City of
Mount Gambier

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Reference: AF11/877 FM
Enquiries to: Mr Mark McShane

MEMBERS

NOTICE is hereby given that I have called a Special Meeting of the Council to be held at the Council Chamber, Civic Centre, 10 Watson Terrace, Mount Gambier on the following date and time:

Wednesday 23 January, 2019 - Council Chamber – Civic Centre (commencing at 6.00 p.m.)

For the purpose of:

1. Council to endorse the Full Business Case to the Federal Government for the Regional Growth Fund Application.

2. Council to endorse the Prudential Report.

An Agenda for the meeting to be held on 23 January 2019 at 6.00 p.m. is attached.

Lynette MARTIN OAM
MAYOR

15 January 2019

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AGENDA OF SPECIAL COUNCIL MEETING

Meeting to be held at the Council Chamber, Civic Centre, 10 Watson Terrace, Mount Gambier on Wednesday 23 January at 6:00 p.m.

PRESENT	Deputy Mayor Sonya Mezinec		
	Cr Kate Amoroso		
	Cr Max Bruins		
	Cr Christian Greco		
	Cr Frank Morello		
	Cr Paul Jenner		
COUNCIL OFFICERS	Chief Executive Officer	-	Mr M McShane
	General Manager Community Wellbeing	-	Ms B Cernovskis
	General Manager Council Business Services	-	Mrs P Lee
	General Manager City Growth	-	Dr J Nagy
	General Manager City Infrastructure	-	Mr N Serle

WE ACKNOWLEDGE THE BOANDIK PEOPLES AS THE TRADITIONAL CUSTODIANS OF THE LAND WHERE WE MEET TODAY. WE RESPECT THEIR SPIRITUAL RELATIONSHIP WITH THE LAND AND RECOGNISE THE DEEP FEELINGS OF ATTACHMENT OUR INDIGENOUS PEOPLES HAVE WITH THIS LAND.

1. APOLOGIES

Apologies received from Mayor Lynette Martin OAM, Cr Ben Hood and Cr Steven Perryman

That the apology from Mayor Lynette Martin OAM, Cr Ben Hood and Cr Steven Perryman be received.

Moved: Seconded:

2. COUNCIL REPORTS

Council Reports commence on the following page.

2.1. Federal Government Regional Growth Fund Full Business Case Endorsement

COMMITTEE	Council
MEETING DATE:	23 January 2019
REPORT NO.	AR19/2197
RM8 REFERENCE	AF18/441
AUTHOR	Dr Judy Nagy
SUMMARY	This report seeks Council endorsement of the Full Business Case for Stage 2 of the Federal Government Regional Growth Fund.
COMMUNITY PLAN REFERENCE	Goal 1: Our People

REPORT RECOMMENDATION
(a) That Council Report No. AR19/2197 titled '*Federal Government Regional Growth Fund Full Business Case Endorsement*' as presented to the Council on 23 January 2019 be noted. (b) That Council endorse the Regional Growth Fund Full Business Case. (c) That the Regional Growth Fund Full Business Case be lodged with the Federal Government by the due date of 25 January 2019.

Moved: Seconded:

Background

Following broad based community and sporting club support for the development of a multi-function community recreation centre in March 2018, discussions with Tony Pasin, Member for Barker lead to Council lodging an Expression of Interest for the Federal Government Regional Growth Fund on 27 April 2018 seeking $20 million in funding.

At a Special Council Meeting held on the 24 April 2018, Council resolved:

3.1. Mount Gambier Regional Sport and Recreation Centre - Report No. AR18/15113

COUNCIL RESOLUTION

(a) That Council Report No. AR18/15113 titled '*Mount Gambier Regional Sport and Recreation Centre*' as presented to the Council on 24 April 2018 be noted.

(b) That Council endorses the submission of an Expression of Interest (EOI) to the Department of Infrastructure, Regional Development and Cities for the Regional Growth Fund to secure funding for a Regional Sport and Recreation Centre by the due date of April 27th 2018.

(c) Staff are authorised to make non material changes to wording and content of the EOI to finalise for submission.

(d) That Council, in anticipation of the EOI being favourably assessed;

i) endorses the continued development of the full business case for the building and operation of a Regional Sport and Recreation Centre as proposed in the EOI;

ii) endorses funding of $80,000 to enable more detailed architectural design, project management, costings and associated work to be prepared to satisfy the criteria of a full business case submission;

iii) engages with a broad range of stakeholders in developing the design and functionality of the proposed centre;

iv) continues to lobby the State Government for a funding commitment of not less than $ 10 million as a vital portion of funding for the construction of the Sport and Recreation Centre;

v) resolves for the Councillor Working Party to be continued and seeks nominations for participation in the next stage of development work for the proposed Sport and Recreation Centre, and

vi) reviews the full business case for stage two of the application process prior to the submission deadline (date not yet known), confirming Councillor commitment to the funding application for the proposed Sport and Recreation Centre.

On the 25 October 2018, Council was notified by Deputy Prime Minister, the Hon Michael McCormack MP that the initial EOI application for funding under the Regional Growth Fund was successful, with funding of up to $15 million being earmarked for the proposal. A full business case is required to be submitted within three months of the successful notification on 25 January 2019.

For Council this milestone was the key turning point that then triggered the next stages of development.

Discussion

Much work has been done to prepare the full business case for Stage 2 of the application, working within very tight timeframes. This work has included:

- Preparation of Feasibility Study report by SGL Consulting.
- Engagement of Architect Design Inc Adelaide/Co-Op Studio to prepare preliminary design of the facility.
- Engagement of the Community Reference Group to inform the design and inclusions of the facility.
- Preparation of Cost Estimate Summary report by Rider Levett Bucknall.
- Preparation of Financial Modelling report by BRM Holdich.
- Extensive community engagement program to inform the community of the details of the proposal.
- Elector survey held by independent specialist Market Solutions to measure support for the project as required to secure Federal Government funding.
- Preparation of a Prudential Report

The funding elements for the proposed Community and Recreation Hub have changed over time as government agencies assessed and made known the contributions they are willing to make. Ambitious from the outset, major projects of this type are typically developed over a number of years and Council have been working to very compressed timeframes to present the most compelling case for funding in response to Community lobbying. During this process, Council elections added to the mix of challenges.

Predicting costs and funding breakdowns in advance of detailed reports being available has also been challenging however the firm foundation of Council's strong financial position has underpinned the whole of development process.

Table 1 below shows the initial funding breakdown proposed in April 2018 before the project designs were finalised and costed and government agencies commitments were known. Highlighted in orange are the dates when figures were clarified.

TABLE 1

Sources	Proposed April 2018	Proposed October 2018	Proposed 17 January 2019	Proposed 22 January 2019	Proposed 23 January 2019
Federal Government	$20,000,000	* $15,000,000	$15,000,000	$15,000,000	$15,000,000
State Government	$10,000,000	$15,000,000	*$10,000,000	$10,000,000	$10,000,000
District Council of Grant				* $350,000	$350,000
Council	$10,000,000	# $9,100,000	$9,100,000	$9,100,000	$13,750,000
Shortfall			$5,000,000	$4,650,000	
	$40,000,000	$39,100,000	$39,100,000	$39,100,000	$39,100,000

* Clarification from ministerial announcements and District Council of Grant
\# Clarification from quantity surveyor costings

It is important to recognise that the proposed funding available from both the Federal and State Government (pending assessment of relevant documentation) is a very significant vote of confidence in the region and is the highest level that has ever been considered for this region for any purpose.

It is also important to note that the funding from government sources of $15 + $10 Million cannot be used for any purpose other than the proposed Community and Recreation Hub and if Council does not determine a pathway forward for meeting the funding shortfall then the whole of the $25 Million will be lost to this region. This means that all of the proposed economic, construction, employment, sport, health and community wellbeing benefits the Community and Recreation Hub will contribute to, will not come to this region. In addition, Council will need to consider it's position after being given a strong mandate for progressing the project via the 72% yes vote in the Community Survey.

Council's financial position has been the subject of independent assessment and we are confident that the shortfall can be addressed through additional loan borrowings. The 2017/18 Financial Report
shows that Council currently has non-current borrowings of $2.6 Million against an asset base of $247 Million. This shows that Council currently has borrowings of only 1%.

With no other major capital works proposed in the near future, Council is able to prepare for the financing needs of the proposed Community and Recreation Hub by accumulating cash reserves and taking out a low interest (3.6%) loan via Council's existing overdraft Cash Advance Debenture (CAD) facility. Initially this represents $180,000 more in interest costs for the additional $5,000,000 shortfall, however the CAD facility allows for funds to be drawn down as required with interest being at most $288,000 per annum and reducing through cash flow management processes.

The Table 2 shows how the proposed financing model for addressing Council's contribution to the project.

TABLE 2

Proposed Council Contribution	$	Notes
Infrastructure spending	1,400,000	For ground works in preparation for construction
Cash	4,700,000	Estimated buildup of cash reserves by 2021
	7,650,000	Borrowings via CAD
Total Capital Cost	13,750,000	

Conclusion

The Federal Government Regional Growth Fund full business case has been prepared and attached to this report, and is ready for lodgement by the deadline of 25 January 2019 subject to Council endorsement.

The attached report, Regional Growth Fund Full Business Case will be submitted to the Federal Government Regional Growth Fund and contains attachments that have previously been the subject of reports to Council. Council will also note that the attachments are also included in the Prudential Report. As the Prudential and Regional Growth Fund Full Business Case are intended for different audiences, the reports need to stand alone and Elected Members should note the duplication of attachments for their own consideration.

Attachments

Attachment 1 (AR19/1963): Regional Growth Fund Full Business Case

Dr Judy Nagy
GENERAL MANAGER CITY GROWTH

Mark McShane
CHIEF EXECUTIVE OFFICER

16 January 2019
DL

2.2. Special Council Report AR19/2697 – Prudential Management Report – Community and Recreation Hub

COMMITTEE	Council
MEETING DATE:	23 January 2019
REPORT NO.	AR19/2697
RM8 REFERENCE	AF18/53
AUTHOR	Michael McCarthy
SUMMARY	This report presents a report on the prudential issues associated with the Community and Recreation Hub Project for consideration.
COMMUNITY PLAN REFERENCE	Goal 3: Our Diverse Economy

REPORT RECOMMENDATION

(a) That Council Report No. AR19/2697 titled '*Prudential Management Report – Community and Recreation Hub*' as attached be noted.

(b) That the Prudential Report for the Community and Recreation Hub as attached to Council Report No. AR19/2697 be received and noted.

