works. This can be either one permit issued per building or one permit issued for all buildings, with the fee calculated based on the number of buildings to be demolished.
- In relation to the Demolition Permit, the City has an Information Sheet containing advice on what to do prior to and during demolition work. This includes treating buildings for rodents prior to demolition to ensure they do not relocate to adjacent properties. The full Information Sheet can be found on the City's website at www.karratha.wa.gov.au/building-services.
- The contractor responsible for the removal of infrastructure should contact City of Karratha Waste Services on (08) 9186 8555 prior to commencement of works for advice on acceptance and disposal criteria at the 7 Mile Waste Facility.
- In relation to decommissioning the swimming pool, the water shall be disposed of in a manner that discourages mosquito breeding (i.e. ponding of water at disposal locations) to the satisfaction of the City's Environmental Health Services. If the water is maintained in clean condition, it may be used for dust suppression.
- If the site contains asbestos material, the material may only be removed by a licensed asbestos removalist in accordance with the *Health (Asbestos) Regulations 1992*.
- Prior to undertaking any departure from the endorsed plans, Planning Services at City of Karratha should be contacted to consider whether an amendment to this approval is required.

SIGNED:

Jerom Hurley
MANAGER PLANNING SERVICES

DATE OF DECISION: 19 July 2017



Attachment 3

2. Land Details

2.5 Title search

WESTERN AUSTRALIA

REGISTRATION NUMBER
3799/DP185178

DUPLICATE
L/185178

DATE OF DUPLICATION
N/A

AGE OF
LR3019

150

**RECORD OF QUALIFIED CERTIFICATE
OF
CROWN LAND TITLE**
UNDER THE TRANSFER OF LAND ACT 1995
AND THE LAND ADMINISTRATION ACT 1997

NO DUPLICATE CREATED

The undermentioned land is Crown land in the name of the STATE OF WESTERN AUSTRALIA, subject to the interests and Statutes Orders shown in the first schedule, which are in turn subject to the limitations, interests, encumbrances and notifications shown in the second schedule.

REGISTRAR OF TITLES

LAND DESCRIPTION:
LOT 3799 ON DEPOSITED PLAN 185178

**STATUS ORDER AND PRIMARY INTEREST HOLDER:
(FIRST SCHEDULE)**

STATUS ORDER/INTEREST: LEASEHOLD

PRIMARY INTEREST HOLDER: WOODSIDE ENERGY LTD
SHELL DEVELOPMENT (AUSTRALIA) PTY LTD
BHP BILLITON PETROLEUM (NORTH WEST SHELF) PTY LTD
CHEVRON AUSTRALIA PTY LTD
BP DEVELOPMENTS AUSTRALIA PTY LTD
JAPAN AUSTRALIA LNG (MMB) PTY LTD
ALL OF 1 ADELAIDE TERRACE, PERTH
AS TENANTS IN COMMON IN EQUAL SHARES
(LC 1088601) REGISTERED 29/4/2002

**LIMITATIONS, INTERESTS, ENCUMBRANCES AND NOTIFICATIONS:
(SECOND SCHEDULE)**

1. 1088601 LEASE, SUBJECT TO THE TERMS AND CONDITIONS AS SET OUT IN THE LEASE, REGISTERED 29/4/2002.
2728006 EXTENSION OF LEASE 1088601, REGISTERED 9/5/2005.
2728006 THE CORRECT ADDRESS OF THE LESSEES IS NOW 240 ST GEORGES TERRACE, PERTH REGISTERED 9/5/2005.
1368420 THE CORRECT ADDRESS OF THE FOURTH LESSEE IS NOW LEVEL 24, 250 ST GEORGES TERRACE, PERTH, REGISTERED 21/7/2005.

Warning: (1) A current search of the sketch of the land should be obtained where detail of position, dimensions or area of the lot is required. List as described in the land description may be a lot or location.
(2) The land and interests etc. shown herein may be affected by interests etc. that can be, but are not, shown on the register.
(3) The interests etc. shown herein may have a different priority than shown.

END OF CERTIFICATE OF CROWN LAND TITLE

END OF PAGE 1 - CONTINUED OVER

ORIGINAL CERTIFICATE OF CROWN LAND TITLE
QUALIFIED

REGISTER NUMBER: 3799/DP185178 VOLUME/FOLIO: LR3019-150 PAGE 2

STATEMENTS:
The statements set out below are not intended to be nor should they be relied on as substitutes for inspection of the land and the relevant documents or for local government, legal, surveying or other professional advice.

