

Linda Phillips

From: Tishka Hanlon
Sent: Wednesday, 23 May 2018 8:39 AM
To: Phillip Trestrail
Cc: Linda Phillips
Subject: FW: Enquiries for City of Karratha

Tishka Hanlon
Executive Assistant to the Chief Executive Officer and Mayor
Direct: (08) 9186 8545
Email: ea.ceo@karratha.wa.gov.au

-----Original Message-----

From: Records Officer
Sent: Wednesday, 23 May 2018 8:05 AM
To: Tishka Hanlon <ea.ceo@karratha.wa.gov.au>
Subject: FW: Enquiries for City of Karratha

-----Original Message-----

From: Renae Foster [mailto:renae.foster@bigpond.com]
Sent: Wednesday, 23 May 2018 12:18 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Enquiries for City of Karratha

NO NO NO to wasting rate payers money on "investments" that you think without proof to back it up that building a hotel in great for us rate payers.

Have you not noticed that the boom is over and people are struggling??

Start listening to rate payers and give us a break! Property values have dropped by over half yet you still increase rates????? Please explain??? I don't give a shit about a new hotel when we can't fill accommodation as it is. Focus on lowering rates to keep people living here and making it affordable to travel here. NO ONE will come while flight prices are high and without residents then the town will not have anything to offer tourists so a hotel will be a waste.

Us rate payers just want you to stop wasting our hard earned money and make it affordable to continue to live here. YOU SEEM TO FORGET ITS OTHER PEOPLES MONEY YOU ARE USING!!!!
WAKE UP AND START LISTENING!!!

Sent from my iPhone

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Linda Phillips

From: Tishka Hanlon
Sent: Wednesday, 23 May 2018 8:39 AM
To: Phillip Trestail
Cc: Linda Phillips
Subject: FW: No hotel for quarter

Tishka Hanlon
Executive Assistant to the Chief Executive Officer and Mayor
Direct: (08) 9186 8545
Email: ea.ceo@karratha.wa.gov.au

-----Original Message-----

From: Records Officer
Sent: Wednesday, 23 May 2018 8:05 AM
To: Tishka Hanlon <ea.ceo@karratha.wa.gov.au>
Subject: FW: No hotel for quarter

-----Original Message-----

From: Jo-Ann Riley [mailto:joann6725@gmail.com]
Sent: Tuesday, 22 May 2018 6:04 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: No hotel for quarter

Hi

I don't think we need more accommodation. We Als don't need anymore work camp . Local only . Don't be soft .

Regards Jo-Ann Riley
0438992101

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Linda Phillips

From: Matthew Jewkes
Sent: Friday, 25 May 2018 10:15 AM
To: Phillip Trestail
Cc: Linda Phillips
Subject: FW: Proposed Marriott Funding

Fyi

From: mel hudson [mailto:mne.hsn@gmail.com]
Sent: Friday, 25 May 2018 10:13 AM
To: Matthew Jewkes <matthew.jewkes@karratha.wa.gov.au>
Subject: Proposed Marriott Funding

Dear Matthew,

As a rate payer and owner of high end accommodation in Karratha, I wish to lodge my strong objection to Councils proposal to use rate payer funds to support the building of a Marriott Hotel.

I invested in the development of the city of Karratha and have endured practically nil income for 5 years and a loss of capital in the hundreds of thousands of dollars due to the massive devaluation of property -and the Council thinks it is fine to give my money to a competitor? No. It is NOT appropriate in light of existing struggling accommodation providers that NEED THE BUSINESS including the conference market.

How can Council possibly object to Woodside's proposed accommodation development yet support another via The Marriott? It cannot. It makes the Council look utterly inept and biased which Woodside can use against Council arguments against them.

I have paid for your underground power. I have paid rates for years and am devastated financially yet Council thinks giving our money to a hotel is good business? It is not.

I object vehemently to your proposal.

Melanie
Owner of lot 1, The Ranges.

--

Warm Regards
Mel

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Hotel Objection
Date: Wednesday, 30 May 2018 10:36:21 AM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

From: cody benson [mailto:cody.robin@hotmail.com]
Sent: Wednesday, 30 May 2018 10:35 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel Objection

Hi,

We are ratepayers in Baynton. We object to have a million dollar plus hotel built. This town needs to start doing things for the community that already live here. We have enough hotels, and there is no need for another expensive one that no one can probably afford to stay at anyways. Build something to benefit the community. More things for kids and families to do. There is no sense in building more accommodation.

Thanks
C & R Benson

Sent from [Mail](#) for Windows 10

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Submission - Quarter Hotel development
Date: Monday, 28 May 2018 2:30:38 PM

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-----Original Message-----

From: Christine Crabbe [<mailto:crabbey253@gmail.com>]
Sent: Saturday, 26 May 2018 1:52 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Submission - Quarter Hotel development

I am submitting a formal submission to oppose the use of council funds to play part in the development of The Quarter Precinct 100 room 4-star hotel proposal - as advertised on C.O.K website.

The use of council funding is an abuse of ratepayer trust for such a speculative development.
If the numbers actually added up for the project , then private enterprise would build a new hotel regardless of COK investment.

The C.O.K needs to be more conservative with it's spending and investments.
To raise rates when property values declined by 30-40% and then float this idea is a direct indication that the council has lost touch with the community, its needs and wants.
Pull your heads in, and start being fiscally frugal, not living an "empire building dream" through the funding of other people's money.

Regards,
Daniel Crabbe
Ratepayer of Karratha.
0488 938 931

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Hotel proposal
Date: Monday, 28 May 2018 2:31:39 PM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

From: Liam Sorrell [mailto:liampsorrell@gmail.com]
Sent: Monday, 28 May 2018 2:28 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel proposal

Hi all,

My thoughts on the new proposal for hotel at the quarter precinct is this.

I agree that there is scope to have a hotel for the business focussed traveller to be right in the CBD of the city. This will add value to the vibrant CBD night life and increase trade in this vicinity.

I would like to see that all available vacant land be utilised as public access and be designed for shady lawn and social activity (BBQs and entertainment).

I am concerned that we already have a few hotels that arent functioning at their best for a variety of reasons that Im sure you know more about than I.

I would hate to see the City undercut and/or move out local business.

I would like to see that the majority of the 50 hospitality staff be local (actually own a house in Karratha) and/or be from local aboriginal families. Offer hospitality traineeships for local aboriginal youth.

This has the potential to be good but also concerned that it could become a major failure if not adequately thought out.

I trust, based on the recent works and purchases by the city, that you've done your due diligence and that all of these points and more have been checked.

Best of luck,

Liam
0439198436

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Enquiries for City of Karratha
Date: Wednesday, 30 May 2018 11:09:07 AM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

-----Original Message-----

From: mark hannon [<mailto:m-hannon@hotmail.com>]
Sent: Wednesday, 30 May 2018 11:07 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Enquiries for City of Karratha

**** K-Town Community & Friends ****

Ok cant say i normally have much to say in regards to Our Shire Opporations ... But I Seriously feel like "US" the Karratha PEOPLE, NEED TO TAKE A STAND!!.... I feel the Shire need to stick to running OUR TOWN which is OUR HOME, not building a million dollar hotel that we just dont need

Send them an email to have YOUR SAY
Lets Stand up for OUR COMMUNITY ...

Sent from my iPhone

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From: [Records Officer](#)
To: [Rates2](#); [Phillip Trestrail](#)
Cc: [Ray McDermott](#); [Linda Phillips](#)
Subject: FW: Rates Increase & Hotel Investment
Date: Wednesday, 30 May 2018 11:34:14 AM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

From: Catherine Wall [mailto:cal33921@bigpond.net.au]
Sent: Wednesday, 30 May 2018 11:31 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Rates Increase & Hotel Investment

Dear Councillors,

I wish to state my objection to the recently proposed rate increase for homeowners in Karratha.

I have lived in the Shire since 2004 and I am deeply involved in my community. I love it here and want to see Karratha grow and succeed. I do not think a rate increase is in the best interest of the residents of Karratha at this time. We need to be doing things which make owning a home here more attractive, not more expensive than it already is. Get behind home owners and residents!

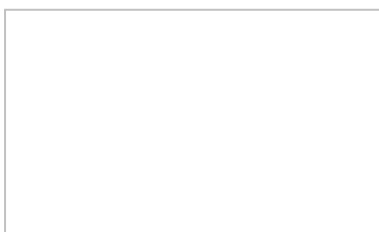
Furthermore, I **strongly oppose** the investment of rate payers money in a private, hotel enterprise! If the proposal is worthy of capital investment, then let the market decide. A subsidised accommodation facility, competing with existing, struggling privately owned businesses, is not how I want my Council to invest funds. There are numerous other avenues of investment that I would support. Real estate is not one of them.

Regards,
Catherine Wall

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From: [Sheridan Dryden](#)
To: [Linda Phillips](#)
Cc: [Nicole Bylund](#)
Subject: FW: Proposed Karratha Hotel
Date: Wednesday, 30 May 2018 4:00:51 PM
Attachments: [image001.png](#)



From: Tash [mailto:jaytashnb2106@bigpond.com]
Sent: Wednesday, 30 May 2018 9:08 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Proposed Karratha Hotel

To Our Karratha Shire, My Name is Natasha Wheelock of 11 Dixon Street, Karratha

I STRONGLY OBJECT to the COK's proposed Hotel, I feel the Shire need to Run our Town & not be building a Million Dollar Hotel with Rate Payers Money!

Regards Concerned Citizen & Rate Payer Natasha Wheelock



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www.avast.com

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Office of the CEO
Date: Wednesday, 30 May 2018 1:50:34 PM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

From: Rachael Matthews [mailto:rachmatthews77@hotmail.com]
Sent: Wednesday, 30 May 2018 1:38 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Office of the CEO

Hi,

I have been a resident of Karratha for 10 years and I do NOT think that the city of Karratha should be investing in a hotel. We have enough accommodation in town of different levels and they do not fill to capacity. It would be a gamble for the city to invest the community's money in this project. It would also potentially put some of the other hotels out of business, instead of supporting local businesses. I think the Ridges just out of town has nice new rooms that filled the gap Karratha was missing.

Also the city can not even maintain general maintenance of the city - for example verges, gullies, roadsides un-slashed, not mowed, glass everywhere- perfect example of this is when we went to the RSL recently the island in the middle of the road out the front of the RSL was about a meter high with grass. And on our walk there broken glass littered the footpaths. I do not think they should be investing tens of millions in projects such as a hotel.

I think a project like the Tambray community centre/IGA and the homemaker centres will benefit the community more.

Kind Regards
Rachael Matthews

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From: [Records Officer](#)
To: [Phillip Trestrail](#); [Rates2](#)
Cc: [Linda Phillips](#); [Ray McDermott](#)
Subject: FW: Rate Increase & Hotel proposal
Date: Thursday, 31 May 2018 7:54:27 AM

From: Amy Privett [mailto:amy.privett@hotmail.com]
Sent: Wednesday, 30 May 2018 7:31 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Rate Increase & Hotel proposal

Hi City of Karratha

As a home owner occupier in Karratha and resident of 18 years I oppose to the rate increase. Our homes have been devalued; we get less rent (those who own investments) and the property value has also reduced. WHY why why are we still paying huge rates?

Also – please we do not need another hotel. Why allow another one to come to town when our existing are already sitting half vacant. At the very least if you insist on putting an unwanted hotel (by the vast majority of Karratha residents) put it over near the old Jasmine Chinese – that is quite the eyesore; refurb more then just that 1 corner. Lets get some grass along the verge of Sharp ave shopping centre side next to the carpark. Or even better still – give the older kids something to do, we love the leisureplex but my 9 year old son is almost outgrowing it already. Cant we have a waterslide there? Ten Pin Bowling wouldn't be unwelcomed either.