(c) Having considered the Prudential Report for the Community and Recreation Hub as attached to Council Report No. AR19/2697, Council acknowledges:

- the report has been prepared by a person the Council reasonably believes qualified to address the prudential issues in s48(2) of the Local Government Act 1999; and,
- the prudential issues, due diligence activities and project risks associated with the Community and Recreation Hub as contained in the Prudential Report; and,
- the Risk Management and Evaluation Plan for the project as appended to the Prudential Report and the identified project risks and risk mitigation activities; and,
- it's proposed engagement with the project to completion subject to favourable:
    - consideration of the result of the Community Survey on the project; and,
    - Federal, State and Council funding arrangements for the full project cost; and,
    - all development and other required project approvals being granted; and,
    - all funding conditions and initial project milestones being met.

(d) That periodic project reports be presented to Council via the Community and Recreation Hub Committee for the duration of the project until the facility has been made fully operational and a final evaluation plan has been favourably received by Council including presentation of a Risk Management and Evaluation Plan report on at least a quarterly basis.

Moved: Seconded:

Background

Section 48 of the Local Government Act 1999 ("Act") requires Council to develop prudential management policies, practices and procedures for the assessment of projects to ensure that the Council:

(a) acts with due care, diligence and foresight; and
(b) identifies and manages risks associated with a projects; and
(c) makes informed decisions; and
(d) is accountable for the use of Council and other public resources.

Both Council's Prudential Management Policy P415 and Section 48(1) of the Act require Council to obtain and consider a report that addresses the prudential issues set out in Section 48(2) before engaging in any project:

i. where the expected operating expenses calculated on an accrual basis of the Council over the ensuing five years is likely to exceed 20 percent of the Council's average annual operating expenses over the previous five financial years (as shown in the Council's financial statements); or

ii. where the expected capital cost of the project over the ensuing five years is likely to exceed $4 000 000 (indexed); or

iii. where the Council considers that it is necessary or appropriate.

The Community and Recreation Hub Project meets at least the capital cost criteria requiring a prudential management report to be obtained and considered.

Discussion

The Community and Recreation Hub has a capital cost estimated at $39.1 Million making it a project that requires Council to obtain and consider a report that addresses the prudential issues set out in Section 48(2) of the Act.

The prudential issues set out in Section 48(2) are as follows:

(a) the relationship between the project and relevant strategic management plans;

(b) the objectives of the Development Plan in the area where the project is to occur;

(c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;

(d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

(e) if the project is intended to produce revenue, revenue projections and potential financial risks;

(f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

(h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

(i) the most appropriate mechanisms or arrangements for carrying out the project; and

(j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

Section 48(4) of the Act provides that a prudential report under subsection (1) must be prepared by a person whom the Council reasonably believes to be qualified to address the prudential issues set out in subsection (2) and subsection (4a) provides that a report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the Council).

The attached Prudential Report on the Community and Recreation Hub Project has been prepared by Council's Manager Executive Administration who has been deliberately kept at arm's length from the various processes undertaken to-date with regard to the Community and Recreation Hub Project to enable an independent and objective assessment and presentation of the prudential issues.

It should be noted that the Prudential Report is not intended to weigh-in or make recommendation on the merit of the project, but merely to provide facts and commentary on the risks, prudential issues and due diligence activities associated with the project to assist Council in its decision making.

Section 48(4b) provides that Council must give reasonable consideration to a prudential report under subsection (1) (and must not delegate the requirement to do so under this subsection).

Conclusion

The attached report on the prudential issues associated with the Community and Recreation Hub project is presented, to which Council is required to give due consideration to ensure that it is satisfied with the preparation and content, is acting with due care, diligence and foresight, is identifying and managing risks associated with the project, is making informed decisions, and being accountable for the use of Council and other public resources.

Attachments

Attachment 1 (AR18/23733): Prudential Report – Community and Recreation Hub

Michael McCARTHY
MANAGER EXECUTIVE ADMINISTRATION

Mark McSHANE
CHIEF EXECUTIVE OFFICER

14 January 2019
MMcC

REPORT ATTACHMENTS

Report attachments commence on the next page.

City of
Mount Gambier

MOUNT GAMBIER COMMUNITY AND RECREATION HUB
REGIONAL GROWTH FUND
BUSINESS CASE

This document represents the second stage of a two part submission process for the Federal Government Regional Growth Fund. The first stage Expression of Interest required that applications address three specific merit criteria. The criteria included:

1. Job creation as a result of the project including direct employees during and post construction and indirect employees post construction.
2. The economic benefit your project will deliver to the region during and beyond the construction phase.
3. Evidence of how your project will increase the regional resilience to economic fluctuations by strengthening and building capacity, including:
    - Improving productivity
    - Improving liveability
    - Improving connectivity
    - Increasing diversity of jobs

Having addressed the criteria, an invitation to progress to the second stage of the submission process moves beyond the justification phase to the viability and sustainability issues.

The provision of evidence to support the robust nature of processes employed to determine the design, costing of the design, operational capability to manage construction and maintain assets, financial capabilities and a governance model supported by prudential assessment is the focus of this report.

Executive Summary

The City of Mount Gambier proposes to build an integrated multi-purpose community sport, events/function and recreation hub that will provide a year round focal point for the next 50- 60 years in the region.

Mount Gambier (population 26,500) is a service centre for a broader regional catchment of approximately 66,683 (2016) people. It is situated 435 kilometers from Adelaide where the nearest state public 'indoor sport and recreation centre' is located and 119 kilometers from a facility in Victoria at Portland. The climate in Mount Gambier during winter is cold (July mean maximum daily temperature of 13.2C and mean monthly rainfall of 100.2 ml) limiting outdoor recreation and event opportunities.

Mount Gambier is the largest city in South Australia outside of Adelaide and has a diversity of services acting as a drawcard for surrounding regional towns. It is predicted that for Mount Gambier the proportion of population over 65 years will increase by 31.5 per cent over the next ten years to around 22 per cent of the population by 2026. This will have implications for labour force participation and the future workforce in Mount Gambier, but will also create opportunities in terms of attracting tourists, investment and people, based on the region's lifestyle and affordability. Providing appropriate infrastructure that meets the needs of an evolving community will be important to maintain regional viability.

Map of the Mount Gambier and surrounding area

The City of Mount Gambier has embarked on a program of identifying and pursuing economic and community development opportunities via a number of targeted projects prioritised through a process that distilled recommendations from numerous strategic reports. Securing a strong evidence base for action to build the economy and create jobs in areas of competitive strength has been the focus over several years. Development of a state-of-the-art community recreation and events/function facility is considered to be a major enabler for a range of community objectives.

There is strong alignment between City, Regional, State and Federal Government policy frameworks to promote economic development through regional attractiveness for retention and attraction of skilled workers, social inclusion, youth engagement and health and community well-being.

Background

The matter of an indoor aquatics centre and more recently an indoor community recreation and events/function centre has been 'on the agenda' in Mount Gambier for decades. With each re-emergence of the issue more voices have contributed to the debate and the depth of knowledge has increased. Knowledge about:

- the needs that a proposed facility would address;
- the potential benefits to the region;
- the capital and operational costs for Council and the community, and
- the depth of the community support for the project;

have enriched the proposal development. Importantly, the community of Mount Gambier have been at the forefront of pushing for this project to come to fruition. Through public meetings, petitions, being members of reference groups, meeting with architects to inform design, promoting and informing the community of features and functionality and ensuring that as many sectors of the public as possible were provided an opportunity for input, the community had a strong voice. Council have also engaged

with a diverse group of sporting bodies at regional, state and national levels to ensure a high level of awareness by stakeholders was achieved.

The Community have given strong endorsement for the project through a Community Survey where 45% of electors responded to the survey with 72% voting in favour of the Community and Recreation Hub.

Design features

The proposed site is adjacent to exiting outdoor aquatics facilities, netball and tennis courts and is located in the centre of the city with easy access to additional parking and other amenities. Completion of the facility will effectively consolidate the area as a recreation and activity hub for community activities.

Retaining the existing 50 metre outdoor pool, the proposed new indoor Community and Recreation Hub will be on a centrally located site controlled by the City of Mount Gambier that is reserved for recreation purposes. The proposed project will include;

- a venue suitable for large conferences, events and performances for more than 1500 people;
- smaller conference and meeting rooms;
- six courts in two blocks of 3 allowing for different court surfaces for alternative uses;
- all courts will be available for a diversity of sports and a range of other recreation and fitness uses;
- one bank of 3 courts will be acoustically treated for entertainment purposes with retractable seating, lighting and enhanced sound features;
- the second bank of three courts will also have retractable seating to allow for a show court/space for feature events;
- youth spaces for programming and activities;
- crèche, café and office spaces for sporting groups and allied health;
- a splash pad for children's play activities, a learn to swim pool, a warm water pool and a regulation size 25 metre, 8 lane lap pool
- disability ramp access to pools with multiple disabled access change facilities;
- fitness spaces located on the first floor with community and conference rooms overlooking the pool and courts facilities, and
- mezzanine level seating enhancing access and visibility for many users.

Artist impression of the front building façade

Site plan and design

Note: These plans are not to scale.

Business Case documentation.

The Full Business Case requires a detailed Project Management Plan that includes the following sections. Where appropriate more specific details refer to attachments that contain additional information.

- Scope
  - Appendix A - DesignInc and Co-Op Design Plans and Images
- Implementation methodology/Procurement Plan
  - Appendix B - Implementation Plan – Gant Chart
- Timeframes
- Budget/Cost Estimates (GST exclusive)
  - Appendix C - Rider Levett Bucknall Quantity Surveyor Report
  - Appendix D - Simply Great Leisure (SGL) Feasibility Study
  - Appendix E - BRM Holdich Business Case
- Regulatory Approvals
- Procurement Plan
- Risk Management Plan
  - Appendix F - Prudential Report
- Evaluation Plan

Additional information

- Insurance
- Asset Management Plans
- Community Engagement Summary
  - Appendix G - Summary of Community Engagement
- Evidence of State Government Funding Contribution

Scope

From the initial concept drawings prepared for the Regional Growth Fund Expression of Interest, a robust community input and design phase was conducted with Architects from DesignInc and Co-Op Studio. The intermediate plans have combined and refined all the identified community needs and wants to arrive at a design that provides for flexible use. The design also reflects socially inclusive use principles and gives due recognition to site integration for sporting facilities operating nearby. The designs are well developed with detailed specifications for the purpose of procurement being the final stage after funding is confirmed.