SKETCH OF LAND: LR3019-150 (3799/DP185178)
PREVIOUS TITLE: LR3019-150
PROPERTY STREET ADDRESS: LOT 3799 RANKIN RD, GAP RIDGE
LOCAL GOVERNMENT AUTHORITY: CITY OF KARRATHA
RESPONSIBLE AGENCY: DEPARTMENT OF LANDS (SLSD)

NOTE 1: A000001A CORRESPONDENCE FILE 506/1981 V2.
NOTE 2: LAND PARCEL IDENTIFIER OF KARRATHA TOWN LOT/LOT 3799 ON SUPERSEDED PAPER CERTIFICATE OF CROWN LAND TITLE CHANGED TO LOT 3799 ON DEPOSITED PLAN 185178 ON 08 AUGUST TO ENABLE ISSUE OF A DIGITAL CERTIFICATE OF TITLE. THE ABOVE NOTE MAY NOT BE SHOWN ON THE SUPERSEDED PAPER CERTIFICATE OF TITLE.
NOTE 3:

NOT TO BE REMOVED FROM OFFICE OF TITLES LT 150
NO DUPLICATE ISSUED REGISTER VOL. BOOK L R 3019 0150 F

Sundry Document E705556
Corr. 506/1981 V2

WESTERN AUSTRALIA

Crown Land Record

The undermentioned land shown on the sketch in the First Schedule hereto is land of the Crown subject to the interests, easements, encumbrances and notices shown in the Second Schedule hereto.

Dated 19th September, 1991 EXECUTIVE DIRECTOR

LAND REFERRED TO:
Karratha Lot 3799 on Land Administration Diagram 85178
FIRST SCHEDULE

3019 VOL. 150 FOL. 150
Page 1 (of 2 pages)
Superseded - Copy for Sketch Only

SCALE 1:2500
P.P. KARRATHA 2000 27.27 & 27.20
Shire of Roebourne

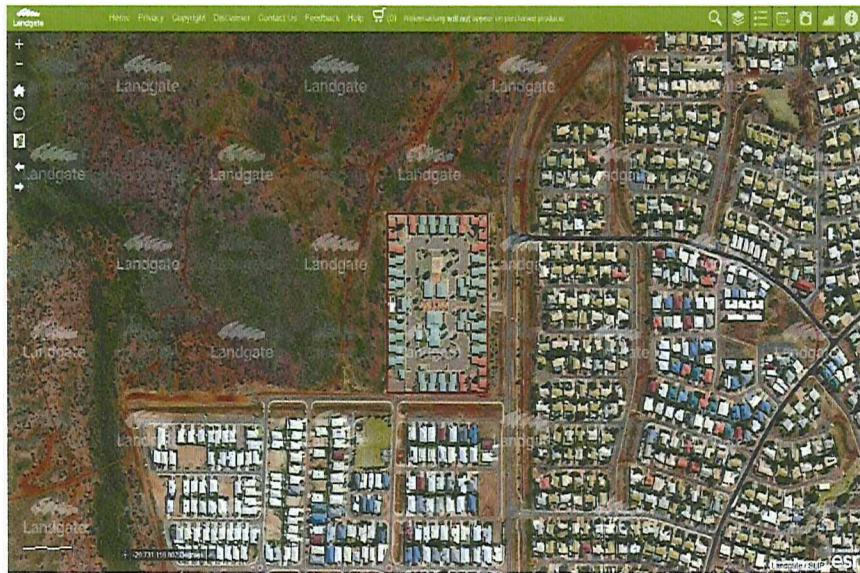
FOR ENCUMBRANCES AND OTHER MATTERS AFFECTING THE LAND SEE SECOND SCHEDULE

PERSONS ARE CAUTIONED AGAIN ATTEMPTING TO ACCESS TO THE RECORD ON ANY INFORMATION HEREON

Attachment 4

2. Land Details

2.6 Landgate map



Attachment 5

3. Purpose of request for land enquiry

Brief detail regarding the nature of the enquiry and the purpose for which the Crown land is required:

Nature of interest sought	Purpose for which interest is being sought
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Leasehold	Lease of vacant land for the Project.
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Attachment 6

4. Lessee, management body and consent

Has the consent or support of this application been sought for your proposed use of this land:

Comment

As the current registered lease is expired, is not necessary for the Consortium to obtain the consent of the current lessee to the proposal. However, based on Woodside's execution of the Preferred Tenderer Agreement, it is clear that Woodside consents to and supports this application.