On a final note I must say thank you for REAP – its amazing and I'm sure I speak for many when I say what a wonderful asset to Karratha that I'm sure will be a highlight for many many years.

Regards
Amy of 31 Samson Way, Bulgarra.

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Major land transaction, developing a 4 star hotel at the Quarter Precinct
Date: Thursday, 31 May 2018 9:51:07 AM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

From: Sophia Scharke [mailto:s.scharke@hotmail.com]
Sent: Thursday, 31 May 2018 9:39 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Major land transaction, developing a 4 star hotel at the Quarter Precinct

To whom it may concern,

I say NO to this development.

Karratha as enough accomodation (with pools for the hot summer days (Ibis, KI, The Ranges, Comfort Inn) who already struggle.

Using our rates for such an unnecessary project is a waste of our money.

Instead you could help updating the existing accomodations if you think it is needed so badly.

Or use the money for updating in so many other things we need: better crime protection, better youth programmes, day cares which open longer so we can attend our 12 hours shifts on the mines, cctv on the parking lot at the shopping centre, an actual gear update on the brand new hospital where u still cant get even dialyses or cancer treatments (for what a new hospital when it is just an empty shell with nothing behind it?? There is no money left for proper, new gear so we will still use all the previous gear. A hospital has its value in its ability to treat people and not just look good from the outside.)

Kind regards,
Sophia Scharke

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Submission on proposed Quarter transaction. Attn.Chris Adams, Peter Long
Date: Wednesday, 6 June 2018 7:59:35 AM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

From: Jayd S [mailto:jayd2001@hotmail.com]
Sent: Wednesday, 6 June 2018 6:41 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Submission on proposed Quarter transaction. Attn.Chris Adams, Peter Long

Hi there

Just a quick submission on the City of Karrathas proposal to invest in the Quarter Precinct Hotel development.

I would like to indicate my absolute vehement opposition to this ludicrous, offensive idea. The City of Karratha does not have my permission to use our rate payers funds to be supporting private businesses like the Marriott hotel chain to establish themselves in Karratha.

The proposal is offensive to most rate payers in this town and should be abandoned immediately and with no further resources spent on it from the councils rate payer based funds.

The City of Karratha should be supporting the existing Hotels operating in the town not subsidising competition.

This is not The City of Karratha's role and the council should not confuse their role with that of private enterprise.

The residents of Karratha trust you will come to your senses and make the right choice to withdrawal this plan.

Thank you .

J Collins

12 McCourt Way

Bulgarra WA6714

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Banjo's Fine Foods and Red Frog Food Van
69/20 Crane Circle
Pegs Creek
WA
6714

10 June 2018

City of Karratha
Administration Office
Welcome Road, Karratha
WA 6714

By email: enquiries@karratha.wa.gov.au

Attention: CEO

Dear Sir

Re: Quarter Hotel Proposal

I am writing this submission in full-support of the proposal by the City of Karratha to invest capital funds as outlined.

As a small business owner, it is vital that every effort is taken to fully realise the full potential of the City of Karratha and the Pilbara region and capitalise on the non-resource potential of the economy.

To cement Karratha as an international entry and exit point for tourists and visitors it is essential that Karratha have a quality international hotel as outlined in the business case.

The tangible benefits are self-evident and especially so when direct international and domestic major-city destinations are established.

However, the intangibles are equally important, and these include business confidence, reduced reliance on the resource sector, new ancillary business opportunities, and increased business opportunities for existing business.

I do have some questions about the following.

5.6 Lease Payments

The City's fit out contribution would be recovered through lease payments over the term of the lease based on a 3.5% yield. Assuming the lease runs the full 30 year term, the City would recover approximately \$20M over 30 years. Compared with current term deposit rates, which average 2.5%, the purchase has the capacity to realise \$0.1m per annum more than term deposit interest at current rates. By comparison, Council would need to increase rates by 0.25% to generate an additional \$0.1m from rates. While the rate of return shown is higher than current term deposit rates it should be noted that:

- Investing with cash investment in banks present a very low capital risk. There is a higher capital risk associated with a property investment of this nature;

and

- The rate of return will only be positive if term deposit rates remain below 3.5%.

Using a Future Value Calculator assuming an investment of \$10,000,000 over 30 years at 2.5% yields the following

Future Value: \$20,975,675.79

PV (Present Value)	\$10,000,000.00
N (Number of Periods)	30.000
I/Y (Interest Rate)	2.500
PMT (Periodic Deposit)	\$0.00
Starting Amount	\$10,000,000.00
Total Periodic Deposits	\$0.00
Total Interest	\$10,975,675.79

At 3.5%

Future Value: \$28,067,937.05

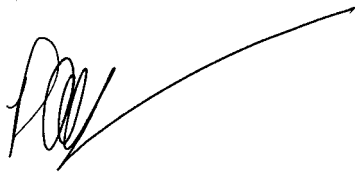
PV (Present Value)	\$10,000,000.00
N (Number of Periods)	30.000
I/Y (Interest Rate)	3.500
PMT (Periodic Deposit)	\$0.00
Starting Amount	\$10,000,000.00
Total Periodic Deposits	\$0.00
Total Interest	\$18,067,937.05

I question the statement that **“The rate of return will only be positive if term deposit rates remain below 3.5%”**. A more accurate statement would be that should term deposit rates increase above 3.5% then the ROI will be less than that achieved from term deposits.

My view is that it is the proper role of the City of Karratha to invest capital in the future of the City and as structured in the Business Plan I consider that the investment is adequately protected and should be endorsed by Council.

I am happy to talk to my submission should this be required.

Yours sincerely

A handwritten signature in black ink, appearing to be 'Peter Barron', followed by a long, sweeping horizontal line that extends to the right.

Peter Barron B Pharm MBA

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Mr Chris Adams ,CEO , Re Proposed new Hotel .
Date: Tuesday, 12 June 2018 7:48:13 AM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergeySoft.

From: Ross Jose [mailto:rossdjose@gmail.com]
Sent: Tuesday, 12 June 2018 7:10 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Mr Chris Adams ,CEO , Re Proposed new Hotel .

Hi Chris ,

I am an owner of 2 apartments at Karratha Central Apartments & therefore a long term rate payer .

I visited Karratha 2 months ago & was very impressed by the change to the City in the last 5 years ,especially the new arts complex & hospital but also the street cafes & apartments. My concern is that there is already an oversupply of short term accommodation in Karratha & a new hotel will exacerbate the difficulties of existing hotels.

Further ,I have concerns about the use of \$10M of ratepayers money for this purpose .Perhaps we could all share the \$10M in lower rates .

Regards ,
Ross Jose

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: City of Karratha Hotel Proposal
Date: Tuesday, 12 June 2018 10:22:30 AM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

From: Robert Petkovski [mailto:r.petkovski@hotmail.com]
Sent: Tuesday, 12 June 2018 9:46 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: City of Karratha Hotel Proposal

To whom it may concern,

I am against the new 100 room hotel proposal.

The local community has taken a massive hit in job losses, business revenue and property prices over the last few years.

Many families having to move away for work, shut down their business or sell their home for a lot less than what they bought it for over the last few years.

Now the council want to support this type of development in the area?

Yes it will bring a small amount of jobs to the area but then what happens to the surrounding business in the area that are owned by the locals?

That have been around for years but are struggling to make ends meet at the moment while the town is going through a rough time.

A development like this and direct competition with surrounding business will put us out of business.

People who live in the area and have invested in property have seen the value of their houses drop more than 50% in the last two years.

We can't sell our house as its worth less than what we bought it, and can't rent it to anyone as there's no demand.

So any one who is looking to rent a place will just end up staying in the new hotel and completely dry up the rental demand in the area.

So what do we do then?

Lose our business, can't sell our property, can't rent the property and can't afford to pay the mortgage.

There are many families in this position in the local community and everyone knows it but it seems the Council is willing to turn a blind eye to it.

No one wants to admit that they are struggling till its too late and they have no way out.

Some even choosing the only way they see out as committing suicide and leaving their poor families behind.

I can understand that in most bigger cities with a steady economy this would be fantastic for the area and would not effect many people so hard.

But in such a small town like Karratha, taking into consideration with what we have gone through over the last few years I can't see this helping the local people.

Please reconsider this proposal and how it will effect the area and people in a negative way and not just the small positive ways.

Kind regards,
Robert Petkovski
0400157007

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Wednesday, 13 June 2018

Attn: Chris Adams (via email: enquiries@karratha.wa.gov.au)

City of Karratha
1083 Welcome Road
Karratha, WA 8555

Dear Chris,

RE: Public Notice of Major Land Transaction – The Quarter Hotel

I write to you on behalf of the Body Corporate representing Best Western Karratha Central Apartments ("Body Corporate").

Proposal Summary

I understand that the City of Karratha ("City") have issued a business plan in relation to the proposal for the City to consider the potential purchase of Lot 7078 Sharpe Avenue, Karratha to facilitate the development of the The Quarter Hotel. The City's proposal involves:

- acquisition from the West Australian Land Authority (LandCorp) of Freehold Lot 7078 on Deposited Plan 401615 being the whole of the land in Certificate of Title Volume 2831 Folio 953 comprising The Quarter Hotel site;
- acquisition from the West Australian Land Authority (LandCorp) of Strata Lot 47 on Strata Plan 67914 within Lot 7079 on Deposited Plan 401615 comprising 101 car bays;
- Leasing of part of the land to Pacifica Developments Pty Ltd for the purpose of developing and operating a 100-room four-star Hotel.
- The proposed transaction would be developed over a period of approximately 20 months and, if developed in its entirety, would involve investment of up to \$10M of City funds. These funds would be recovered over time through lease payments from the Hotel Owner/Operator. I confirm that the Body Corporate strongly objects the City's proposal for the following key reasons:

Introduction

On behalf of the Body Corporate I confirm that we strongly object to the City's proposal for the following key reasons:

Karratha Central Apartments

27 Warambie Road Karratha WA 6714 ABN 86 534 961 504

P: (08) 9143 9888 F: (08) 9143 9800 Reservations: 131 779

reservations@bestwesternkarratha.com.au | www.bestwesternkarratha.com.au

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Each Best Western® branded hotel is independently owned and operated.



1. Lease Payments & Rates

The City's business plan notes:

"The City's fit out contribution would be recovered through lease payments over the term of the lease based on a 3.5% yield. Assuming the lease runs the full 30-year term, the City would recover approximately \$20M over 30 years."

"In addition, the Hotel will pay approximately \$8.8M in rates over the term of the lease."

The statements noted above identify the best-case scenario, however they negate the fact that there is significant uncertainty as to whether payments will be made in accordance with lease terms and projected rates. It is likely that the hotel will be unsuccessful, and therefore the City will be unnecessarily exposed to significant risk.

2. Event of Default

The City's business plan notes:

"In the event that the developer experiences financial difficulties resulting in default on its obligations under the agreement with the City, ownership of the development would revert to the City. This means that the City's \$10M investment is guaranteed by potential ownership of a \$20M hotel development."

The valuation of a hotel is based on profitability rather than total development cost. I would therefore question the City's logic and suggest that the hotel would be value-less in the event of default. In this instance, the City would forfeit up to \$10M with no financial return. Further, in this circumstance, the City will be burdened by assuming ownership of a loss-making business.

3. Council Policy Implications

The City's business plan notes:

"Council may invest in Commercial/Industrial Property which gives continuous source of ongoing returns and also have capital growth potential...The proposal is consistent with these policy provisions"

The proposal is inconsistent with the policy provision given that there is no guarantee of "continuous ongoing returns". The City will be exposed to a risky, operating business with no security in relation to returns and capital growth potential.