Retaining the existing 50 metre outdoor pool, the proposed new indoor Community and Recreation Hub will be on a centrally located site controlled by the City of Mount Gambier that is reserved for recreation purposes. The proposed project will include;

- a venue suitable for large conferences, events and performances for more than 1500 people;
- smaller conference and meeting rooms;
- six courts in blocks of 3 allowing for different court surfaces for alternative uses;
- all courts will be available for a diversity of sports and a range of other recreation and fitness uses;
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- the second bank of three courts will also have retractable seating to allow for a show court/space for feature events;
- youth spaces for programming and activities;
- crèche, café and office spaces for sporting groups and allied health;
- disability ramp access to pools with multiple disabled access change facilities;
- a splash pad for children's play activities, a learn to swim pool, a warm water pool and a regulation size 25 metre, 8 lane lap pool
- fitness spaces located on the first floor with community and conference rooms overlooking the pool and courts facilities, and
- mezzanine level seating enhancing access and visibility for many users.

Design Plans and Images are attached as Appendix A.

Implementation methodology/Procurement Plan

The procurement process for the appointment of Architects and the Quantity Surveyor involved a 2 stage process with the second stage triggered by advise of successful RGF funding. The process employed means that both external agencies do not need a further tender process and would be available as soon as funding is confirmed, to prepare the next stage of documentation necessary to facilitate the process of tendering for construction.

It is proposed that an experienced project manager be appointed to oversee the project during the construction and commissioning phases. A detailed implementation plan as a Gant Chart for the build process has been prepared by Council's engineering department and is attached as Appendix B. The chart identifies key steps and timelines in the build process with a commencement date of 1 July 2019. This date presumes that outcomes from the Regional Growth Fund will be known by early April 2019 and allows 12 weeks for approvals before commencement of groundworks by Council.

An implementation plan will also require consideration of numerous other issues that Councils are familiar with and these will be considered during the 12 week approvals phase before commencement and become an organic process as construction continues. The broad user related implementation plan issues are;

- Ongoing community engagement.
- Liaison with user groups. In particular Netball, who will lose three outside courts during construction and then have access to more than three indoor courts upon completion of the facility.
- Ongoing liaison with state and regional sporting associations to secure training camps, championships and carnival scheduling in the new facility.
- Building commissioning.
- Commissioning of technical and operational equipment.
- The development of processes and procedures for the operation of equipment.
- Policies for scheduling and programming to ensure equitable use and access of facilities.
- Specialist software for operational and data needs.
- Staff recruitment, employment, induction and training.
- Consideration of specific requirement for food handling, hygiene and public health concerns.
- Child safety in physical spaces and crèche operating requirements.
- Security and access controls.
- Storage facilities and access.
- Leases and licensing agreements with prospective users.

These issues are linked with building features and fittings in many instances and require consideration to ensure that high utilisation of spaces is encouraged through positive user experiences.

Timeframes

The timeframes noted in this submission predict a building commencement date of 1 July 2019. This date presumes that outcomes from the Regional Growth Fund will be known by early April 2019 and allows 12 weeks for approvals before commencements of groundworks by Council.

Estimated Date of Commencement of Construction	1 July 2019
Estimated Date of Completion of Construction	September 2021

Budget/Cost Estimates (GST exclusive)

Capital Costs

Council decision making for this project has been informed by financial modelling completed by a combination of external experts and qualified internal staff.

For capital building costs, Rider Levett Bucknall (RLB) are experienced quantity surveyors who have been appointed for this project. They have completed stage one of the costing analysis based on the design and are ready to engage in stage 2 works as required. The detailed report and costings for the design are attached as Appendix C.

Major costs are summarised as follows.

Cost Item	Description of Cost Item	Total Estimated Cost ($)
E	Council ground works	1,390,900
DE	Site preparation	67,990
BW	Building Works	30,360,599
FE	Fittings and equipment	2,159,000
	Construction Contingency	1,635,000
	Professional fees	1,850,000
	Escalation	1,540,000
	Statutory Charges and Levies	112,511
		39,116,000

Operating Costs and Financial Capability

Simply Great Leisure (SGL) Consulting met with sporting groups and other stakeholders in the community to inform the preparation of a Feasibility Study (attached as Appendix D) that included a market and demand analysis to inform projected utilisation modelling. The report together with Council's Long Term Financial Plans were incorporated into a report by BRM Holdich providing the financial modelling.

The BRM Holdich Report (attached as Appendix E) demonstrates, how capital and operational costs may impact Council's financial position and provides evidence of Council financial position and low current levels of borrowings.

Regulatory Approvals

The following provides a summary of necessary approval that will be sought as soon as funding is confirmed.

Name of Permit	Licence/ Approval Type	Current Status of Approval	Date Application Lodged	Expected Issue Date	Issuing Authority Name
	Crown Land Consent	Currently land is approved for recreational use under care and control of City of Mount Gambier	29 October 2018	7 Nov 2018 In principal approval.	Department for Environment and Water, Crown Land
Development Plan Consent	State Heritage Referral	To be submitted	After funding is confirmed	8 weeks	Minister for State Heritage
	Category 3 Public Notification	To be submitted	After funding is confirmed	2 weeks	Council
	Development Assessment Panel	To be submitted	After funding is confirmed	4 weeks	Council
Building Rules Consent	Privately Certified	To be submitted	After funding is confirmed	4 weeks	TBC
Development Approval	Council to issue	To be submitted	After funding is confirmed	2 weeks	Council

Procurement Plan

Section 49 of the Local Government Act 1999 (the Act) requires Council to prepare and adopt policy(ies) on the engaging of / contracting out of services, competitive tendering and the use of other measures to ensure that products and services are delivered cost effectively. Section 49(1) of the Act also requires Council to develop and maintain policies, practices and procedures to:

- Obtain value in the expenditure of public money
- Provide for ethical and fair treatment of participants, and
- Ensue probity, accountability and transparency.

Council's Procurement and Disposal of Land and Asset Policy is available on Council's website at www.mountgambier.sa.gov.au/council/governance/council-policies satisfies both sections and Council's obligations under the Act.

Council maintains a robust, thorough and transparent acquisition and procurement framework that includes Council's Policy, administrative procedure, forms, templates (e.g. tender, evaluation, EOI, etc.), frequently asked questions and answers, skills and experience based evaluation panels, internal peer review of tender documentation, external / market facing media (website, print) channels and procurement portals. Council's Procurement Officer (subject matter expert) oversees procurement particularly where tenders and EOIs are used.

The table below summarises the procurement approach used for professional design and build services for the Community and Recreation Hub project.

Procurement for building development	
Architectural Services via open tender process • Stage 1: Intermediate building design • Stage 2: Full working specifications	EOI to shortlist and then an invitation to tender for Stages 1 and 2 - Completed. Completed To be confirmed
Quantity Surveyor and Cost Consulting Services via an open tender process • Stage 1 costing of the intermediate design • Stage 2 refined costing using full specifications document	Tender for stages 1 and 2 Completed Completed To be confirmed
Procurement after confirmed funding	
Project Manager (for the whole construction and commissioning phases)	Tender or recruitment
Construction	EOI to determine capability and those short listed invited to tender. Further Procurement methods as required for specialist equipment (e.g. tender, quotation, leasing, EOI).

All tender recommendations by Council's Administration and the evaluation panels for this project require endorsement by Council.

Confirmation of funding will trigger the Stage 2 with the Architects and Quantity Surveyors (appointed for both Stages 1 and 2) then completing the full architectural drawings (working and services) and detailed specifications necessary for the building tender and construction works tender to proceed. This will be followed by procurement for project management, construction services and equipment as necessary.

Any further tenders that may be required for any groundworks or other ancillary needs will be subject to normal Council tender processes.

Risk Management Plan

Section 48 of the Local Government Act 1999 ("Act") requires Council to develop prudential management policies, practices and procedures for the assessment of projects to ensure that the Council:

(a) acts with due care, diligence and foresight; and
(b) identifies and manages risks associated with a projects; and
(c) makes informed decisions; and
(d) is accountable for the use of Council and other public resources.

Both Council's Prudential Management Policy P415 and Section 48(1) of the Act require Council to obtain and consider a report that addresses the prudential issues set out in Section 48(2) before engaging in any project value in excess of $4,000,000.

The Community and Recreation Hub has a capital cost estimated at $39.1 Million making it a project that requires Council to obtain and consider a report that addresses the prudential issues set out in Section 48(2) of the Act.

The prudential issues set out in Section 48(2) are as follows:

(a) the relationship between the project and relevant strategic management plans;

(b) the objectives of the Development Plan in the area where the project is to occur;

(c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;

(d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

(e) if the project is intended to produce revenue, revenue projections and potential financial risks;

(f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

(h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

(i) the most appropriate mechanisms or arrangements for carrying out the project; and

(j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

The Prudential Report is a separate report and has been attached in Appendix F.

Evaluation Plan

Council established an formal Committee, the Sport and Recreation Centre Committee, at the beginning of the development process to provide guidance and oversight for procurement, design, engagement and monitoring of the project. The Prudential Report identifies that the project will require continuous monitoring for prudential matters until the facility has been made fully operational and a final evaluation plan has been favourably received by Council including presentation of a Risk Management and Evaluation Plan report on at least a quarterly basis.

Insurance

Local Governments are multi-purpose organisations providing a large range of buildings, parks, playgrounds, roads, carparks, drainage and other infrastructure accessible to the public. At any time, it is possible that claims may be made against Council in association with the provision of community services that require appropriate insurance.

Council insures against all known insurable risks using a range of policies with advice provided by Local Government Risk Services.

Specific advice requested in relation to the proposed Community and Recreation Centre has particularly addressed the following risks

- **Construction Insurance Policy** – when Council goes to tender the tender document is to include a requirement for the respondents to specify how much construction contract insurance is included in the tender.
- **Post Construction Property Insurance** - $35,857 + GST as at in November 2018 to insure a building valued at $39.1m.

    - Council is a member of the LGRS Mutual Liability Scheme and the building is thereby indemnified under MLS.
    - Post construction centre operations will require consideration of at least the following insurance
        - **Workers Compensation Insurance** for additional employees
        - **Journey Insurance** would increase for each additional employee
- **Inventory Insurance** – for any stocks
- **Machinery Breakdown Cover** - Warranties on equipment/machinery would be in place for the up to three years and after the warranty period expires Council would need to have Machinery Breakdown cover.
- **Business Interruption Loss of Income Insurance** – needs to establish after 12 months of operation to determine revenue losses that may eventuate from any interruption
- **Ad Hoc Hire of Council Facilities Insurance**
    - Hirers must have their own Public Liability and Professional Indemnity.
    - Commercial lessee must have their own public Liability Insurance to cover their own actions and negligence.
    - Gymnasiums or similar must have their own Professional Indemnity Insurance cover.
- **Theft of Property** – covered under Council's existing insurance.