Background to existing registered (but expired) lease

- 1 Registered lease I088601 dated 31 January 2001 was granted, for a period of 5 years, to the North West Shelf Joint Venture.
- 2 Bay Village was constructed on the Land.
- 3 Registered lease I088601 was extended by registered extension J278006 for a further period of 5 years on 31 January 2006.
- 4 Registered lease I088601 was further extended by an unregistered extension, the terms of which expired on 30 January 2014.
- 5 Bay Village reached the end of its useful life and was placed in "care and maintenance" in January 2014, and the North West Shelf Joint Venture has continued to occupy the Land under a periodic tenancy.

Background to current proposal

- 6 Since the closure of Gap Ridge Village, Woodside has obtained accommodation for employees and contractors engaged by the North West Shelf Joint Venture and the Pluto Joint Venture by contracting 950 rooms across 4 other facilities in the Karratha region.
- 7 Woodside requires fit for purpose accommodation facilities and services for long term fly-in fly out employees and contractors and conducted a tender process to select a consortium to build, own and operate the Facility.
- 8 The Consortium was the successful tenderer and it entered into a Preferred Tenderer Agreement with Woodside on 5 August 2017.

Attachment 7

5. Detail of proposal

Detail of a business case, concept or development proposal including details of any stages or timelines.

Background

- 1 Although Woodside houses many employees and their families permanently in Karratha, Woodside has determined that, following the closure of Gap Ridge Village, it requires the following additional fly-in fly-out accommodation:

Woodside Long Term Fly-in Fly-out Accommodation Requirements for the North West Shelf and Pluto Projects and other Projects		
Type of Accommodation	Number of Rooms	Proposal to Meet Demand
Base load fly-in fly-out - operators	150	Redevelopment of Bay Village by the Consortium
Base load fly-in fly-out - contractors	550	Redevelopment of Bay Village by the Consortium
Peak load – during shutdowns etc.	800 +	Woodside will continue to obtain required rooms under contracts with existing accommodation facility operators in the Karratha region

- 2 Woodside and the Consortium recently signed the Preferred Tenderer Agreement.

Development Proposal

3 Design

The Facility is an architecturally designed urban-style integrated development. The design:

- a. incorporates a mixture of single and double storey accommodation;
- b. incorporates brickwork and balconies on the street-front buildings, which will resemble normal residential townhouses;
- c. integrates high specification fit-for-purpose facilities;
- d. has been formulated in collaboration with the City of Karratha; and
- e. has a 30 year life.

The following images are plans and artists' impressions of the Facility.



4 **What are the benefits for occupants?**

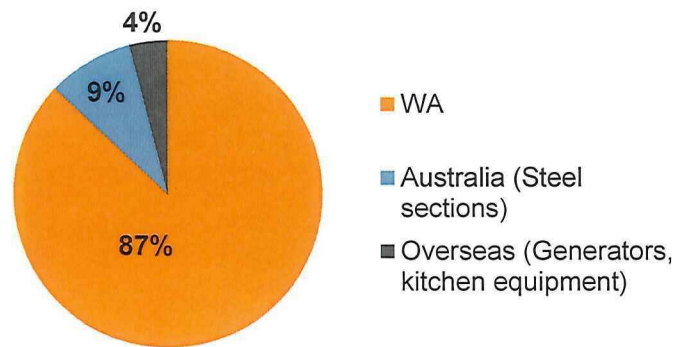
The emphasis of the design is on facilitating the physical and mental health and wellbeing of Woodside’s employees and contractors. In particular, the proposed layout provides a sociable environment and the facilities include a pool and gym for residents. State of the art communications technology will also allow residents to stay well-connected with their family and friends at home.

Residents will also be able to take advantage of Bay Village’s proximity to the existing facilities and businesses in the City of Karratha. This not only ensures residents’ feelings of isolation are limited, but benefits the local community.