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27 Warambie Road Karratha WA 6714 ABN 86 534 961 504

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4. Financial Investment

The City's business plan notes the following:

"Compared with current term deposit rates, which average 2.5%, the purchase has the capacity to realise \$0.1m per annum more than term deposit interest at current rates."

Unlike term deposit rates, there is no guarantee that lease payments will be made in accordance with the lease terms, and is therefore subject to more risk. Further, I would like to advise the City that alternative investments involving less risk and higher returns are widely available in the form of index and managed funds for instance.

5. Pacifica Developments Pty Ltd

Can you please confirm whether reference checks of the Directors of Pacifica Developments Pty Ltd ("Pacifica") Directors have been undertaken? Our initial investigations raise concerns of Russell McCart's credibility due to his involvement in Meridien's collapsed Airlie Beach development, and subsequent legal case with Equititrust.

Further, can you please confirm whether personal guarantees have been provided by the Directors of Pacifica?

6. Nature of Hotel Proposal

The City's business plan notes the following:

"The City has the potential to gain from the project via.... Supporting economic development and in particular tourism"

"At the present time, it is anticipated that the hotel will be operated by Marriott International under the brand Courtyard by Marriott®."

It is understood that the City will benefit in a number of ways by stimulating tourism in Karratha. Based on our research, the proposed hotel operator, Courtyard by Marriott, is a business hotel rather than tourist hotel chain. The Courtyard by Marriott, is geared towards business travellers solely and therefore I would question whether there would be any net tourism benefits to Karratha.

7. Supporting Information

Can you please provide supporting evidence in relation to the following statements?

"Financial modelling indicates that Hotel will be profitable."

"The estimated construction cost of Stage 1 of the hotel is \$19.7M."

"In addition, approximately \$26.3M would be spent over the term of the lease on marketing the Hotel, the City and the region..."

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"Independent research commissioned by LandCorp and Pacifica confirms that currently the majority of casual accommodation providers in the City of Karratha are motels. Existing hotels/motels are dated and there is a lack of quality product capable of servicing corporate demand and international tourism. Occupancy rates currently range from 30% to 60% and existing room stock is considered a barrier to the decisions of some people not to stay overnight. The proposed hotel would be a step up from the existing stock and would potential encourage more overnight stays. Progress with any of the major resource projects currently in the pipeline would create an immediate under supply of casual accommodation."

"It is anticipated that local companies will be engaged through the construction phase of the development and in the operations of the hotel after construction is finalised."

"Pacifica has indicated that 50+ employment opportunities would be created during construction and 40-50 full and part time hospitality jobs would be created on an ongoing basis. Local employment content would be approximately 90%."

"... increased demand for accommodation associated with tourism (particularly with the introduction of international flights"

Conclusion

Based on the reasons outlined above, I can confirm that the Body Corporate strongly objects to the proposal. I would advise that it's in the City's best interests to not proceed with the proposed transaction. The proposal involves significant commercial, reputational and social risks which cannot be justified based on the proposed transaction.

I look forward to obtaining the information requested above.

Should you have any queries in the interim please don't hesitate to contact me.

Kind Regards


TERRY LEO (Director)

Best Western Karratha Central Apartments

Ph – 0418937999

Email – terry.leo5@bigpond.com

Karratha Central Apartments

27 Warambie Road Karratha WA 6714 ABN 86 534 961 504

P: (08) 9143 9888 F: (08) 9143 9800 Reservations: 131 779

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Hotel at The Quarter Precinct.
Date: Wednesday, 20 June 2018 12:46:52 PM

This has been identified by the Records Team as a Business Email, please ensure it is registered in Synergy.

From: John Raffan [mailto:jraffan421@bigpond.com]
Sent: Wednesday, 20 June 2018 10:55 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel at The Quarter Precinct.

I write to you today to express in the strongest possible terms our objection to the proposed construction of the hotel at The Quarter Precinct. As Karratha has excess hotel rooms available for hire, It seems ridiculous to want to add more to an already over supplied market. Further, from information on your website ,it appears that the proponents of this scheme were unable to raise all the finance required through normal channels. Surely this must be cause for great concern. J&G Raffan. Owners lot 81 Best Western Apartments, Karratha.



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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Ratepayers funds
Date: Thursday, 21 June 2018 2:10:29 PM

'This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft'

-----Original Message-----

From: Denise Mills [<mailto:denisemills66@icloud.com>]
Sent: Thursday, 21 June 2018 2:02 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Ratepayers funds

Dear sir madam

I am writing to you to strongly object to the Shire of Karratha utilising ratepayers funds to invest a ridiculous amount of money on a another hotel venture when the hotel and accomodation sector in Karratha is already struggling .. there is also the consideration of the 700 odd bed camp facility that was opposed by many ratepayers .. as an owner of a warambie st unit I very strongly opposed even the consideration of the shire spending or contributing money to another project .where sufficient facilities are already in place and are struggling .. surely there is better infrastructure that these funds can be used upon to attract and encourage people to live and stay in this location

Denise and David mills
Phone 0407778962

Notice is hereby given that the City of Karratha proposes to enter into a major land transaction involving investing City resources into the development of a 100 room, 4-star hotel at The Quarter Precinct.

Sent from my iPhone

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: The quarter precinct
Date: Monday, 18 June 2018 7:45:51 AM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergeySoft.

From: proXEmic1 [mailto:proxemic@gmail.com]
Sent: Saturday, 16 June 2018 9:15 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: The quarter precinct

Dear Sir/Madam

My name is Adam Szorenyi owner of units 57 and 58 Best Western on Warrambie Rd, Karratha I would like to formally object to the major land transaction involving investing City resources into the development of a 100 room, 4-star hotel at The Quarter Precinct as I believe such a large investment for little visible retur to rate payers and detracting from the majority of investors and businesses of similar alignment is unsuitable.

Thank you.

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Chris,

Blanche Bar Group would like to show our support for The Quarter Hotel development. Below we will outline why we believe this is an important tool for the progression of Karratha as a City.

Event Space & Park

Whilst we understand members of the public are concerned we are losing City Park, this was always going to be the case when the hotel space was beautified. As an event organiser who has used the space more than any, it is important that the City understands the need for space that private enterprise can activate.

As the plans currently stand, we believe we are in fact gaining space at City Park, not losing it, and the park will eventually become more protected from wind due to the hotel building - surely a win for event organisers and the public.

In addition to the City Park, we have also gained REAP which is better suited for larger events. We have already seen flow-on effect at Blanche & Fiorita due to REAP being utilised. In terms of city centre activation, City Park has been a great tool, but with REAP now the preferable site for city centre events, the only way to activate the City centre further is to centralise the population (transient & permanent). The hotel represents a great opportunity to do this.

As a side note, we have been able to gain access to the Warambie Estate Park to continue to deliver some of the Karratha City Markets activities. We are currently in talks with Lions Club to hand this over and they are super keen to keep it in the same spot as we both believe REAP is going to be over utilised.

Complimentary Business

As the design currently stands, we do not see that the Hotel will be in direct competition with surrounding business as the hotel's bar/restaurant is being designed to cater for guests. Whilst BBG opinion is that the hotel development is a positive one regardless of the design, the current bar/restaurant design (for guests) is a welcome outcome. With a large number of hospitality businesses struggling or entering receivership, having increased guests in town without the additional competition is welcome news.

It must also be said that the majority of venues to enter receivership have been venues without accommodation; clearly the underlying economics of short stay are stronger than that of retail hospitality venues such as cafes, bars & restaurants.





Is the hotel needed?

In our opinion the hotel is welcome news as the only new accommodation built in recent times has been camp-style dwellings. With The City's stance on rejecting TWA camps, the logical alternative is either residential or hotels. Clearly hotels are a lot better integrated into the local community through the creation of jobs and the design flowing in with the current architecture of the City. The building of new houses is not always going to create enough of a buffer from the mining industry long term and therefore a centralised hotel is the logical answer.

BBG is also of the opinion that the current offering in the market doesn't necessarily cover the business traveller; smaller compact-style accommodation for short stays has become a popular alternative for business people when travelling and the proposed hotel covers this off.

Funding by the City

After reading through the business plan we understand there is some risk with a project such as this, but the reward is surely greater in this instance. The City holds large cash reserves, something The City should be proud of through good financial leadership. For these cash reserves to be held solely in low interest reserves, or in my opinion, even worse to be used to supplement rate rises isn't smart fiscal planning. We believe that a large portion of cash reserves should be held in term deposits but using a smaller portion to stimulate growth whilst also reaping some reward leaves The City with an opportunity to become less reliant on rates and grants in the future.

The City has a great record of financial management, something which surrounding councils cannot boast. Rather than bowing to the opinionated few, this City has always held strong on rates and asset management. This is not the time for change, there is no doubt a change already underway which we can see in our businesses. The City needs to keep moving forward so that the next round of expansion in the mining sector can be harnessed and accommodated for.

As the current Infrastructure Reserves can cover the amount listed there is no further need for The City to transfer or raise money for the project to be given the green light by council.





In summary, BBG welcomes the further investment in the City Centre. We believe that Karratha has taken its place as the City of the North and the progressive nature of our previous councils has made this happen. One only needs to visit other towns in the Pilbara to see what we have created is very special. Karratha has always been a place where some risks are taken and with the flourishing under-35 age group of business entrepreneurs, it is not the time to stop this momentum. We need high quality accommodation for what is on the horizon, and the businesses within the CBD need the foot traffic that accommodation will bring.

Best Regards

Bart Parsons
Managing Director
Blanche Bar Group



From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Hotel
Date: Tuesday, 3 July 2018 12:08:31 PM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Viv [mailto:eagleviv@bigpond.com]
Sent: Tuesday, 3 July 2018 12:02 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel

I object to ratepayers funds being used to finance a new hotel in the Karratha CBD. We have a number of hotels in the city that are currently only operating at 50 to 60 %, what would be the effect on these local businesses in terms of reduced occupancy?

We do not have international flights due to the airline previously wanting to provide flights to Singapore collapsing. Airfares from Perth are horrendously expensive even if you are a local, so we wouldn't get more visitors from the East Coast or from the rest of WA.

If another hotel is warranted then leave it to private developers to build, don't waste taxpayers money on something that may turn out to be a white elephant.

Vivienne Austin
14 Nelson Court

Sent from TypeApp for iPad

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Hotel purchase
Date: Tuesday, 3 July 2018 11:14:31 AM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

-----Original Message-----

From: Tina Nevill [<mailto:tina.nevill@live.com>]
Sent: Tuesday, 3 July 2018 11:02 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel purchase

I do not agree with the hotel purchase by City of Karratha.

Regards

Tina Nevill
28 Roe Street
Roebourne WA 6718

Sent from my iPhone

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PROPOSAL - THE QUARTER HOTEL

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City agree to have one built, but not at our expense.

I disagree that the City of Karratha should assist such a large amount of money to finance it.

Already the current accommodation/hotels in the city are operating at 50/60% in the peak time.

What effect will this have on these existing businesses?

The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

The purchase of the Land from Landcorp? Is this expense separate to the \$10 million fit out?

INSURANCE

The cost to Insure of the Hotel? Who is liable to pay it Pacifica or the City. This would be another added cost if the City has to pay it

BUSINESS PLAN 2. Background 2.1 Land Page 5.

Landcorp stated that Hotel Developers have not wanted to proceed with the hotel • **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

If the Developer experience difficulties and the ownership will revert to the City as per above the City will have a \$10 million property not a \$20 million property.