Asset Management Plan

The City of Mount Gambier currently manages and maintains $246,964,000 worth of Infrastructure, Property, Plant and Equipment that includes an outdoor Aquatic Centre (2017/18 Annual Report p.112).

Council operates and maintains assets in accordance with defined sustainability ratios common across local government operations. The proposed Community and Recreation Centre will result in the construction of a new building, new equipment and retain an existing outdoor pool with various rates of depreciation, useful lives and maintenance requirements. After expiration of the proposed 12 month defect free period in the building contract, Council will manage and maintain all equipment and building assets as part of normal scheduled and budgeted plans of works (10 year comprehensive infrastructure and asset management plan) or as recommended by equipment manufacturers to maintain operational capabilities. With an existing maintenance team Council has the capability to maintain general equipment and will contract for specialist support as required.

Council's financial analysis and budget process have delivered a depreciation schedule for the whole of life for the proposed asset with an annual depreciation budget in excess of $800,000 that will be quarantined for asset replacement purposes over time.

The report by BRM Holdich (Appendix E) provides details of whole of life cost assessments, projected operational costs and cash flow forecasts for 5 years after completion of construction.

The SGL Feasibility Study (Appendix D) details cost of maintenance factored into utilisation modelling.

Summary of Community Engagement

The Summary of Community Engagement (attached as Appendix G) provides detailed evidence of groups who propose to make use of the proposed facility. The lack of indoor facilities and ageing existing sporting infrastructure, particularly for swimming, netball and basketball means that numerous clubs are anticipating the availability of the new facilities. Letters of support received from many clubs during the Expression of Interest stage have been followed up with active participation in design through the Community Reference Group to ensure facility usability.

With strong interest from state and national sporting associations we anticipate new usage through preseason training camps, regional carnivals and tournaments promoting event tourism. Opportunities for new sports, entertainment and cultural enrichment activities are all supported

through Strategic outcomes in the Youth Engagement strategy and Cultural and Heritage Plans of Council.

Also noted in Appendix G are the outcomes from a Community Survey where 45% of the electorate responded to the survey with 72% responding in favour of the Community and Recreation Hub. The strong mandate from the community reinforces that this has been a community led project.

Evidence of State Government Funding Contribution

Official letters confirming funding from the State Government and the District Council of Grant were not received in time for inclusion in this submission. Evidence of commitments made are copied below.

MEDIA RELEASE | Government of South Australia

Hon Steven Marshall MP
Premier

Hon Tim Whetstone MP
Minister for Primary Industries and Regional Development

Friday 18 January 2019

State Government commits $10 million to Mount Gambier Community and Recreation Hub

The Marshall Liberal Government will commit $10 million towards the City of Mount Gambier Community and Recreation Hub.

Premier Steven Marshall said the proposed Community and Recreation Hub would boost the Mount Gambier economy and drive the State Government's ambition to see population grow in the state's largest regional city.

"This is a project which has been on the drawing board and community priority list for more than 30 years and the Liberal Government is proud to support this important social infrastructure," said Premier Marshall.

"The Council met me recently and made a compelling case regarding the many benefits to Mount Gambier and the Limestone Coast region of the proposed aquatic, sporting and events facility.

"If we want to drive growth and encourage people to live and raise a family in regional South Australia, it is important to have access to first class facilities."

Minister for Primary Industries and Regional Development Tim Whetstone visited Mount Gambier to announce the Marshall Liberal Government will commit $10 million towards the $39 million Community and Recreation Hub if the project is successful in receiving $15 million from the Commonwealth Government.

"Regional South Australia is the backbone to our economy and the Marshall Liberal Government has established a $150 million 10-year Regional Growth Fund to foster employment opportunities and investment in the regions.

"The Community and Recreation Hub will provide premium facilities to attract state and national competitions as well as conferences to Mount Gambier which will help open up the region to additional visitation.

"The State Government recognises the Hub is strongly supported by the community, with almost 72 per cent of participating residents voting in favour of the plan in a recent elector survey.

"The $10 million commitment further demonstrates our government's commitment to regional South Australia."

Media Contact: Ryan Smith 0466 498 060

From: Jane Fetherstonhaugh [mailto:Jane.Fetherstonhaugh@dcgrant.sa.gov.au]
Sent: Tuesday, 22 January 2019 10:24 AM
To: Mark McShane <MMcShane@mountgambier.sa.gov.au>
Cc: Judy O'Hehir <judy.ohehir@dcgrant.sa.gov.au>; David Singe <David.Singe@dcgrant.sa.gov.au>
Subject: Contribution to Community and Recreational Hub

Dear Mark

Further to our conversation this morning, Council, at is meeting last night, resolved to contribute $350,000 towards the capital cost of the Community and Recreational Hub. A formal letter signed by CEO, David Singe will sent through later today.

Kind Regards,

Jane Fetherstonhaugh
Deputy Chief Executive Officer

District Council of Grant
324 Commercial Street West, Mount Gambier SA 5290
Postal Address: PO Box 724, Mount Gambier SA 5290
Tel: 08 8721 0444
Email: jane.fetherstonhaugh@dcgrant.sa.gov.au
Website: www.dcgrant.sa.gov.au

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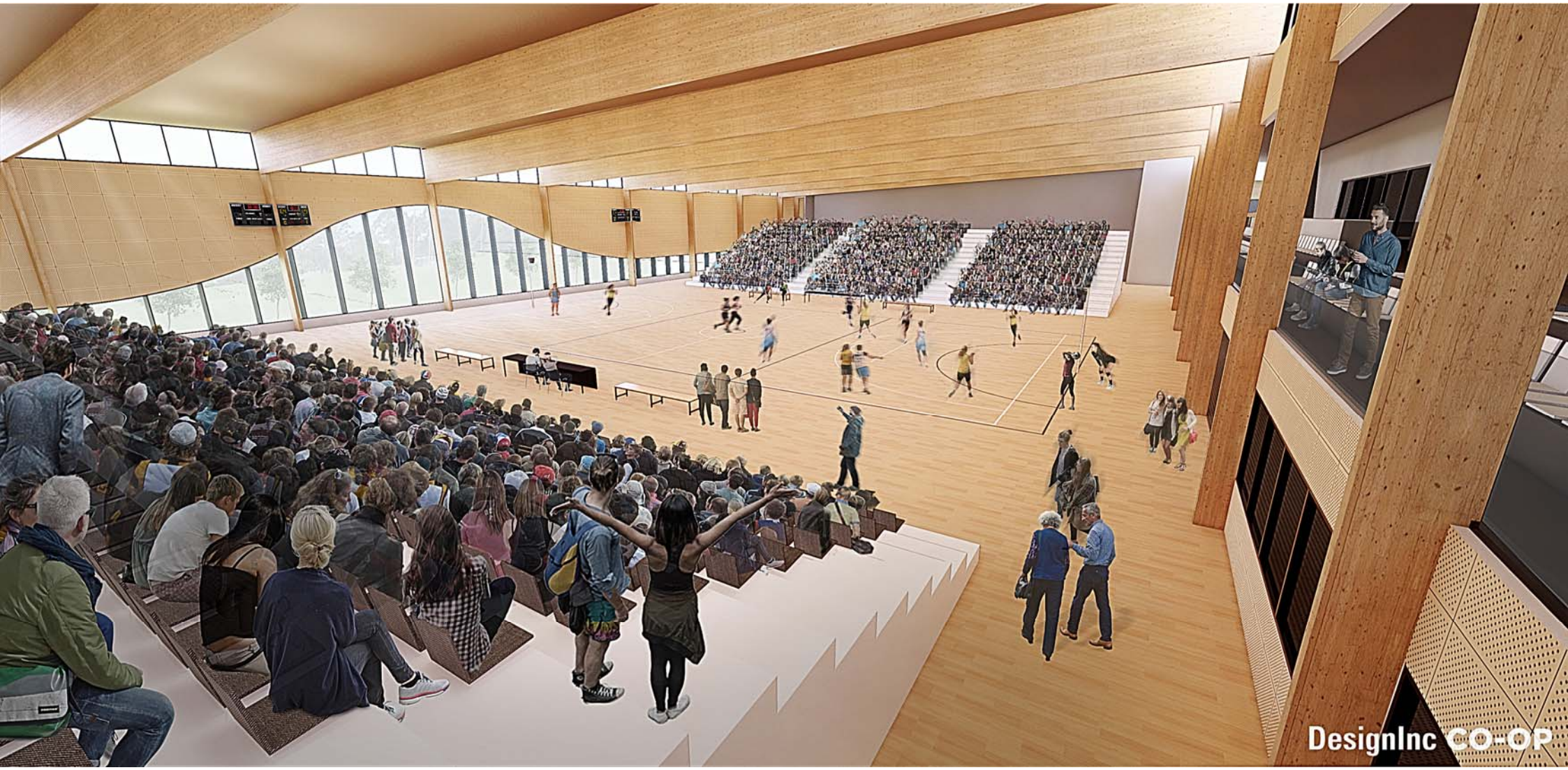
List of Attachments

- Appendix A - DesignInc and Co-Op Design Plans and Images
- Appendix B - Implementation Plan – Gant Chart
- Appendix C - Rider Levett Bucknall Quantity Surveyor Report
- Appendix D - Simply Great Leisure (SGL) Feasibility Study
- Appendix E - BRM Holdich Business Case
- Appendix F - Prudential Report
- Appendix G - Summary of Community Engagement