5 The Consortium has undertaken to maximise local content in the procurement of materials and to use local personnel.

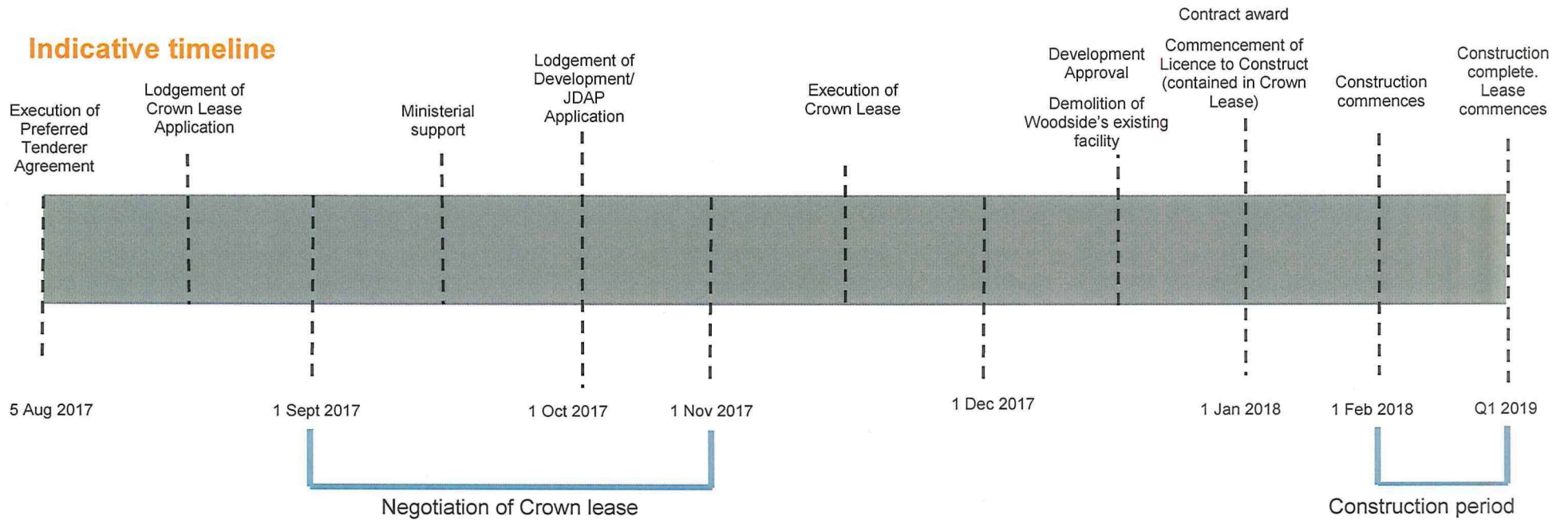
a. Procurement of materials



b. Procurement of personnel

- (i) **Construction phase:** ~240,000 man hours with a target of 85%+ local Pilbara and indigenous employment.
- (ii) **Operation phase:** 40 predominantly local facilities management personnel.

Indicative timeline



Woodside has indicated that Woodside requires the Facility to be open to their workforce in the first quarter of 2019, well in advance of the planned April 2019 maintenance shutdown of the Pluto facility. Our construction team member, Multiplex, requires 12 months to construct the Facility, and is currently aiming to commence construction on 1 February 2018 in order to meet Woodside's timetable. Hence we kindly request that this application for lease be promptly reviewed and discussed with our Consortium in order that we may achieve these dates.

Lease Terms

The Consortium proposes the following key lease terms. The Consortium acknowledges that the lease must comply with the requirements of the *Land Administration Act 1997* and where the Consortium proposes departures from standard lease terms, the Consortium is happy to work with the Department of Lands to ensure that mutually agreeable terms are reached.

Due to the nature of the Project, the Consortium requests that the State of Western Australia to enter into an arrangement with the Consortium under which the State grants the Consortium a licence to use and occupy the Land for the purposes of the construction of the Facility, with a lease (and rental payments) to commence at completion of construction (which will align with the commencement of the Consortium's obligation to Woodside to provide access to the operational Facility).