RISK

The Risk Factor is going to be high. The Hotel Developers didn't want to take the RISK even during the Boom

INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airlie Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not inline with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

JETGO – a great job done there. \$700,000.00 down the drain. This could have gone towards PUP. Stop investing our money for us. Give it back to the ratepayers. A vote of no confidence in the present council is needed.

Yours,

John Potten (35 years ratepayer)

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: 4 Star Hotel
Date: Wednesday, 4 July 2018 7:46:50 AM

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From: Jeremy Nyman [mailto:jeremy@woodlandsphysio.com.au]
Sent: Tuesday, 3 July 2018 6:38 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: 4 Star Hotel

With reference to the City's proposal to allocate funds to build a 4 star hotel on the Quarter Office complex site. I am strongly opposed to this proposal, both as a rate payer and as an ethically minded individual.

- The City has no shortage of quality hotel accommodation.
- I am sure occupancy in the current hotel offerings is not at the levels required for healthy profitable operations.
- The demand for hotel space is very unlikely to outstrip current supply for many years to come.
- The City is not tasked with providing services to the community that compete with currently available services.
- Competing with current services is ultimately counter productive.
- The City needs a supportive community, not a competing one that regard the City as antagonistic.
- The view that the money you spend now will give a better return than current bank interest and allow for more provision of services is very short sighted.
- What you are doing is milking one part of your community, in this case existing hotel service providers, to give to another.
- This is exactly what you have done with the commercial component of The Quarter.
- I can't get average tenancy charges or WALE on The Quarter but predict things will not look as rosy on your books in 3 years time.

The City's planners and, possibly, it's Councillors, are getting all excited about more development. They love a building!! You need to ask the residents, business owners and property owners what they think. Apathy, as you know, is strong. The Quarter has infuriated many local commercial property owners after the fact. They didn't shout at the time you asked for opinions. That 20 million dollar investment may not be quite as pretty in years to come and it has introduced conflict between the City and property owners.

The City is not in the business of hospitality or commercial property. Let's just take a breath and look at this logically and in the long term. You may find you are selling properties of the business's you have sent broke, just to collect your sacred rent. Everyone else in Karratha has tightened their belt. And the City.....?

Yours sincerely

Jeremy Nyman

--

Jeremy Nyman - Manipulative Physiotherapist

woodlandsphysio.com.au

6 Liege Street, Woodlands WA 6018 | [map](#)

P (08) 9445 1844 | F (08) 9244 2910 | E jeremy@woodlandsphysio.com.au

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Against the Intention of COK spending \$10M of Rate Payers money supporting the Quarter Precinct hotel
Date: Wednesday, 4 July 2018 8:35:56 AM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Karyn Liew (gmail) [mailto:karynliew56@gmail.com]
Sent: Wednesday, 4 July 2018 8:15 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Against the Intention of COK spending \$10M of Rate Payers money supporting the Quarter Precinct hotel

Dear Sir/Madam

As a rate payer of the City of Karratha we wish to say that there should be more transparency, more feasibility, more due diligence & approval by the local, rate payers and approval & more time for feedback on the intended project.

Particularly the latest \$10M supporting a hotel at the Quarter Precinct, has not been what, as rate payers, would approval, as there are more urgent needs to be spent on now, eg safety & security, jobs creation, make good what we have locally, and above all listen to the residents, the businesses, employers and work together. You will then have a more agreeable and harmonious city to move forward.

On the note, I vote 'No' to the \$10M spending on a 4star hotel to be built.

On the other note, Listen and Work with the Rate Payers & Locals,

- They have the best interest in their home city too!

Mrs J L Liew (Karyn) - Walker Close, Millars Well.

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4 July 2018



Chris Adams
City of Karratha
1083 Welcome Road
KARRATHA WA 8555

Dear Chris,

RE: Public Notice of Major Land Transaction – The Quarter Hotel

Tourism Council Western Australia (TCWA) is the peak body representing tourism regions, industries and more than 1,500 tourism businesses in Western Australia. The Council promotes the value of tourism, facilitates sustainable tourism development and advocates industry policy on behalf of members.

Thank you for the opportunity to comment on the City of Karratha's proposal considering the purchase of Lot 7078 Sharpe Avenue, Karratha, to facilitate development of The Quarter Hotel. I write to congratulate the City for their strong interest in developing tourism, however I wish to raise several concerns with the proposal.

1. Appropriate Measures to Encourage Tourism Development

Tourism Council WA supports local government measures to encourage tourism development and stimulate tourism demand.

Where there is an undersupply of accommodation, it is appropriate for local government measures to provide market incentives for commercially-viable tourism use of a location rather than residential or other use. However, measures to subsidise hotel development which is not commercially viable are counter-productive.

Appropriate measures include requiring a minimum tourism component as part of a mixed development site, or offering incentives such as higher density ratios for a tourism component. These measures promote tourism development which may not otherwise be "highest and best use of available land" without subsidising developments which are not commercially viable.

Tourism Council WA is concerned with the City of Karratha acting as an investor of last resort by investing \$10 million, when the site in question has already failed to attract investors. Tourism Council WA is concerned this is an inappropriate measure that would pose a risk to the City and create unfair competition for existing or future hotels which did not receive City funding.

2. Market Failure & Hotel Investment

Tourism Council WA does not believe there is an undersupply of hotel rooms in the City of Karratha that would warrant measures by the City to stimulate hotel supply.



To warrant any assessment that there is market failure in the provision of hotels and provide justification for any incentives for hotel development there would need to be sustained periods of occupancy rates more than 85 per cent.

There already exists major capacity for short stay accommodation in Karratha, with an occupancy rate of between 30 and 60 per cent. Tourism Council WA considers there to be an oversupply of short stay accommodation. This is worsened by the significant and inappropriate supply of Transient Workforce Accommodation in the short-term accommodation market.

There is an oversupply, not an undersupply, of hotel accommodation in Karratha and hence no market failure for the City of Karratha to address. City investment in a new hotel is therefore unjustified. City funding of new hotel capacity would create an unlevel playing field, and deter future investment in new hotels or upgrades to existing hotels by other investors. It is unfair to existing investors to subsidise a new development.

There is no argument for capacity constraints on visitor growth and therefore no evidence to support new hotel investment or warrant incentives to encourage new hotel development.

3. Conflict of Interest

There seems to be a significant conflict of interest for the City of Karratha to act as both an investor in a competitive market and as a planning and regulatory authority.

4. Stimulating visitor demand

In Tourism Council WA's experience, increasing stock of short term accommodation only increases visitation from business travellers, and only when there is an existing undersupply of rooms. Given there is an oversupply of rooms at low levels of occupancy, this is not the case now or in the foreseeable future in Karratha.

Leisure tourism is not stimulated by an expansion in capacity – rather, demand is driven by attractions, marketing and events. Increasing the supply of hotel rooms will not notably increase leisure demand in the absence of new reasons to travel.

If the City's objective is to increase leisure demand, the \$10 million would most effectively be invested in:

- Acquiring new events;
- Developing new tourist attractions, venues and facilities;
- Effective marketing of existing events and attractions; and
- Developing aviation, cruise shipping and land transport access to new markets.

The City of Karratha should not invest in competitive markets, however investing in destination marketing, attractions and events will stimulate visitor growth to the City and demand for additional hotel accommodation. It should then be left to the market to respond by investing in new accommodation capacity or upgrading existing facilities and room stock to higher Star Ratings.

Overall

Tourism Council WA considers the proposal to invest \$10 million in accommodation development to be an inappropriate policy measure and unwarranted given the existing oversupply of rooms and low

occupancy rates. Tourism Council WA does not believe the \$10 million would increase business travel or leisure tourism demand. Consequently, Tourism Council WA is concerned this proposal would create unfair competition and deter future tourism investment by the market.

Tourism Council WA recommends the City invests in tourism demand drivers that do not create unfair competition, such as new attractions, acquiring events and enhancing marketing. This additional will, in turn, drive private investment in short-stay accommodation.

Should you wish to discuss this matter further, please contact me on (08) 9416 0700.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Evan Hall', written in a cursive style.

Evan Hall
Chief Executive Officer
Tourism Council Western Australia

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Hotel development City CBD
Date: Wednesday, 4 July 2018 7:43:35 AM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

-----Original Message-----

From: Carolyn Biar-Martin @ Gmail [<mailto:biarmartini@gmail.com>]
Sent: Tuesday, 3 July 2018 8:18 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel development City CBD

To the Councillors of the City Of Karratha

We are ratepayers x3 in the City. We endorse the spend of \$10m by the City to support the development of the hotel.

However, it is critically important that this is of a standard and quality which would attract internationals to the city. It should be designed in such a way that it is unmistakably NOT the kind of hotel which will end up being a transient worker accommodation option. To be honest the design option shown does not in my opinion inspire that.

Can We strongly recommend that you investigate the Art Series Hotels as this would be in keeping with the City on the doorstep of a state, national and potentially world heritage list place.

Please, do the development but do it with these things forefront of mind.

Regards
Carolyn and Alf

Sent from my highly desirable piece of overpriced gadgetry which is pretty cool.

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: HOTEL SUBMISSION
Date: Monday, 2 July 2018 3:35:08 PM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Jessica Miller [mailto:hello@theinspiredmark.com]
Sent: Monday, 2 July 2018 3:33 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: HOTEL SUBMISSION

Dear Councillors

I am writing to extend my support for the Hotel project currently under deliberation.

As a small business owner in the consulting space, I feel that a high end hotel and conference facility would support our long-term vision of holding high caliber business retreats and conferences. While there are some valid concerns being raised by hotel owners, I believe that the style of facility being proposed isn't comparable to the options currently available within the city and therefore would add another style of experience to our current hospitality landscape.

From a broader prospective, some of my clients are tourism operators who would greatly benefit from the increased tourism and a more higher end tourist with disposable income to spend than the typical backpacker and grey nomad's that currently pass through the City.

As a community member with a young family, I appreciate the fact that efforts have been made in the design of the facility to keep the park space, which has become a great meeting spot and venue for some fantastic community events. I believe these design features will also bolster the connection of the hotel to the community and integrate it into the cityscape.

Should the project go ahead (we hope it does), care should be taken to minimise the impact on existing local businesses and with a view of integrating the facility into the town in a way that enhances our City – as such it should not become a self sustaining hotel precinct with it's own restaurants and cafes. The benefit of the facility lies in its ability to provide critical mass within the CBD to support the small businesses already operating within the area.

In summary, we believe there is a need for high quality accommodation to fill the current void and the businesses within the CBD need the extra foot traffic boost that accommodation will bring thus endorse the city's proposal to support the development project.

Kind Regards,

Jessica Miller
The Inspired Mark

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Tuesday, 3rd July 2018

Attn: Chris Adams

City of Karratha
1083 Welcome Road
Karratha, WA 8555

To the City of Karratha,

Subject: **Public Notice of Major Land Transaction – The Quarter Hotel**

The City of Karratha is seeking community feedback on a proposal to lease land and invest City resources into a 100-room, 4-star hotel at The Quarter Precinct.

This submission is submitted on behalf of the owners of Best Western Plus The Ranges Karratha which entails 73 rooms of 4 star, resort style short stay accommodation.

We would like to provide comments on the business case put forward by the City of Karratha for undertaking The Quarter Hotel development.

We are concerned that the City of Karratha is taking extraordinary steps to bring on investment and supply in a struggling industry to compete with rate payers in an environment where private industry has been unable to justify new expansion in the short term accommodation space. This will hurt our business and lower confidence for investing in Karratha in the future.