COMMUNITY AND RECREATION HUB

CAFÉ
RECEPTION
DesignInc CO-OP

DesignInc CO-OP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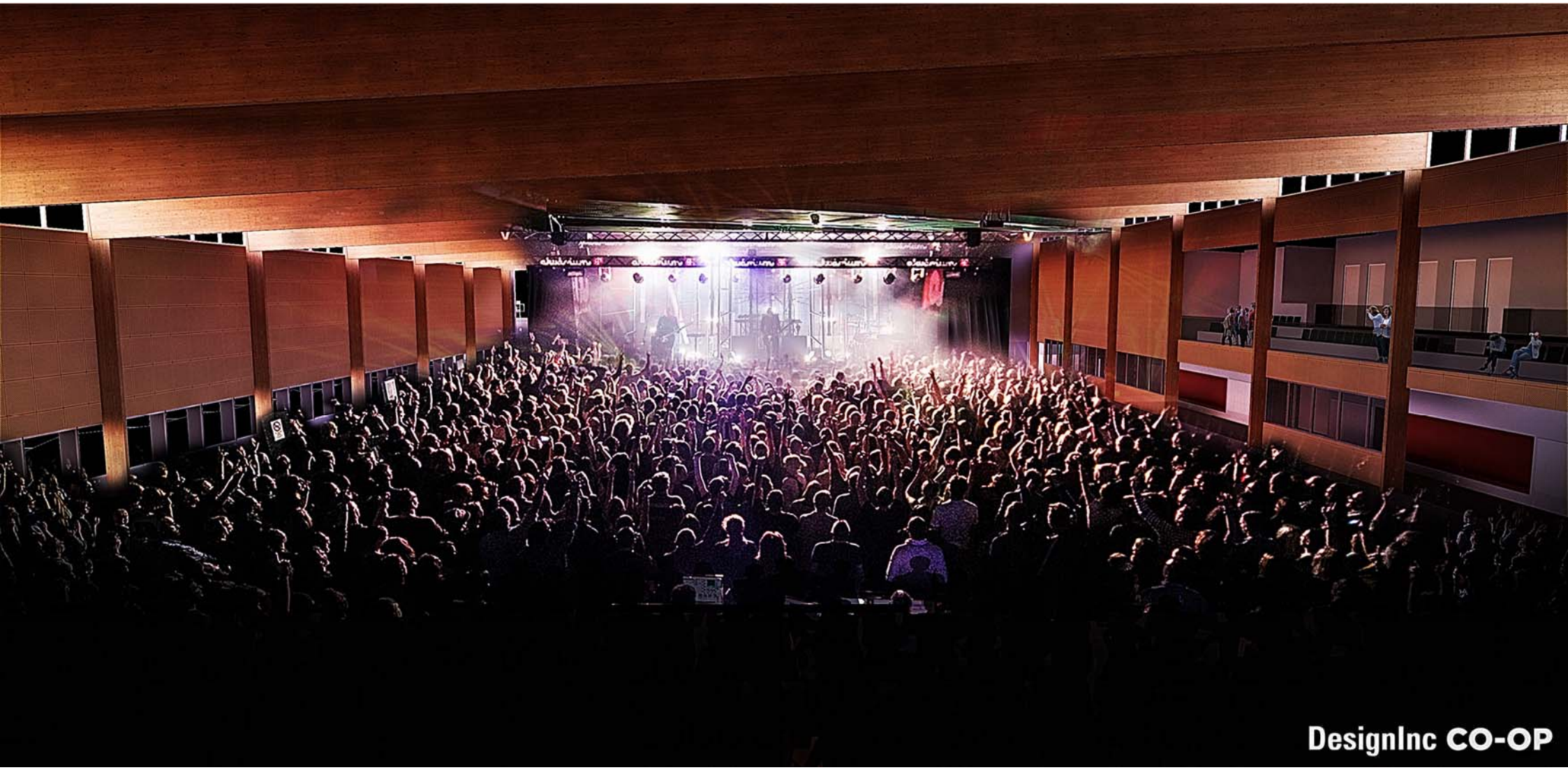
DesignInc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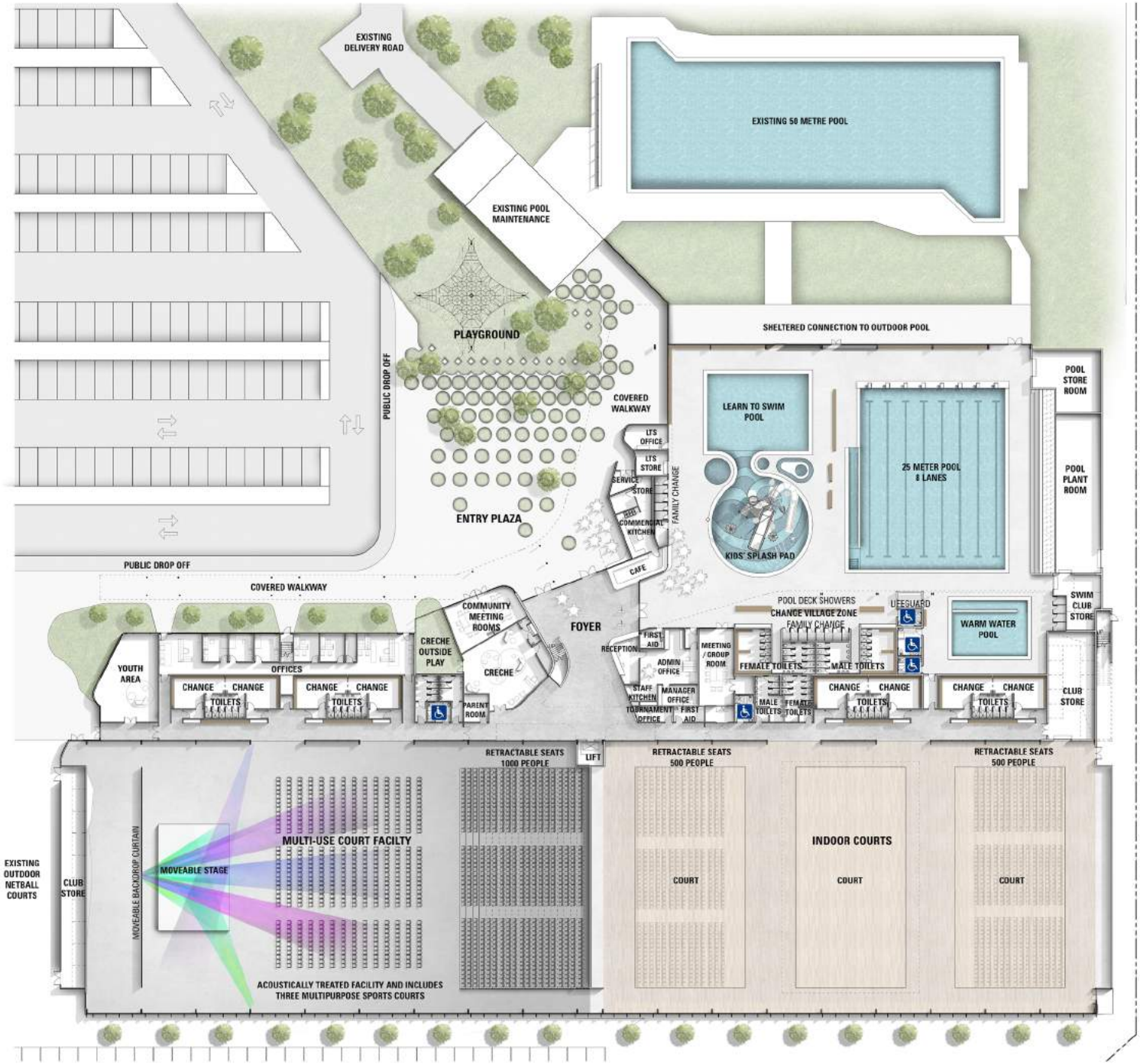
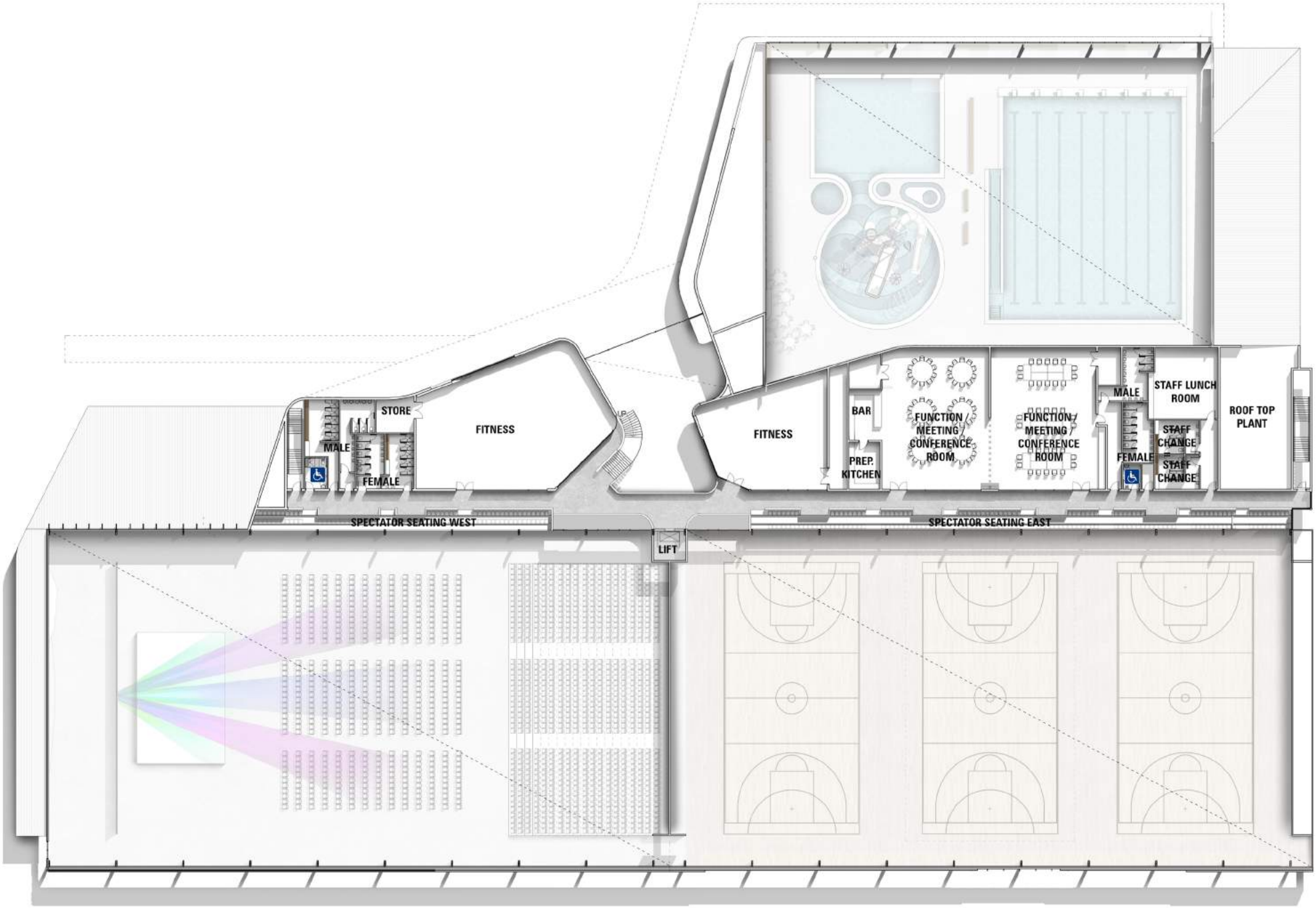