The basic commercial terms proposed by the Consortium are set out in the following table:

Lease Terms	
Term	Details
Landlord:	Minister for Lands
Tenant:	DIF SPV entity
Premises:	The whole of the Land known as Lot 3799 Rankin Road, Gap Ridge, Karratha, being more particularly described as Lot 3799 on Deposited Plan 185178 being the whole of the land in Certificate of Title Volume LR3019 Folio 150
Permitted Use:	Construction, operation and maintenance of a workers accommodation facility and for associated, ancillary and incidental purposes.
Conditions Precedent:	The Lease will be subject to conditions precedent, including that: a. the Consortium receives all necessary approvals required to construct, operate and maintain the Facility;

Lease Terms

Term	Details
	<ul style="list-style-type: none">b. all conditions in the Preferred Tenderer Agreement are satisfied or waived;c. all other documentation between Woodside and the Consortium in relation to the Project is agreed and finalised.
Construction Licence:	A rent free licence for the Tenant and its employees and contractors to use and occupy the Land for the purpose of the construction of the workers accommodation facility, to commence on approximately 1 January 2018.
Commencement Date of Lease:	"Commercial acceptance" of the Facility, being approximately 1 February 2019.
Term:	15 years (plus the term of the rent free construction licence and a period of rent free holding over at the end of the term (for the purpose of demolition))
Further Term:	3 x 5 years (with the option exercise time to be consistent with Woodside's option to extend its agreement with the Consortium)
Rent:	\$36,000 per annum exclusive of GST.
Rent Reviews: (method and frequency)	On each anniversary of the Commencement Date during the Term and any Further Term, the Rent will be increased to an amount which reflects increases in the Consumer Price Index (All Groups Perth or the index officially substituted for it) (CPI) from the previous review date.
Outgoings:	In addition to the Rent, the Tenant will pay for: <ul style="list-style-type: none">a. all gas, electricity, telephone, water and other service consumption chargesb. all rates, charges and land tax separately assessed in respect of the Premises

Lease Terms

Term	Details
	<ul style="list-style-type: none">c. all charges associated with the operation of the Tenant's business from the Premisesd. any goods and services or similar tax levied or payable in connection with the supply of the Premises or any goods, services or other things by the Landlord to the Tenant under the Lease.
Lease:	<p>The State Solicitors Office will prepare the Lease.</p> <p>The Tenant requests that the Landlord use its reasonable endeavours to conclude the negotiations and execute the licence/lease by 16 November 2017.</p>
Costs:	<p>Each party will pay their own costs in relation to the preparation and negotiation of the Lease.</p>
Make Good:	<p>The Tenant will make good at the end of the lease by demolishing the workers' accommodation facility during a period of rent free holding over.</p>
Assignment:	<p>The Lease will be assignable without consent (and on the basis that the Tenant will be released from its obligations):</p> <ul style="list-style-type: none">a. by way of security (to the Tenant's financiers);b. to Woodside;c. to any of the individual Consortium members; ord. to a fund managed by Dutch Infrastructure Fund. <p>The Lease will be assignable to other entities with the Landlord's consent.</p> <p>The Tenant will also be able to grant security over the Lease.</p>

Lease Terms

Term	Details
Sub-leasing and licensing:	The Tenant will be able to sub-lease or licence without consent to: a. Woodside; b. Woodside's employees or contractors; c. any of the individual Consortium members.

Brad Russell-Lane
Vice President Australia Business
Woodside
Woodside Plaza
240 St Georges Terrace
Perth WA 6000
AUSTRALIA

Dear Brad,

Woodside Bay Village Transient Workforce Accommodation proposal

Thank you for taking the time to attend and present to the City of Karratha Council on Monday 14th of August regarding Woodside's proposal to redevelop the Bay Village site as a 700 person FIFO Camp. The City appreciates the time that you and your staff are taking to try to develop an outcome that works for both the North West Shelf Joint Venture partners and the local community.

The City's strong preference is for residentially based workforces but it is acknowledged that FIFO workforces are required for some roles and functions. Where FIFO workforces are necessary, the City seeks to ensure that the Transient Workforce Accommodation (TWA) facilities look, feel and operate like part of the City of Karratha community, particularly when those facilities are intended to be in place for an extended period. The City is actively seeking integration, not segregation of FIFO workforces.

As you would have ascertained from the discussions on Monday night, Councillors have substantial concerns regarding Woodside's Bay Village TWA proposal. While no decisions were made at the meeting, the general feedback from the Council was that, at this point in time, they do not have sufficient information to support the proposal. Councillors indicated concerns regarding the need for and use of the facility and indicated that they are yet to be convinced that the proposal adequately addresses the City's concerns regarding urban design and community integration.