Discussion of Public Notice

1. *“Despite the interest from a number of hotel developers over recent years, the project has been unable to proceed due to difficulties in securing traditional funding through the banks.”*

We disagree that this should be the responsibility of the City of Karratha to solve. There are often very good reasons why Developers don't proceed and why banks won't lend. For example it may be that the hotel is viable in times of major LNG project construction in Karratha but this is only for a short time and debt repayment may be over a much longer period.

If the final value of the property is lower than the price of the land + construction cost would justify, then the price of the land sale should be adjusted in the 1st instance. If the land price is zero, then the project is simply unjustified on commercial grounds. If these calculations are ignored simply because the City would like to see a new hotel built, then the City of Karratha paying an inflated price to get a non-viable project off the ground.

If the issue is that prospective Developers are unable to secure funding, we would also consider it to not be the City of Karratha's issue to solve.

2. *“Creation of approximately 40-50 full and part time local hospitality jobs as part of the hotel operations.”*

We would question how the proposed 100 room hotel will employ 40-50 full and part time staff and remain financially viable long term. At The Ranges we employ approximately 10 to 12 staff at any time to service 73 beds, including the operation of our restaurant. How will the Hotel carry the cost of employing so many staff members?

As your new hotel will most likely take substantial business from our hotel, the likely result is that roughly the same number of employees will be spread across a larger number of establishments.



3. *"Anticipated marketing spend on the Hotel and the City of Karratha of \$26.3m over the 30 year life of the proposal."*

Again, we would question whether these figures are realistic, and if the City of Karratha are assessing the proposal based on accurate information.

\$26.3m would equate to an average of \$877,000 of marketing spend per annum for the Hotel, which is an extraordinary sum. At The Ranges we spend approximately \$100,000 per annum on marketing each year. On a per-room basis, the Hotel is estimating that they will spend 6.4 times the marketing budget as our operation. Is this a sustainable and realistic figure to disclose to the City of Karratha ratepayers?

Much of the marketing budget for the Hotel is likely to be spent on referral fees to booking agents and wholesalers, not necessarily promoting Karratha as a destination in print or online media. There are lesser positive externalities for the City of Karratha when the marketing budget is spent this way.

4. *"The City of Karratha is seeking community feedback on a proposal to lease land and invest City resources into a 100-room, 4-star hotel at The Quarter Precinct... Increasing quality short stay accommodation providing an accommodation product that is not currently available within the district."*

We'd like to note that Best Western Plus The Ranges Karratha is also a 4 star accommodation offering, of a roughly comparable size to the proposed hotel. We don't believe this new hotel constitutes a new 'step up' for accommodation in Karratha, rather it is further supply in an already low-occupancy market. Owning short stay accommodation in Karratha is currently a loss-making proposition, and the timing of the addition of new supply should be determined by the market response to demand for such an offering.

We would also point out that the proportion of our customers comprising "tourists" is very small, perhaps no more than 1% of our trade. Whilst we all hope this is a growing sector, there is a lot of work to be done to make this a reality.

The new hotel is very unlikely to be financially successful given current market conditions, and as our own market offering is already at the same or higher quality level, we don't believe that a new class of tourist will be attracted to Karratha by The Quarter Hotel. Actually you will simply take away some of our existing customer base and everyone will be less viable. Competition will drive nightly rates and occupancy even lower than they are today. This will impact on our profitability and also that of your new hotel. Even with the unfair advantage of a multi-million dollar subsidy, we fail to see how this venture can succeed.

We would also make the point that the City would be actively involved in hotel operations and therefore would have a clear conflict of interest if any private operator sought fresh approvals for expansion, liquor licenses, new developments etc. The City would never be able to reject an application in this space without being criticised for acting in its own interest rather than that of the community.

What will the City do when a competitor cuts its rates or offers a special deal, are you going to undercut us? Are you going to try and drive us out of business?

Is your business going to pay Council Rates, or being a City owned property will it be exempt?



5. *"In the event that the developer experiences financial difficulties resulting in default on its obligations under the agreement with the City, ownership of the development would revert to the City. This means that the City's \$10M investment is guaranteed by potential ownership of a \$20M hotel development."*

Will the City of Karratha have a first ranking mortgage securing their \$10 million contribution, ahead of the bank/organisation that finances the Hotel construction? We would note that the value of the hotel will not be equal to its construction cost in the event of a default or otherwise – it will be based on the profitability of the Hotel which may be significantly lower than expected. Full recoverability of the City of Karratha's investment may not be assured, especially if other creditors are secured above the City.

Furthermore, the developer is not a major company and seems to have a chequered financial history. How can the City be guaranteed that the developer will cover any losses? When the time comes to draw on your guarantee you might find it isn't too reliable. If the City were to enter into such a risky venture, surely you'd want to at least do it with a well-qualified operator with a strong balance sheet. We suspect the answer is that the City has not been able to attract one of those because the project is not truly viable if with a substantial grant from the City.

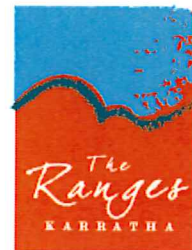
6. *"In addition to the City of Karratha and LandCorp, the other major party to the transaction would be Pacifica Developments Pty Ltd (Pacifica). Pacifica is a privately owned, diversified property development and management company with over 30 years experience in the property sector. Pacifica has been involved in over \$1.5 billion worth of developments throughout Australia, Papua New Guinea and the Pacific. Pacifica is currently involved in 14 hotel developments across Australia. Pacifica's key personnel are Russell McCart (founder and Managing Director), John Zandler (Director) and Mark McDonald Smith (Financial Advisory), who between them have 80+ years experience in the property sector. Pacifica's projects have included the Sage Hotel - Fortitude Valley (Brisbane), The Bronte Apartments - Brisbane, Mariners Reach - Brisbane, Port Douglas Marina."*

To our research, it doesn't appear that Pacifica Developments Pty Ltd has the experience touted above. Many of the projects listed as Pacifica's were undertaken by other companies where Russell McCart has worked. His prior company did have a prospective development on a block of land at Port Airlie Marina, which eventually did not proceed, but had no involvement in the master-planning or Marina development itself.

Russell McCart's past company Meridien Developments Pty Ltd went bankrupt in 2011. They were sued by Equititrust over a \$10m loan that was not repaid.

His new company Pacifica Developments Pty Ltd was only registered in December 2011.

Russell McCart and his partners at Pacifica list their achievements as including "forming" Unilodge Student Accommodation and Retire Australia, both large businesses in their own rights. However Tim Russell was the founder and CEO of Retire Australia since its inception until its sale to New Zealand-based infrastructure investment company Infratil, and Jane Hewitt was the founder of Unilodge. David Roberts of Heritage Pacific makes similar claims to the ones made by Pacifica (<http://www.heritagepacific.com.au/executive-chair/>).



Conclusion

We have many concerns about the wisdom of the business case presented for The Quarter Hotel investment, which the City of Karratha is considering. This development could have a severe negative impact on the rate payers and investors who are already operating and trying to run successful businesses in Karratha, ourselves included. We don't believe this adds a new level of quality to the existing accommodation offerings, and will merely dilute the current market further. If the open market has been unable to proceed with a development on the site to date, this speaks directly to the viability of such a hotel on the site, and the market conditions in Karratha.

While the City of Karratha has previously invested in property and has an interest in seeing new infrastructure built to enrich the community, we don't believe that a new private hotel development is a suitable purpose. This is nothing like the airport operation, which is a stand-alone piece of infrastructure. Allocating funds towards public infrastructure, public art, galleries, museums and libraries would be more suitable use of excess funds held by the City.

We are also concerned about the accuracy of the claims made by Pacifica Developments Pty Ltd regarding the amount of advertising spend and jobs they will create with the development, as they seem wildly out of step with other commercial operations. This makes us concerned about all other claims they have made. The community of Karratha should be able to assess the proposal with realistic figures. Perhaps the City of Karratha or Pacifica could release further evidence for these claims.

In future, all investors considering investing in Karratha are going to have to factor in a new risk, that of the City deciding to go into a business it knows nothing about by subsidising a competitor to compete directly with you.

Kind regards,

Angus Murray

Director of Greenvalley Pty Ltd, trading as Best Western Plus The Ranges Karratha

Mobile: 0418 938 102

Email: angus@prd.com.au

Tuesday, 3rd July 2018

Attn: Chris Adams (via email: enquiries@karratha.wa.gov.au)

City of Karratha
1083 Welcome Road
Karratha, WA 8555

Dear Chris,

RE: Public Notice of Major Land Transaction – The Quarter Hotel

We write to you on behalf of the Karratha International Hotel, and its owner operators in Prendiville Group. It is our understanding that the City of Karratha ("the City") are undergoing community consultation regarding the Quarter Hotel business plan relating to Lot 7078 Sharpe Avenue, Karratha with the view to seeing a new Courtyard Marriott hotel development take place.

We strongly object to the City's proposal based on the following reasons:

1. Hotel positioning and offering

The City's business plan notes the following:

*"At the present time, it is anticipated that the hotel will be operated by Marriott International under the brand Courtyard by Marriott."
"Independent research commissioned by LandCorp and Pacifica confirms that currently the majority of casual accommodation providers in the City of Karratha are motels. Existing hotels/motels are dated and there is a lack of quality product capable of servicing corporate demand and international tourism."
"Occupancy rates currently range from 30% to 60% and existing room stock is considered a barrier to the decisions of some people not to stay overnight. The proposed hotel would be a step up from the existing stock and would potential encourage more overnight stays. Progress with any of the major resource projects currently in the pipeline would create an immediate under supply of casual accommodation."*

Based on our research, the proposed hotel operator, Courtyard by Marriott, is a 3.5 star business hotel rather than a tourist/leisure hotel brand. The floor plans and concept renders in the City's plans also indicate the hotel will be a traditional corporate hotel, without any leisure guest amenities typically seen in destinational hotels/resorts.

LandCorp's incorrect research is unsubstantiated and does not represent true facts and economic conditions in Karratha.

The City's business plan also notes the following:

"The City has the potential to gain from the project via.... Supporting economic development and in particular tourism."

Tourists traditionally stay in Karratha on weekends due to cheaper rates and not having to use annual leave. However, hotels in Karratha struggle on weekends, even after the Red Earth Precinct began operating at full capacity, as there is currently no significant tourism. Rates are very affordable and availability is plentiful. Therefore, if this hotel is aimed at tourism markets then it will only add considerable distress into an already distressed weekend hotel market in Karratha.

2. Macro-economic supply and demand

If there is a true need for a Marriott Hotel in Karratha, then private enterprise would have seized the opportunity and Landcorp would have sold it to a developer during one of the six times Landcorp presented the opportunity to the open market over the past several years. The Hilton Double Tree hotel would have been built as well.

3. Reasons for the lack of existing Karratha hotel investment

The appetite for existing Karratha hoteliers to invest will shift with better economic conditions. But if a new hotel is artificially financed and built then no money will be spent by existing owners to avoid over-capitalisation. This will hurt Karratha's reputation for offering quality, value-for-money hotel product and counteract the original reasons for the City wanting to finance a new hotel – to reputationally advance the town's consumer perception as having quality hotel on the basis of Landcorp's unsubstantiated independent research.

Karratha is on the precipice of significant change in its hotel industry, provided normal operating and trading conditions continue without unnatural stimulation. At the Karratha International Hotel a \$5M investment was spent upgrading and refurbishing the hotel eight years ago, and now plans for a new innovative restaurant concept. We are also rendering the exterior of the hotel, the first section of which is now complete, and introducing a new gym in July 2018. We understand our fellow hoteliers are also planning to invest in their product. However, this investment does not happen without hoteliers having market confidence, normal steady state operating conditions and the backing from the City of Karratha. When a hotel development backed by the City to the tune of \$10M occurs, this created a new variable that owners previously would never have had to contend with or foresee.