DesignInc CO-OP

Mount Gambier Community & Recreation Hub

Ground Floor Plan & Existing Outdoor Pool

Project Address	Project #	Status	Revision	Client
5A Margaret St, Mount Gambier SA 5290	A18-0050	Preliminary	-	City of Mount Gambier
	Sketch # SK-000	Issue Date 17.10.2018	Scale @ A1 NTS	



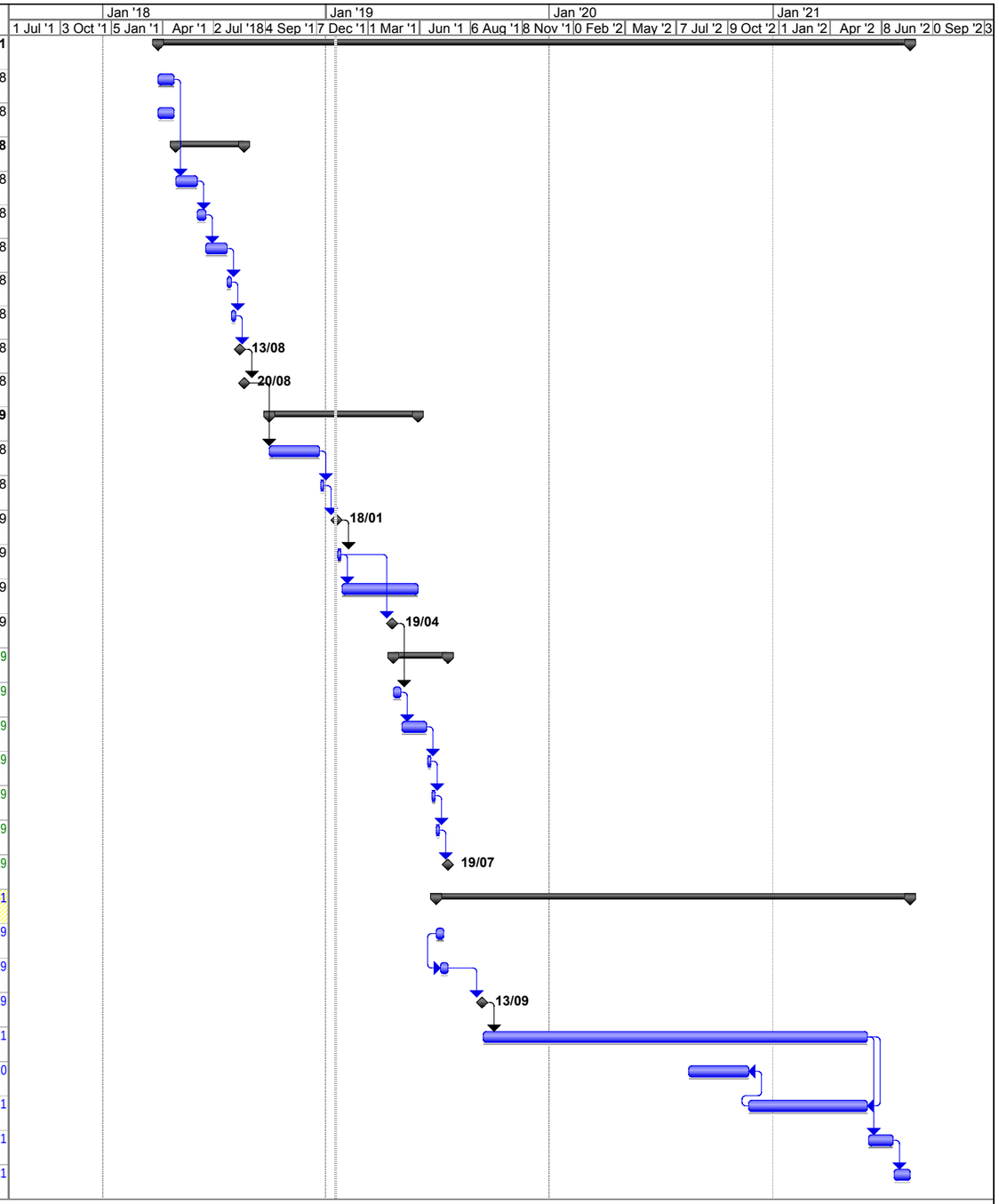
DesignInc CO-OP

Mount Gambier Community & Recreation Hub

First Floor Plan

Project Address	Project #	Status	Revision	Client
5A Margaret St, Mount Gambier SA 5290	A18-0050 Sketch #	Preliminary Issue Date 17.10.2018	- Scale @ A1 1:200	City of Mount Gambier

ID	Task Name	Duration	Start	Finish
1	**MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE PROJECT**	**176 wks**	**Mon 2/04/18**	**Fri 13/08/21**
2	Preparation of funding submission	20 days	Mon 2/04/18	Fri 27/04/18
3	Consultant to update project scope and prepare brief for submission	20 days	Mon 2/04/18	Fri 27/04/18
4	**EOI period for selection and engagement of Architectural firm for design and project management**	**16 wks**	**Tue 1/05/18**	**Mon 20/08/18**
5	Preparation of EOI	25 days	Tue 1/05/18	Mon 4/06/18
6	Peer review of EOI by independent consultant	10 days	Tue 5/06/18	Mon 18/06/18
7	Advertising period for EOI	25 days	Tue 19/06/18	Mon 23/07/18
8	Assessment of EOI including sub committee meeting	5 days	Tue 24/07/18	Mon 30/07/18
9	Operational Services to endorse minutes of Sub Committee	5 days	Tue 31/07/18	Mon 6/08/18
10	Council meeting to accept shortlisted firm	5 days	Tue 7/08/18	Mon 13/08/18
11	Contract documentation signing for approved Architectural firm	5 days	Tue 14/08/18	Mon 20/08/18
12	Design, documentation and detailed estimating stage	**35 wks**	**Mon 1/10/18**	**Fri 31/05/19**
13	Detailed designs and quantity surveyor costings	60 days	Mon 1/10/18	Fri 21/12/18
14	Review of design and estimates and consideration by project sub committee	5 days	Mon 24/12/18	Fri 28/12/18
15	Modification of design and adjustment of project estimates	15 days	Mon 31/12/18	Fri 18/01/19
16	Council sign off on final plans & extent of works	5 days	Mon 21/01/19	Fri 25/01/19
17	submission of plans for development approval - planning consent	90 days	Mon 28/01/19	Fri 31/05/19
18	submission of plans for development approval - building consent	12 wks	Mon 28/01/19	Fri 19/04/19
19	Public tendering and contracting period for engagement of Building contractor	13 wks	Mon 22/04/19	Fri 19/07/19
20	prepartion of tender documentation	10 days	Mon 22/04/19	Fri 3/05/19
21	Public tender period	30 days	Mon 6/05/19	Fri 14/06/19
22	Assessment of tenders inclduing sub committee meeting to consider	5 days	Mon 17/06/19	Fri 21/06/19
23	Operational Services to endorse minutes of Sub Committee	5 days	Mon 24/06/19	Fri 28/06/19
24	Council meeting to accept shortlisted building contractor	5 days	Mon 1/07/19	Fri 5/07/19
25	Contract documentation signing for approved building construction firm	10 days	Mon 8/07/19	Fri 19/07/19
26	**Site Construction works in accordance with approved plans**	111 wks	Mon 1/07/19	Fri 13/08/21
27	Preliminary Site works by Council	2 wks	Mon 1/07/19	Fri 12/07/19
28	Site establishment / mobilisation and preliminary earthworks	2 wks	Mon 8/07/19	Fri 19/07/19
29	Demolition of site works and existing facilities	40 days	Mon 22/07/19	Fri 13/09/19
30	Building construction works	450 days	Mon 16/09/19	Fri 4/06/21
31	Installation of site services	70 days	Mon 17/08/20	Mon 23/11/20
32	external construction works - car parking, landscaping	140 days	Mon 23/11/20	Fri 4/06/21
33	defect inspection and repair works	30 days	Mon 7/06/21	Fri 16/07/21
34	pre opening assessment and testing against approved plans	20 days	Mon 19/07/21	Fri 13/08/21



Project: Old Hospital site development
Date: Wed 16/01/19

Task | Split | Progress | Milestone | Summary | Project Summary | External Tasks | External Milestone | Deadline

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Prepared By: Rider Levett Bucknall
Level 1, 8 Leigh Street
ADELAIDE SA 5000
Tel : +61 8 8100 1200
Fax : +61 8 8100 1288
Email : adelaide@au.rlb.com
www.rlb.com

Our Reference: 19044-6

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Project Details

Description

Basis of Estimate

This estimate is based upon measured quantities to which we have applied rates and conditions we currently believe applicable as at ***October 2018***. We assumed that the project will be competitively tendered under standard industry conditions and form of contract.

This cost estimate is based on the documentation listed under the "Documents" section and does not at this stage provide a direct comparison with tenders received for the work at any future date. To enable monitoring of costs this estimate should be updated regularly during the design and documentation phases of this project.

Scope of Works / Assumptions

In preparing this estimate we, in conjunction with the project team, have assumed the following scope of works;

- Aquatic Facilities
- Sports Hall
- Commercial Spaces (wellness centre, function rooms, cafe/kiosk)
- Support Amenities (storage & plant, amenities, creche)
- External Works incl Site Infrastructure (by the Council)
- Furniture & Equipment incl AV and ICT

Items Specifically Included

This estimate specifically includes the following:

Contingencies & Escalation

The estimate includes the following contingency allowances:

- Design Development Contingency which allows for issues that will arise during the design and documentation period as the design team develops the design through to 100% documentation
- Construction Contingency which allows for issues that will arise during the construction period including for latent conditions, design errors and omissions, design changes, client changes, extension of time costs and provisional sum adjustments.
- Escalation which allows for rise and fall in costs from the stated base date of the estimate to the stated future delivery program as stated in the report.