During Woodside's tender process for this project in 2016 Council's Town Planning staff ranked this proposal against the criteria of locational integration, site lay-out and built form and operational and social integration. Locational integration scored 6/10 (Acceptable), site layout and built form 6.5/10 (Acceptable) and operational and social integration 4.5/10 (Deficient). The overall weighted score for the proposal was 51.5/100. The City has consistently advised Woodside that this outcome would not be considered acceptable and has advised that changes would be required to bring the proposal to a level that would garner City support for the proposal. Specific examples have been provided on how the issues of site layout and built form and operational and social integration could/should be implemented to improve the outcome from a Council and community perspective. Woodside has acknowledged this response and indicated that changes would be made to improve the 'ranking' of the project. To date, the City is yet to see any evidence that any changes have been made to address the City's concerns.

The Council remains eager to work with Woodside on these matters as our preference is to collaboratively come to a position that works for both parties. To assist with this, I have listed below some broader scale questions that have been raised by Councillors and staff along with some specific queries/issues regarding Woodside's preferred proposal.

Broader Matters

Housing Strategy: The TWA proposal is being pursued with limited context being provided regarding Woodside's overall housing and accommodation strategy. While acknowledging the current refurbishment program that is being undertaken on some Karratha Woodside properties, the City is eager to understand Woodside's short, medium and long term housing and accommodation plans. Currently the TWA proposal is being pursued in the absence of clarity re how this facility will fit in with Woodside's longer term accommodation plans for its staff and contractors.

Usage: While some clarity has been provided on this matter, the City is eager to get some written confirmation regarding the type of workers that will be accommodated at the facility. (ie. The number of Woodside operational workers that are anticipated, campaign maintenance workforce, shutdown workforce etc.)

Need: While Woodside has provided data re it's anticipated FIFO needs for the next 10 years, it has not clearly demonstrated why this need could not be accommodated within existing facilities that exist within the district. The Council is concerned with potential over-supply of TWA accommodation. Experience has shown that when oversupply of TWA occurs there is a significant impact on property valuation and project viability of other accommodation projects.

Tambrey Neighbourhood Centre (TNC): The City would prefer that the proposed TWA were located in a more central location than the proposed Bay Village site and has been advocating for the development of the facility at the TNC location. Woodside has indicated that it has investigated this option but that it is an uncommercial alternative. The City acknowledges that there may be some cost differential between the TNC site and Bay Village sites, but there is a high level of scepticism regarding the cost differential that has been quoted. The City seeks to get greater understanding and detail re why this facility could not be built at the TNC site or another more central location. The City is not convinced that developing this facility at TNC has been thoroughly and properly investigated.

Specific Matters:

Construction Detail: To date Council has been provided with a proposed site layout plan and some elevation drawings on what the facility may look like. Councillors have indicated that they are underwhelmed with the designs that they have seen to date. Given Woodside's intention that this facility would be in use for 30+ years if it were constructed, the City is eager to ensure that the facility presents as a high quality development and looks and feels like an integral part of the streetscape. Comments have been made that the facility design looks slightly better than a standard construction camp that is designed and built for a time-limited period. Greater detail is required regarding the design and construction methods proposed and how the facility will fit as part of our community and not a long term TWA camp that has been allowed to be constructed on the edge of town.

Urban Integration: Given the long-term approval that is being sought, the City would expect this to be an exemplar for TWA development. City Planning staff advise that the plans shown to the City to date show limited relationship of the development to the surrounding neighbourhood. Little to no urban integration seems to be incorporated with the facility with the exception of relocation of the traditional 'central facilities building' component of the Camp to the front of the development site. The City is eager to see more design effort directed towards integrating the presentation of this development from surrounding streets into and interaction with the existing streetscape. The concept plan shows the siting of buildings setback some distance from the street which reduces opportunities for social interaction and discontinuous frontages reduces the ability to provide an activated frontage which is an essential design requirement needed to prevent crime and improve community safety.

Operational Integration: Woodside has indicated that its intent is to ensure that this facility is as integrated as possible into the local community. While some strategies have been mentioned, no confirmation or detail has been provided regarding what initiatives and actions will be undertaken to integrate this facility into local facilities and services. While acknowledging the best intentions of the parties, we are concerned that the facility may quickly revert to being operated as a traditional, self-contained, non-integrated FIFO Camp.

I would appreciate if you could address these matters to provide the City with greater clarity and understanding of the project. As discussed at the Briefing Session, Councillors are willing to meet again to discuss this proposal in more detail once additional information has been provided. I look forward to your response.

Yours faithfully

A handwritten signature in black ink, appearing to read 'Chris Adams', with a stylized flourish at the end.

Chris Adams
Chief Executive Officer

17 August 2017