Whilst investment into Karratha hotels has not been significant for some years, this is due for the most part for the following reasons:

1. Hotel operating cycles. An extreme unforeseen downturn in macro-economic conditions which occurred quicker than most hotels could react to with considerable fixed overheads.
2. The incredibly high cost of human resources to attract and keep talent in Karratha as compared to other WA towns and cities, mainly due to competition from Pilbara oil and gas and mining industries.
3. The extreme cost of electricity in Karratha.
4. Major operators around the Karratha town centre have had to pay hundreds of thousands of dollars in recent years to sink electrical poles and wires into the ground.
5. Businesses are still paying exorbitant gross rental value (GRV) rates despite the oil and gas / mining downturn more than five years ago and GRV revaluations only occurring every three years.
6. A lack of confidence in prosperous market conditions returning.

4. Lease payments and rates

The City's business plan notes:

"The City's fit out contribution would be recovered through lease payments over the term of the lease based on a 3.5% yield. Assuming the lease runs the full 30-year term, the City would recover approximately \$20M over 30 years."
"In addition, the Hotel will pay approximately \$8.8M in rates over the term of the lease."

The statements noted above identify the best-case scenario, however it negates the fact there is significant uncertainty as to whether payments will be made in accordance with lease terms and projected rates. It is likely the hotel will be unsuccessful, and therefore the City will be unnecessarily exposed to significant risk.

5. Event of default

The City's business plan notes:

"In the event that the developer experiences financial difficulties resulting in default on its obligations under the agreement with the City, ownership of the development would revert to the City. This means that the City's \$10M investment is guaranteed by potential ownership of a \$20M hotel development."

The valuation of a hotel is based on profitability rather than total development cost. We would therefore question the City's logic and suggest the hotel would be valueless in the event of default. In this instance, the City would forfeit up to \$10M with no financial return. Furthermore, in this circumstance, the City will be burdened by assuming ownership of a loss-making business.

6. Council policy implications

The City's business plan notes:

"Council may invest in Commercial/Industrial Property which gives continuous source of ongoing returns and also have capital growth potential...The proposal is consistent with these policy provisions"

The proposal is inconsistent with the policy provision given there is no guarantee of "continuous ongoing returns." The City will be exposed to a risky, operating business with no security in relation to returns and capital growth potential.

7. Financial investment

The City's business plan notes the following:

"Compared with current term deposit rates, which average 2.5%, the purchase has the capacity to realise \$0.1M per annum more than term deposit interest at current rates."

Unlike term deposit rates, there is no guarantee lease payments will be made in accordance with the lease terms, and is therefore subject to more risk. Furthermore, we would like to advise the City alternative investments involving less risk and higher returns are widely available in the form of index and managed funds.

8. Partner concerns Pacifica Developments Pty Ltd

The City must ensure it partners and provides finance to reputable parties. The city should ensure its partner(s):

1. Are people with substance.
2. Have excellent credit worthiness.
3. Have solidity in the form of a independently audited and verified balance sheet.
4. Have a proven and successful track record.

Simple reference checks must be conducted of the Directors of Pacifica Developments Pty Ltd ("Pacifica") to ensure their ability to meet a \$10M loan is steadfast. Our initial research (refer to attached articles in the appendix) raise concerns of Pacifica's ability to repay the loan provided by the City.

To add to this concern, our research shows no personal guarantee exists between the City and the Directors of Pacifica. The arrangement between the City and mortgagor should guarantee first ranking mortgage for the provision of any loan funds over other debt obligations the mortgagor will likely carry.

Due to the highly cyclical boom and bust trading conditions of Karratha across all industries, including hotels, we believe significant risk exists in this arrangement which will be worn solely by the City and therefore rate paying Karratha stakeholders.

9. Transient Workforce Accommodation (TWA) impact on hotel operators

In page 13 of the business plan, the City states:

"A long standing financial practice for the City is to place additional revenue annually into the Infrastructure reserve. This revenue comes from:

- Airport: An annual return on asset value from the Karratha Airport is transferred to the Infrastructure Reserve. This amount is currently \$10.6M pa. Financial planning at the airport indicates a likely ability for this figure to be retained for the foreseeable future.*
- Transient Workforce Accommodation (TWA Rates): Traditionally between 50-100% of the difference in the City's TWA Rate in the Dollar compared to the City's Commercial rate in the Dollar on TWA rated properties has been transferred to the Infrastructure Reserve. This amount has varied from year to year but has averaged out at \$2.96M pa over the past four years.*
- Budget Surplus: On occasion, surpluses that have been identified in Council's quarterly budget reviews have been allocated to the Infrastructure Reserve.*
- Interest: Interest generated from the Infrastructure Reserve is re-invested within the reserve.*

While the City's capital expenditure program is projected to remain relatively high throughout 2018/19, the City's Long-Term Capital Works program shows a decreasing level of capital works expenditure being anticipated over following financial years. Over the same period, the annual return on asset from the Karratha Airport is proposed to remain stable whilst revenue from TWA rates differentials is likely to fall due to a diminishing number of operating TWAs."

The above states half of the TWA rates are going to an infrastructure fund. This creates a conflict of interest and dangerous situation as the City would be favourably looking at TWA as it provides council with money to invest in infrastructure projects.

It also means TWA, and its subsequent rates, are now directly financing a new hotel for existing establishments to compete with.

TWA take away market share from properly constructed and internationally comparable hotel product that are the closest thing to normal accommodation that any customer travelling to Karratha would expect.

All of the hotel operators have had to compete with TWA illegally operating as 'pretend hotels' – accepting short term bookings from one off free independent traveller (FIT) guests, and advertising on Wotif, Expedia and the like in the short-term accommodation space online. This has also occurred in apartment complexes such as Pelago and other residential addresses, where DA approval was based on permanent residential occupation, but now short nightly stays occur frequently.

To add further pain, a new 700 man FIFO camp will be built by Woodside (see appendix link), creating further low occupancy in other camps which will inevitably mean they resort to alternate sources of income – such as short term accommodation markets.

The 'Karratha experience' that results for FIT guests when they come to Karratha and stay in TWA is one that is compromised, inadequate and poor, as compared to most other cities around the country. Karratha reputationally suffers when people who travel there for either work or play have to stay in temporary accommodation facilities.

Despite extensive reporting of this illegal activity to the Council by multiple hotel operators over the recent six years, nothing has been done to protect legitimate short-term accommodation businesses.

10. Hotel industry DA approval conflict of interest

The City will place itself in a very difficult position in the future when faced with planning decisions on new applications and redevelopment of existing facilities which will compete with their Marriott Hotel. The City would be in conflict if it refused to grant approvals or approve with conditions that impede other business's chance to compete.

11. Jetgo

It is our understanding Jetgo has gone in voluntary administration. see appendix below, at the time of writing this submission. It is also our understanding \$800K was given to Jetgo by the City to underwrite flights.

Until such time this payment is declared as being repaid or a bad debt, the City should not invest in traditionally private financed developments and industries/markets.

Separate to the point above, the City's business plans state:

"Although the Quarter Hotel would likely impact occupancy and pricing of existing accommodation providers, this is expected to be offset in part by increased demand for accommodation associated with tourism (particularly with the introduction of international flights) and the conference market currently being pursued by the City as part of the development of the Red Earth Arts Precinct."

International flights now seem unlikely with Jetgo's administration. In the medium to long term international travel will not exist in Karratha. Therefore, the associated uplift in room nights from international travellers will not exist, meaning additional demand for existing hotels in Karratha will not come and offset the additional competition from the new Marriott Hotel/Quarter Hotel.

12. Travelers booking patterns

The City has on several occasions stated this new hotel will *"help attract major events to the Red Earth Arts Precinct."* We find this justification to be unfounded as people decide on where they travel to and what attractions and events they attend and then book accommodation after the fact, not the other way around. To say the hotel will result in people deciding to attend an event is not logical.

13. Council mandates

In the City's FAQ sheet comment is made stating:

"Council's Infrastructure Reserve is for significant capital projects. \$10 million would provide the average residential ratepayer a once-off \$500 reduction in rates, and most of the benefit would go to out of town investors and large corporations. If the proposal goes ahead the hotel would provide another long-term income stream for the City of Karratha which would further reduce Council's reliance on rates for many years to come as well as provide benefits to residents and local businesses".

Councils overarching objectives must be to operate efficiently and support rate payers.

14. Karratha advertising exposure benefits

CR Long states on the City's 'hotel plan open for comment' website (see appendix):

"In addition, if developed, the operator estimates that they will spend \$26.3 million marketing the hotel and the City over the life of the agreement which will generate a great deal of exposure for the City, and importantly most of the grassed area that the community has come to love, will be retained."

As hotel operators for 35 years, we find it extremely unlikely an in-coming hotel operator, whether Marriott or not, will spend \$26.3M on marketing the region. It would equate to almost \$1M per annum – a highly unrealistic amount of money to be spending.

In addition to this, the modelling on the last page of the City's business plan shows only \$400K per annum being spent on marketing which doesn't correspond to CR Long's comments on the hotel plan.

15. Confidence in hotel feasibility

On the very last page of the City's business plan is the P&L forecast for the hotel. This shows The Quarter Hotel starting at 55% occupancy and \$170 ADR (average daily rate), and increase to 78% occupancy and \$211 ADR by year five.

As the market leader for accommodation in Karratha, we find these numbers to be very aggressive and unrealistic. It appears the Quarter Hotel's feasibility was done solely around the consideration there is only 400 rooms of hotel stock in Karratha. What it doesn't factor in is the 3500 TWA rooms in town which short term accommodation providers compete with on a daily basis.

Separate to this, the City's Business Plan's P&Ls look to be based on industry benchmarking. However, operating in the Pilbara bears overheads and cost structures unlike anything else we have experienced in the other towns and cities we operate in. The P&Ls don't allow for factors such as:

1. Extreme regional town operating cycles, high frequency and extremely quick transitioning economic conditions.
2. The incredibly high cost of human resources, including paying above Hotel Industry General Award rates, staff accommodation, flights, tenure bonuses and other incentives.
3. The tremendously high cost of electricity in Karratha.
4. Cyclonic weather conditions.
5. Unforeseeable substantial costs, such as sinking electrical poles and wires into the ground.
6. Having to pay exorbitant GRVs.

16. Supporting Information request

We would like to request clarification on a number of statements made throughout the business plan. Please provide supporting evidence and further details in relation to the following statements:

1. *"Financial modelling indicates that Hotel will be profitable."*
2. *"The estimated construction cost of Stage 1 of the hotel is \$19.7M."*
3. *"In addition, approximately \$26.3M would be spent over the term of the lease on marketing the Hotel, the City and the region..."*

4. *"Independent research commissioned by LandCorp and Pacifica confirms that currently the majority of casual accommodation providers in the City of Karratha are motels. Existing hotels/motels are dated and there is a lack of quality product capable of servicing corporate demand and international tourism. Occupancy rates currently range from 30% to 60% and existing room stock is considered a barrier to the decisions of some people not to stay overnight. The proposed hotel would be a step up from the existing stock and would potential encourage more overnight stays. Progress with any of the major resource projects currently in the pipeline would create an immediate under supply of casual accommodation."*
5. *"It is anticipated that local companies will be engaged through the construction phase of the development and in the operations of the hotel after construction is finalised."*
6. *"Pacifica has indicated that 50+ employment opportunities would be created during construction and 40-50 full and part time hospitality jobs would be created on an ongoing basis. Local employment content would be approximately 90%."*
7. *"... increased demand for accommodation associated with tourism (particularly with the introduction of international flights"*

17. Government stance and precedent

The current Labor government has consistently criticised the previous Liberal government for encroaching into private enterprise spaces. It is our collective opinion this investment will set a dangerous precedent not just for the hotel industry, but other cities and towns in Australia. The precedent will add instability and unpredictability in an already turbulent and volatile business operating climate.