Items Specifically Excluded

The estimate **specifically excludes** the following which should be considered in an overall project feasibility study:

Project Scope Exclusions

- Re-surfacing of existing courts - by others
- Demolition of existing Netball / Tennis clubrooms
- Stormwater storage tanks
- Work outside nominated site boundaries

Scope Exclusions for works by others

- Loose, soft and hard furnishings (commercial tenancies)
- Vertical blinds, curtains or other window treatments

Project Details

Description

- Tenant fitouts (if needed)
- Operators set up costs
- Demolition of existing structures (by the Council)
- Landscaping (by the Council)
- Tree removal (by the Council)
- External works and site infrastructure (by the Council)

Risk Exclusions

- Repair to any damage caused to unidentified services during the performing of the works
- Contaminated ground Removal and Reinstatement
- Removal and Reinstatement of any soft, wet and weak spots in subgrade
- Asbestos and Hazardous Materials Removal
- Piled foundation systems
- Underpinning or propping existing structures
- Rock excavation
- De-watering
- Staging / Phasing costs
- Locality Loading

Documents

The following documents have been used in preparing this estimate:

- Concept Design Update received 24-9-18
- Drawings provided by DesignInc Architects 24-9-18
- Rudds Consulting Engineers etimate dated 25-9-18

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Summary

GFA: Gross Floor Area
Rates Current At October 2018

Location		GFA m²	Cost/m²	Total Cost
DE SITE PREPARATION				**67,990.00**
BW BUILDING WORKS		**12,625**	**2,405**	**30,360,599.00**
FE FFE / AV / ICT				**2,159,000.00**
ESTIMATED NET COST		**12,625**	**$2,581**	**$32,587,589.00**
MARGINS & ADJUSTMENTS				
Allowance for Construction Contingency	5.0 %			$1,635,000.00
Allowance for Professional Fees	5.4 %			$1,850,000.00
Allowance for Locality Loading (assumes use of local trades where possible)	0.0 %			$0.00
Allowance for Escalation to Completion (assumed late 2020)	4.3 %			$1,540,000.00
Allowance for Statutory Charges incl CITB Levy	0.3 %			$112,511.00
ESTIMATED TOTAL COST		**12,625**	**$2,988**	**$37,725,100.00**

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Elements Summary

Gross Floor Area: 12,625 m²
Rates Current At October 2018

	Description	%	Cost/m²	Total Cost
XP	Site Preparation	1.1 %	$32	$405,900.00
PO	Pools	11.5 %	$345	$4,350,000.00
SB	Substructure	6.7 %	$200	$2,527,747.50
CL	Columns	3.0 %	$90	$1,131,750.00
UF	Upper Floors	1.8 %	$55	$689,210.00
SC	Staircases	0.4 %	$11	$145,000.00
RF	Roof	11.1 %	$330	$4,171,292.50
EW	External Walls	6.0 %	$179	$2,265,455.00
ED	External Doors	0.1 %	$4	$56,350.00
NW	Internal Walls	3.2 %	$94	$1,189,270.00
NS	Internal Screens and Borrowed Lights	0.0 %	$1	$9,900.00
ND	Internal Doors	0.5 %	$16	$207,000.00
WF	Wall Finishes	0.6 %	$19	$234,200.00
FF	Floor Finishes	3.6 %	$107	$1,345,034.00
CF	Ceiling Finishes	1.2 %	$37	$466,975.00
FT	Fitments	1.5 %	$45	$564,580.00
PD	Sanitary Plumbing	1.8 %	$53	$666,950.00
GS	Gas Service	0.0 %	$1	$15,000.00
AC	Air Conditioning	7.3 %	$217	$2,739,550.00
FP	Fire Protection	0.9 %	$27	$343,625.00
LP	Electric Light and Power	5.0 %	$150	$1,893,750.00
TS	Transportation Systems	0.3 %	$8	$95,000.00
BW	Builders Work in Connection With Specialist Services	0.3 %	$9	$115,000.00
FE	Furniture, Fittings & Equipment	6.0 %	$181	$2,279,050.00
PR	Preliminaries	6.6 %	$197	$2,490,000.00
MA	Builders Margin	2.1 %	$63	$795,000.00
LL	Locality Loading			$0.00
CT	Contingency	8.0 %	$240	$3,030,000.00
ES	Escalation	4.1 %	$122	$1,540,000.00
PF	Professional Fees	4.9 %	$147	$1,850,000.00
ST	Statutory Charges	0.3 %	$9	$112,511.00
	ESTIMATED TOTAL COST		$2,988	$37,725,100.00

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Elements Item

DE SITE PREPARATION Rates Current At October 2018

Description		Unit	Qty	Rate	Total
XP	**Site Preparation**				
9	Clear and prepare site generally (area of new building works measured)	m²	11,598	3.50	40,593.00
89	Strip 100mm topsoil and stockpile on site for possible reuse	m²	11,598	1.50	17,397.00
	Site Preparation				***$57,990.00***
BW	**Builders Work in Connection With Specialist Services**				
38	Allowance for builders work in connection with services (2% of services)	Item			
	Builders Work in Connection With Specialist Services				
PR	**Preliminaries**				
6	Allowance for Builders Preliminaries	Item			5,000.00
	Preliminaries				***$5,000.00***
MA	**Builders Margin**				
7	Allowance for Builders Overheads and Margin	Item			0.00
	Builders Margin				***$0.00***
CT	**Contingency**				
55	Allowance for design development contingency	Item			5,000.00
	Contingency				***$5,000.00***
	SITE PREPARATION				***$67,990.00***

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Elements Item

GFA: 12,625 m² Cost/m²: $2,405

BW BUILDING WORKS

Rates Current At October 2018

Description		Unit	Qty	Rate	Total
XP	**Site Preparation**				
81	Allow for minor earthworks to achieve required levels including 300mm compacted imported fill	m²	11,597	22.50	260,932.50
83	Impact roll and trim compacted fill	m²	11,597	7.50	86,977.50
	Site Preparation			***$28/m²***	***$347,910.00***
PO	**Pools**				
22	Allowance for main pool 25m x 8 lanes - depth 1.2 to 2.1m	Item			1,800,000.00
23	Allowance for learners / teaching pool - depth 0.75 to 0.9m	Item			800,000.00
24	Allowance for warm water exercise pool - depth 0.9 to 1.4m	Item			700,000.00
143	Splash pad (beach entry)	Item			800,000.00
25	Allowance for water play equipment	Item			250,000.00
	Pools			***$345/m²***	***$4,350,000.00***
SB	**Substructure**				
199	Termite treatment underside and exposed edges of concrete slab	m²	10,261	3.50	35,913.50
84	150mm thick reinforced concrete slab including concrete reinforcement and damp proof membrane	m²	9,483	115.00	1,090,545.00
91	Formwork Class 3 to edges of ground slab, up to 250mm high	m	574	45.00	25,830.00
82	200mm base course to the underside of concrete slab including compacting and trimming	m²	9,483	18.00	170,694.00
85	Footing including detailed excavation, concrete and reinforcement	Item			1,000,000.00
87	Sundry plinths to pool plant room	Item			40,000.00
86	Form setdowns to amenity wet areas	m	84	30.00	2,520.00
88	Surface finish to ground slab	m²	9,483	15.00	142,245.00
179	Allowance for lift pit and lift shaft wall footings	Item			20,000.00
259	No allowance for piling	Item			Excl.
	Substructure			***$200/m²***	***$2,527,747.50***
CL	**Columns**				
175	Allowance for structural steel and reinforced concrete column	m²	12,625	80.00	1,010,000.00
276	Additional allowance for feature columns	m	487	250.00	121,750.00
260	No allowance for fire rating	Item			Excl.
	Columns			***$90/m²***	***$1,131,750.00***
UF	**Upper Floors**				
92	150mm suspended reinforced concrete slab	m²	2,002	80.00	160,160.00
93	Formwork to underside for suspended slab	m²	2,002	130.00	260,260.00
94	Formwork Class 2 to edges of suspended slabs, up to 250mm high	m	376	60.00	22,560.00
95	Allowance for attached beams including concrete formwork and reinforcement	Item			140,000.00
97	Form setdowns to wet areas	m	40	30.00	1,200.00
96	Surface finish to suspended slab	m²	2,002	15.00	30,030.00

Description		Unit	Qty	Rate	Total
274	Allowance for fire compartmentation	Item			75,000.00
	Upper Floors			***$55/m²***	***$689,210.00***
SC	**Staircases**				
98	Feature staircase at entrance foyer including balustrade, handrails and finish to sofftits of staircase	Item			75,000.00
196	Reinforced concrete egress stair including landings, handrails and nosing	No	2	35,000.00	70,000.00
	Staircases			***$11/m²***	***$145,000.00***
RF	**Roof**				
99	Kingspan sandwich panel 125mm thick	m²	10,953	175.00	1,916,775.00
100	Allowance for roof structure to receive roof covering	m²	10,953	140.00	1,533,420.00
277	Additional allowance for bracing beam through the basketball court area	m	146	350.00	51,100.00
101	Facia	m	1,229	45.00	55,305.00
102	Flashing at junction between roofs	m	217	75.00	16,275.00
104	Eave gutter	m	367	80.00	29,360.00
105	Rain water head	No	62	250.00	15,500.00
106	Down pipe, assume 150mm diameter colorbond	m	428	35.00	14,980.00
107	Allowance for roof safety system	m²	10,953	7.50	82,147.50
108	Allowance for roof walkway	Item			30,000.00
109	Allowance for roof access ladder	Item			5,000.00
110	Feature entry canopy made up of latticed timber structure and translucent texitile membrane covering	m²	125	750.00	93,750.00
111	Walkway canopy made up of feature timber structure with metal roof cladding	m²	93	660.00	61,380.00
112	Skylight type PTFE membrane including framing structure	m²	69	1,800.00	124,200.00
114	Soffit lining externally trespa meteon compact laminate 8mm thick including subframe	m²	714	150.00	107,100.00
272	Additional roof strcture to support basketball rings	No	12	2,500.00	30,000.00
261	Roof access hatch	Item			5,000.00
	Roof			***$330/m²***	***$4,171,292.50***
EW	**External Walls**				
113	150mm thick non load bearing precast concrete wall (flat grey panels)	m²	587	270.00	158,490.00
115	40mm thick dolomite stone facing including primary and secondary steel framing (locally supplied)	m²	768	420.00	322,560.00
116	Feature brickwall	m²	209	360.00	75,240.00
117	External double glazed facade including framing, supports and jointing	m²	1,224	750.00	918,000.00
118	Eurobond sandwich panel facade 100mm thick including framing and support structure	m²	537	400.00	214,800.00
119	Eurobond sandwich feature panel facade 100mm thick including framing and support structure to achieve multi-layer effect	m²	641	550.00	352,550.00