Disruption and change is apparent in all industries as a result of factors such as globalisation, the 'share economy', and ever-increasing technological advances. This act only adds further operating unpredictability for owners in an already unpredictable world. If the City was to foster artificial competition, it will make it harder to attract investment in existing hotels.

It is already difficult for rate paying food and beverage businesses in Karratha to deal with council backed pop-up festivals and events with food trucks and make-shift bars, which take significant business away from established restaurants and bars.

It is not in the role of local government to act in the way of private enterprise. This was once proved through the now infamous 'WA Inc' scandal.

Conclusion

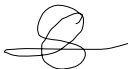
In more than 35 years of hotel ownership and operation, this is the first time Prendiville Group has witnessed a council financially backing a private hotel development. It is an unprecedented move, which will come at the cost of major ratepayers.

This proposal will have a detrimental impact on Western Australia's business community and provide uncertainty for operators and owners. The Karratha hotel market is already struggling, to create more competition would be devastating for local hoteliers.

We strongly object to this proposal and advise the City not to proceed. The proposal involves significant commercial, reputational and social risks which cannot be justified.

We trust the City will show its support to existing hotel operators and loyal ratepayers.

Yours sincerely,



GARRETT PRENDIVILLE

Prendiville Group - Executive Director of Hotels

For and on behalf of Karratha International Hotel

Appendix:

The Quarter Hotel Notice

1. <http://www.karratha.wa.gov.au/sites/default/files/uploads/Advert%20-%20Major%20Land%20Transaction%20-%20The%20Quarter%20Hotel.pdf>
2. <http://www.karratha.wa.gov.au/blog/hotel-plan-open-comment>

The Quarter Business Plan

1. <http://www.karratha.wa.gov.au/sites/default/files/uploads/The%20Quarter%20Hotel%20Business%20Plan%20May%202018.pdf>

The Quarter Hotel - FAQ

1. <http://www.karratha.wa.gov.au/sites/default/files/uploads/The%20Quarter%20Hotel%20Business%20Plan%20-%20FAQ.pdf>

News Articles

1. <https://www.afr.com/real-estate/commercial/nautical-dream-runs-aground-20111003-i471y>
2. <https://www.couriermail.com.au/business/chiefs-homes-at-risk-in-13m-lawsuit/story-e6fregmx-1226133530130?sv=bda3a14a13ea2140d40bf0949a2e03b7>
3. <http://karratha.wa.gov.au/blog/council-calls-wrong-decision-state-government-camp-approval>
4. <https://www.pilbaranews.com.au/?news/pilbara-news/city-of-karratha-signals-intent-to-purchase-quarter-hotel-site-ng-b88841807z>
5. <https://www.pilbaranews.com.au/?news/pilbara-news/karrathas-quarter-hotel-plan-has-a-chequered-history-ng-b88843448z>
6. <http://www.abc.net.au/news/2018-06-01/regional-airline-jetgo-enters-voluntary-administration-amid-leg/9825166>
7. <http://www.travelweekly.com.au/article/cancelled-flights-jetgo-enters-voluntary-administration/>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: New Hotel
Date: Wednesday, 4 July 2018 11:55:51 AM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: SEAN CLERY [mailto:clerytravel@hotmail.com]
Sent: Wednesday, 4 July 2018 11:51 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: New Hotel

I am writing in my disapproval that the Shire Of Roebourne ,uses rate payers money on this project .The City Of Karratha has plenty of accommodation ,leave it to private developers ,which we are not .

Sean Clery
2 Bateman court ,
Karratha

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This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: New Hotel
Date: Tuesday, 3 July 2018 3:02:42 PM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Philip Austen [mailto:pjjaausten@gmail.com]
Sent: Tuesday, 3 July 2018 2:30 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: New Hotel

I am definately NOT in favour of using rate payers moneymy money for this Hotel. I would like to see more money spent on solving the crime rate in Karratha. How about more eyes on the streets....
Janet and Philip Austen .

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: No to 10mil hotel
Date: Tuesday, 3 July 2018 3:00:23 PM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Bobbi G [mailto:b.groshinski@hotmail.com]
Sent: Tuesday, 3 July 2018 2:01 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: No to 10mil hotel

To whom it may concern,

As a rate payers , we are also people who do not approve of the proposed hotel planned to be built. Before we spend money on trying to bring more people into the town how about we make our residents feel safe first? CCTV, more police patrols, even more lighting down the streets would be a more suitable way to spend the money we pay on rates. Our household hasnt felt safe in this town for a while now after being asulted, robbed and abused but what is Karratha city council doing about that? Trying to bring more people into a broken township isnt the answer. Its time to make the people that make this town what it is for the better reasons safe again and building another not needed hotel isnt the way.

Kind regards,
Bobbi & Troy Hill

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From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Objection to Councils plan to invest in Hotel development
Date: Wednesday, 4 July 2018 7:38:45 AM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Nan Rickards [mailto:nan.rickards@bigpond.com]
Sent: Tuesday, 3 July 2018 5:03 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Objection to Councils plan to invest in Hotel development

To Whom It May concern

With regard to Council investing funds into a hotel development in Karratha.

As ratepayers, we object to the proposal by Council of investing funds into this development.

Nan and Danny Rickards
Property Owners
5 Mears court and 29 Harding way Karratha.

PO Box 1942 | Geraldton WA 6531
Mob: 0417 184 290

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For more information please visit <http://www.symanteccloud.com>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Objection to hotel proposal
Date: Wednesday, 4 July 2018 3:30:19 PM
Attachments: [image1.JPG](#)

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Judy Wright [mailto:jude@forthwright.com]
Sent: Wednesday, 4 July 2018 3:29 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Objection to hotel proposal

I sincerely object to the City of Karratha using ratepayers monies to invest in the building of a hotel at the Quarter

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City I agree to have one built, but not at our expense. This is for private enterprise.

I disagree that the City of Karratha should assist such a large amount of money to finance it.

Already the current accommodation/hotels in the city are operating at 50/60% in the peak time. What effect will this have on these existing businesses?

The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

The purchase of the Land from Landcorp? Is this expense separate to the \$10 million fit out?

Has the land already been purchased by City of Karratha and with what funds?

INSURANCE

The cost to Insure of the Hotel? Who is liable to pay it Pacifica or the City. This would be another added cost if the City has to pay it

BUSINESS PLAN 2. Background 2.1 Land Page 5.

Landcorp stated that Hotel Developers have not wanted to proceed with the hotel · **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

If the Developer experience difficulties and the ownership will revert to the City as per above the City will have a \$10 million property not a \$20 million property.

RISK

The Risk Factor is going to be high. The Hotel Developers didn't want to take the

RISK even during the Boom

image1.JPG



K

INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

The new airport was built how the City wished it and did not take into account room for customs/border protection or quarantine we will never have an International airport until

this is addressed.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airlie Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not inline with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

Judy Wright JP, CMC
23 Heron Loop
Karratha

0439932104

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: re hotel
Date: Tuesday, 3 July 2018 11:59:44 AM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

-----Original Message-----

From: Alex Briginshaw [<mailto:abrigins@bigpond.net.au>]
Sent: Tuesday, 3 July 2018 11:49 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: re hotel

Council

We object to the council part financing this project. Tourist will not come with current flight costs. We will be again subsidising the minning companies that will use it.

Regards
Alex Steven Briginshaw

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For more information please visit <http://www.symanteccloud.com>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Submission - Development of 4 Star Hotel at The Quarter Precinct
Date: Tuesday, 3 July 2018 3:01:13 PM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Oversby [mailto:raymeryl@reachnet.com.au]
Sent: Tuesday, 3 July 2018 2:25 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Submission - Development of 4 Star Hotel at The Quarter Precinct

Dear Sir/Madam

We are the owners of two units at the 4 star Best Western Karratha Central Apartments which are located directly adjacent to the proposed above development.

The value of our units has dramatically declined in recent years owing to very low occupancy rates and we find it inconceivable that the City of Karratha would propose spending **our** rates on building another 4 star accommodation complex in direct competition to ourselves and in an already oversupplied accommodation market. Such a new development would place unacceptable pressure on our already reduced returns and exacerbate the depleted resale value of our units.

We consider it to be a gross misuse of ratepayer's money and vehemently object to this proposal.

If the Karratha City Council has such an abundance of funds perhaps they could return some of this wealth to existing ratepayers or, at the very least, make major reductions to future rates notices.

Yours sincerely

Ray & Meryl Oversby
2 Sleeman Road
Youngs Siding 6330
T: 08 98452037

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For more information please visit <http://www.symanteccloud.com>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Support for the Hotel Project
Date: Tuesday, 3 July 2018 7:37:08 AM
Attachments: [image001.jpg](#)

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Sean Throssell [mailto:events@onyxwa.com.au]
Sent: Monday, 2 July 2018 7:13 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Cc: Grant Cucel <gcucel@gmail.com>
Subject: Support for the Hotel Project

Dear City of Karratha,

I wish to inform the City that I support the Quarter Hotel Project based on the following

- Activation of the City Centre
- New Job opportunities for Karratha Locals
- With new Gas and Energy project on the horizon 4 star hotel accommodation will be required to meet the demand
- Existing hospitality business will be offered new opportunities to cater to the corporate and recreational guests who stay at the new hotel by way of meals and socialising
- This will be the first new City Centre Hotel project in almost 20 years - there have been Motels and Motor Hotels built, but not a dedicated hotel (to the best of my knowledge)
- The Marriott Group is a global hotel chain that can offer the opportunity to add Karratha to their existing portfolio the group has over 6500 hotels, 1.2 million beds in 127 countries I'm thinking that's a pretty good start.
- While the business plan does not offer a lot of detail as yet I think if the Marriott Group operates the venue it will add great value to our City and will work towards completing the City Master Plan,

I can see that there may be some opposition to the project from the existing motels and accommodation business' – however if you turn back to 2012 there were only 3 or 4 licensed restaurant and 2 cafes

We now have over 12 licensed restaurant and cafes operating within the city block, I think this project will help support these business and also encourage the existing motels to upgrade facilities to entice

More people to stay in a better range of accommodation, this comment is made with no bad reflection on any of the existing motels in Karratha, they all offer a good product, however I would welcome a new

4 star hotel with an international operation to Karratha.

Kind Regards

Sean Throssell

SEAN THROSSELL | DIRECTOR | ONYX GROUP WA PTY LTD

cid:image001.jpg@01D37FDD.F0B79760



This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: MAJOR LAND TRANSACTION - objection
Date: Tuesday, 3 July 2018 11:15:57 AM
Attachments: [Hotel Purchase.docx](#)

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Danielle Hage [mailto:danielle_hage@yahoo.com.au]
Sent: Tuesday, 3 July 2018 10:36 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Re: MAJOR LAND TRANSACTION - objection

Hi,

Not sure if that document came out blank?

I have re attached for you.

Regards Dani

On 3 Jul 2018, at 10:26 am, Danielle Hage <danielle_hage@yahoo.com.au> wrote:

Hello,

Please find the attached objections to the Major Land Transaction of a 4 star hotel to be built in the Quarter precinct.

Kind Regards

Danielle Hage

0424342617 danielle_hage@yahoo.com.au

**President of Karratha City Ratepayers &
Residents Association INC.**

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<PROPOSAL Quarter Hotel -2.docx>

PROPOSAL - THE QUARTER HOTEL

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City agree to have one built, but not at our expense.

I disagree that the City of Karratha should assist such a large amount of money to finance it.

Already the current accommodation/hotels in the city are operating at 50/60% in the peak time.

What effect will this have on these existing businesses?

The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

The purchase of the Land from Landcorp? Is this expense separate to the \$10 million fit out?

INSURANCE

The cost to Insure of the Hotel? Who is liable to pay it Pacifica or the City. This would be another added cost if the City has to pay it

BUSINESS PLAN 2. Background 2.1 Land Page 5.

Landcorp stated that Hotel Developers have not wanted to proceed with the hotel • **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

If the Developer experience difficulties and the ownership will revert to the City as per above the City will have a \$10 million property not a \$20 million property.

RISK

The Risk Factor is going to be high. The Hotel Developers didn't want to take the RISK even during the Boom

INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airlie Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not inline with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: MAJOR LAND TRANSACTION - objection
Date: Wednesday, 4 July 2018 2:51:04 PM
Attachments: [Hotel Purchase.docx](#)
[ATT00001.htm](#)

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Paul Hage [mailto:paulhage@y7mail.com]
Sent: Wednesday, 4 July 2018 2:50 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Fwd: MAJOR LAND TRANSACTION - objection

Please find the attached objection to the hotel purchase at the quarter

Sent from my iPhone

Begin forwarded message:

From: Danielle Hage <danielle_hage@yahoo.com.au>
Date: 4 July 2018 at 2:46:59 pm AWST
To: paulhage <paulhage@y7mail.com>
Subject: Fwd: MAJOR LAND TRANSACTION - objection

Sent from my iPhone

Begin forwarded message:

From: Danielle Hage <danielle_hage@yahoo.com.au>
Date: 3 July 2018 at 10:35:31 AWST
To: enquiries@karratha.wa.gov.au
Subject: Re: MAJOR LAND TRANSACTION - objection

Hi,

Not sure if that document came out blank?

I have re attached for you.

Regards Dani

On 3 Jul 2018, at 10:26 am, Danielle Hage
<danielle_hage@yahoo.com.au> wrote:

Hello,

Please find the attached objections to the Major Land Transaction of a 4 star hotel to be built in the Quarter precinct.

Kind Regards

Danielle Hage

0424342617 danielle_hage@yahoo.com.au

PROPOSAL - THE QUARTER HOTEL

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City agree to have one built, but not at our expense.

I disagree that the City of Karratha should assist such a large amount of money to finance it.

Already the current accommodation/hotels in the city are operating at 50/60% in the peak time.

What effect will this have on these existing businesses?

The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

The purchase of the Land from Landcorp? Is this expense separate to the \$10 million fit out?

INSURANCE

The cost to Insure of the Hotel? Who is liable to pay it Pacifica or the City. This would be another added cost if the City has to pay it

BUSINESS PLAN 2. Background 2.1 Land Page 5.

Landcorp stated that Hotel Developers have not wanted to proceed with the hotel • **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

If the Developer experience difficulties and the ownership will revert to the City as per above the City will have a \$10 million property not a \$20 million property.

RISK

The Risk Factor is going to be high. The Hotel Developers didn't want to take the RISK even during the Boom

INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airlie Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not inline with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

Linda Phillips

From: Records Officer
Sent: Wednesday, 4 July 2018 7:39 AM
To: Phillip Trestrail
Cc: Linda Phillips
Subject: FW: Hotel Purchase
Attachments: Hotel Purchase.docx

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: marinaray [mailto:marinaray@westnet.com.au]
Sent: Tuesday, 3 July 2018 5:07 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel Purchase

To whom it may concern

I wish to voice that I am opposed to the proposed hotel purchase and would like the questions in the attached letter answered before anything else happens.

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For more information please visit <http://www.symanteccloud.com>

PROPOSAL - THE QUARTER HOTEL

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City agree to have one built, but not at our expense.

I disagree that the City of Karratha should assist such a large amount of money to finance it.

Already the current accommodation/hotels in the city are operating at 50/60% in the peak time.

What effect will this have on these existing businesses?

The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

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INSURANCE

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BUSINESS PLAN 2. Background 2.1 Land Page 5.

Landcorp stated that Hotel Developers have not wanted to proceed with the hotel • **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

If the Developer experience difficulties and the ownership will revert to the City as per above the City will have a \$10 million property not a \$20 million property.

RISK

The Risk Factor is going to be high. The Hotel Developers didn't want to take the RISK even during the Boom

INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airlie Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not inline with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

Linda Phillips

From: Records Officer
Sent: Tuesday, 3 July 2018 11:14 AM
To: Phillip Trestrail
Cc: Linda Phillips
Subject: FW: Hotel proposal
Attachments: Hotel Purchase.docx

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Lee Nielsen [mailto:lniel1980@hotmail.com]
Sent: Tuesday, 3 July 2018 10:58 AM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel proposal

To whom it may concern

Please find my submission regarding the proposed hotel construction attached

Sincerely
Lee Nielsen
1A Trevally court Millars Well
0457 475 571

Sent from my Samsung Mobile on the Telstra Mobile Network

This email has been scanned by the Symantec Email Security.cloud service.
For more information please visit <http://www.symanteccloud.com>

PROPOSAL - THE QUARTER HOTEL

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City agree to have one built, but not at our expense.

I disagree that the City of Karratha should assist such a large amount of money to finance it.

Already the current accommodation/hotels in the city are operating at 50/60% in the peak time.

What effect will this have on these existing businesses?

The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

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INSURANCE

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BUSINESS PLAN 2. Background 2.1 Land Page 5.

Landcorp stated that Hotel Developers have not wanted to proceed with the hotel • **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

If the Developer experience difficulties and the ownership will revert to the City as per above the City will have a \$10 million property not a \$20 million property.

RISK

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INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airlie Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not inline with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Objection to use of Ratepayers money for the Hotel by City of Karratha
Date: Wednesday, 4 July 2018 2:30:11 PM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Kevin Michel [mailto:kevinmichelmp@gmail.com]
Sent: Wednesday, 4 July 2018 1:02 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Objection to use of Ratepayers money for the Hotel by City of Karratha

PROPOSAL - THE QUARTER HOTEL

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City agree to have one built, but not at our expense. I disagree that the City of Karratha should assist such a large amount of money to finance it. Already the current accommodation/hotels in the city are operating at 50/60% in the peak time. What effect will this have on these existing businesses?
The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

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BUSINESS PLAN 2. Background 2.1 Land Page 5.

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RISK

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INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airlie Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not inline with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

Kind Regards,
Jacqueline James - Michel

6 Lady Douglas Way

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For more information please visit <http://www.symanteccloud.com>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Objection To The Quarter Hotel Proposal
Date: Wednesday, 4 July 2018 2:44:21 PM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Catherine Palmer [mailto:remlap@iprimus.com.au]
Sent: Wednesday, 4 July 2018 2:34 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Objection To The Quarter Hotel Proposal

To Whom It May Concern

-

PROPOSAL - THE QUARTER HOTEL

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City agree to have one built, but not at our expense. I disagree that the City of Karratha should assist such a large amount of money to finance it. Already the current accommodation/hotels in the city are operating at 50/60% in the peak time. What effect will this have on these existing businesses?
The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

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INSURANCE

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BUSINESS PLAN 2. Background 2.1 Land Page 5.

Landcorp stated that Hotel Developers have not wanted to proceed with the hotel • **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

If the Developer experience difficulties and the ownership will revert to the City as per above the City will have a \$10 million property not a \$20 million property.

RISK

The Risk Factor is going to be high. The Hotel Developers didn't want to take the RISK even during the Boom

INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airline Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not in line with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

It's a massive NO from this Rate Payer we do not need another hotel.

Many Thanks

Catherine Palmer

Mobile: 0408199193

Email: remlap@iprimus.com.au

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For more information please visit <http://www.symanteccloud.com>

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Objection To the Quarter Hotel Proposal
Date: Wednesday, 4 July 2018 2:45:33 PM

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: remlapg@iprimus.com.au [mailto:remlapg@iprimus.com.au]
Sent: Wednesday, 4 July 2018 2:39 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Objection To the Quarter Hotel Proposal

To Whom It May Concern

-

PROPOSAL - THE QUARTER HOTEL

DEMAND FOR ANOTHER HOTEL

If there is a demand for another Hotel in the City agree to have one built, but not at our expense. I disagree that the City of Karratha should assist such a large amount of money to finance it. Already the current accommodation/hotels in the city are operating at 50/60% in the peak time. What effect will this have on these existing businesses?
The additional 50 permanent jobs created from the hotel would be at the detriment of the current staff employed at existing businesses.

LAND PURCHASE

The purchase of the Land from Landcorp? Is this expense separate to the \$10 million fit out?

INSURANCE

The cost to Insure of the Hotel? Who is liable to pay it Pacifica or the City. This would be another added cost if the City has to pay it

BUSINESS PLAN 2. Background 2.1 Land Page 5.

Landcorp stated that Hotel Developers have not wanted to proceed with the hotel • **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

If the Developer experience difficulties and the ownership will revert to the City as per above the City will have a \$10 million property not a \$20 million property.

RISK

The Risk Factor is going to be high. The Hotel Developers didn't want to take the RISK even during the Boom

INTERNATIONAL FLIGHTS

This is currently not happening so how are we going to attract the international market with current flight prices still out of reach.

DUE DILLIGENCE

What research has been done around the directors of Pacifica considering they have been in the news regarding a \$13 Million lawsuit for failing to repay a \$10 million loan from a collapsed Airline Beach investment? Considering we have invested \$800,000 already into a collapsed airline to try and support them, it makes me ask the question, "Are we sure we know who we are going into business with?"

This is not in line with how current City Councils run so why are we continuing to work outside the guidelines of Local government and ignoring the community and our concerns.

We need to start looking after our local people and addressing our growing concern for the safety and security of our town. The 'build it and they will come dream' is not something to be attempting in this climate.

It's a massive NO from this Rate Payer we do not need another hotel.

Many Thanks

Graham Palmer

Mobile: 0438 199 140

Email: remlapg@iprimus.com.au

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PROPOSAL - THE QUARTER HOTEL

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Landcorp stated that Hotel Developers have not wanted to proceed with the hotel • **the fact that the hotel valuation is likely to be approximately \$10 million less than the construction cost;**

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Rocco Iemma

6 Melak st

0417017727

From: [Records Officer](#)
To: [Phillip Trestrail](#)
Cc: [Linda Phillips](#)
Subject: FW: Hotel purchase
Date: Wednesday, 4 July 2018 7:40:18 AM
Attachments: [Hotel Purchase.docx](#)
Importance: High

This has been identified by the Records Team as a business email, please ensure that it is registered in SynergySoft.

From: Reg and Sharlene [mailto:hengbo@iinet.net.au]
Sent: Tuesday, 3 July 2018 5:47 PM
To: Records Officer <records.officer@karratha.wa.gov.au>
Subject: Hotel purchase
Importance: High

Please see our attached objection to the \$10M hotel purchase.

Your response is appreciated.

Kind regards

Reg CHARLES & Sharlene HOGBEN
KCC Ratepayers

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For more information please visit <http://www.symanteccloud.com>

3 July 2018

We, as rate payers to the Karratha City Council, object to the \$10M hotel purchase by the Council, for the following reasons. We would appreciate your answers to all questions listed below.

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Reg CHARLES & Sharlene HOGBEN

KCC Ratepayers

PROPOSAL - THE QUARTER HOTEL

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If there is a demand for another Hotel in the City agree to have one built. Disagree that the City of Karratha to assist such a large amount of money to finance it.

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RISK

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INTERNATIONAL FLIGHTS

Need to be certain what is going to be the out come of the flights to see if they are going to proceed

Graeme & Shelley McEwan