BW BUILDING WORKS (continued)

	Description	Unit	Qty	Rate	Total
120	Equitone fibre cement cladding including framing, insulation internally (internal lining measured separately)	m²	154	280.00	43,120.00
121	Facade timber blades including fixing brackets	m	691	220.00	152,020.00
271	2m high anti graffiti to external wall	m²	1,147	25.00	28,675.00
262	No allowance for 'double skin' facade	Item			Excl.
	External Walls			***$179/m²***	***$2,265,455.00***
ED	**External Doors**				
167	Single solid core fire door including frame, hardware and paint finish	No	3	1,600.00	4,800.00
168	Double solid core door including frame, hardware and paint finish	No	4	2,000.00	8,000.00
169	Aluminium frame glazed single door including frame and hardware	No	2	2,250.00	4,500.00
171	Aluminum frame glazed double door including frame and hardware	No	9	3,750.00	33,750.00
174	Single solid core door including frame, hardware and paint finish	No	2	1,400.00	2,800.00
177	2500mm x 2700mm roller door to pool plant room	No	1	2,500.00	2,500.00
	External Doors			***$4/m²***	***$56,350.00***
NW	**Internal Walls**				
122	Lightweight partition wall comprising of plasterboard to both sides.	m²	1,502	120.00	180,240.00
123	Lightweight partition wall comprising of moisture resistant plasterboard to one side and plasterboard to the other	m²	898	130.00	116,740.00
124	Lightweight partition wall comprising of moisture resistant plasterboard to both sides	m²	673	135.00	90,855.00
126	Perforated plywood linings including framing	m²	641	120.00	76,920.00
127	Furring channel and plasterboard to interior face of wall	m²	518	90.00	46,620.00
137	Glazed impact resistant partition wall to Indoor Courts	m²	220	850.00	187,000.00
138	Glazed partition to Pool Entrance and Reception	m²	188	550.00	103,400.00
140	Operable walls to change rooms (not acoustic)	m²	23	450.00	10,350.00
141	Operable walls to meeting room	m²	60	550.00	33,000.00
142	Furring channel with moisture resistant plasterboard to interior face of wall	m²	169	95.00	16,055.00
146	Full height blockwork between courts and community space	m²	410	375.00	153,750.00
180	Lift shaft in precast concrete wall assume 200mm thick	m²	124	300.00	37,200.00
194	Stainless steel skirting	m	2,476	15.00	37,140.00
278	Acoustic treatment in the community performance space	Item			100,000.00
	Internal Walls			***$94/m²***	***$1,189,270.00***
NS	**Internal Screens and Borrowed Lights**				
195	Low height tiled wall and glazing above at concourse showers	m²	18	550.00	9,900.00
	Internal Screens and Borrowed Lights			***$1/m²***	***$9,900.00***

BW BUILDING WORKS (continued)

Description		Unit	Qty	Rate	Total
ND	**Internal Doors**				
148	Single solid core door including frame, hardware and paint finish	No	79	1,100.00	86,900.00
151	Double solid core door including frame, hardware and paint finish	No	6	2,300.00	13,800.00
153	Aluminium frame glazed single door including frame and hardware	No	2	2,250.00	4,500.00
154	Aluminum frame glazed double door including frame and hardware	No	14	3,750.00	52,500.00
159	Single solid fire door to stair including frame, hardware and paint finish	No	2	1,250.00	2,500.00
160	Aluminium frame glazed automatic(assumed) sliding door including frame and hardware	No	1	12,000.00	12,000.00
162	1800m x 2700mm roller door to LTS store, swimming club store - Assumed manual	No	2	1,500.00	3,000.00
163	2500mm x 2700mm roller door to basketball club store and pool rool store - Assumed manual	No	2	1,650.00	3,300.00
165	18m x 2.7m recessed automatic roller door, between warm water pool hall and main pool - Assumed height	No	1	25,000.00	25,000.00
279	Acoustic doors between basketball courts and community performance space	No	1	3,500.00	3,500.00
	Internal Doors			***$16/m²***	***$207,000.00***
WF	**Wall Finishes**				
263	Feature wall finish to foyer	Item			20,000.00
125	Prepare and paint interior walls	m²	7,238	20.00	144,760.00
237	Wall tiling to splashback of hand basin ($35/m2 supply)	m²	31	140.00	4,340.00
238	Wall tiling to accessible bathrooms	m²	177	140.00	24,780.00
240	Wall tiling to splashback of kitchen, tearoom and prep kitchen joinery ($35/m2 supply)	m²	288	140.00	40,320.00
264	No wall tiling to changerooms	Item			Excl.
	Wall Finishes			***$19/m²***	***$234,200.00***
FF	**Floor Finishes**				
128	Entry mat to lobby - recessed	m²	4	850.00	3,400.00
129	Vinyl floor finish including screeding to falls to WC / Change Room & Kitchen	m²	748	110.00	82,280.00
130	Vinyl floor finish to areas generally	m²	1,640	95.00	155,800.00
131	Floor tile to Entrance & Foyer	m²	310	200.00	62,000.00
132	Floor tiling to Pool concourse, Change Rooms, WC and showers including waterproofing and screeding to falls and cross falls	m²	1,562	190.00	296,780.00
133	Carpet tiles to Offices, Reception and Meeting Rooms	m²	809	65.00	52,585.00
134	Concrete floor sealer to Plant Rooms and Store Rooms	m²	799	16.00	12,784.00
135	Sprung timber flooring system 3 Indoor Courts	m²	2,555	165.00	421,575.00
268	Alternative surface finish or similar to 3 Indoor Courts	m²	2,553	100.00	255,300.00

Description		Unit	Qty	Rate	Total
136	Astro turf to creche outside area	m²	46	55.00	2,530.00
	Floor Finishes			***$107/m²***	***$1,345,034.00***
CF	**Ceiling Finishes**				
144	Suspended flush plasterboard ceiling to function areas and offices	m²	2,459	100.00	245,900.00
178	Suspended moisture resistant flush plasterboard ceiling to WC and change rooms	m²	1,115	105.00	117,075.00
145	Feature ceiling at entrance foyer	m²	208	500.00	104,000.00
	Ceiling Finishes			***$37/m²***	***$466,975.00***
FT	**Fitments**				
139	Balustrade to DDA viewing at first floor assumed 1200mm glazed	m	54	750.00	40,500.00
164	Shower curtains to DDA showers	No	6	500.00	3,000.00
182	Lockers	m	38	850.00	32,300.00
184	Benches to changerooms and amenities	m	245	425.00	104,125.00
185	Accessible grab rails to DDA	Set	7	950.00	6,650.00
186	Toilet paper holder	No	69	70.00	4,830.00
187	Soap dispenser	No	33	40.00	1,320.00
188	Toilet partitions including door, frame and hardware complete	No	62	1,500.00	93,000.00
189	Shower partitions including door, frame, bench seat and hardware complete	No	34	1,700.00	57,800.00
190	Paper towel dispenser	No	30	150.00	4,500.00
191	Automatic hand dryer	No	30	700.00	21,000.00
192	Mirror above basin	No	58	300.00	17,400.00
193	Coat hooks	No	113	35.00	3,955.00
212	Kitchen joinery, including laminate benchtop, underbench and overhead cupboards	m	13	1,300.00	16,900.00
219	Teapoint joinery, including laminate benchtop, underbench and overhead cupboards	m	5	1,300.00	6,500.00
215	Reception joinery, including underbench cupboards	m	10	1,700.00	17,000.00
223	Print hub joinery, including underbench cupboards	m	6	950.00	5,700.00
216	Cafe joinery, including underbench cupboards	m	15	1,300.00	19,500.00
218	Office desk joinery	m	8	1,200.00	9,600.00
226	Supply and install whiteboard to change rooms	No	8	600.00	4,800.00
227	Servery joinery, including laminate benchtop, underbench and overhead cupboards	m	8	1,300.00	10,400.00
228	Bar joinery, including high end benchtop and underbench cupboards	m	11	1,900.00	20,900.00
239	Change room partitions including door, frame, bench seat and hardware complete	No	17	1,300.00	22,100.00
256	Cupboard joinery	m	8	2,000.00	16,000.00
257	Vanity joinery to first aid rooms - including underbench and overhead cupboards	m	4	1,200.00	4,800.00

Description		Unit	Qty	Rate	Total
273	Allowance fot loading dock area	Item			20,000.00
	Fitments			***$45/m²***	***$564,580.00***
PD	**Sanitary Plumbing**				
149	Accessible WC suite including all required plumbing connection	No	7	4,000.00	28,000.00
161	Accessible hand basin including all required plumbing connections	No	7	4,400.00	30,800.00
150	WC suite including all required plumbing connections	No	62	3,900.00	241,800.00
152	Hand basin including all required plumbing connections	No	51	3,800.00	193,800.00
252	Urinal including all required plumbing connections	No	19	4,200.00	79,800.00
156	Concourse shower including all required plumbing connections	No	5	2,300.00	11,500.00
157	Cleaners trough sink including all required plumbing connections	No	3	4,200.00	12,600.00
158	Floor traps	No	59	350.00	20,650.00
155	Shower rose and tapware including all required plumbing connections	No	40	1,200.00	48,000.00
	Sanitary Plumbing			***$53/m²***	***$666,950.00***
GS	**Gas Service**				
181	Allowance for gas services	Item			15,000.00
	Gas Service			***$1/m²***	***$15,000.00***
AC	**Air Conditioning**				
172	Mechanical services - Aquatic	m²	2,217	500.00	1,108,500.00
265	Mechanical services - Indoor courts (Option 5 DX roof heat recovery packaged unit with fabric ductwork)	Item			560,000.00
266	Mechanical services - Amenities	m²	906	175.00	158,550.00
267	Mechanical services - Office and other areas	m²	3,650	250.00	912,500.00
	Air Conditioning			***$217/m²***	***$2,739,550.00***
FP	**Fire Protection**				
170	Fire services (excl. sprinklers)	m²	12,625	25.00	315,625.00
275	Sprinkler drenching to high level glazed internal walls	No	28	1,000.00	28,000.00
	Fire Protection			***$27/m²***	***$343,625.00***
LP	**Electric Light and Power**				
173	Electrical services	m²	12,625	150.00	1,893,750.00
	Electric Light and Power			***$150/m²***	***$1,893,750.00***
TS	**Transportation Systems**				
166	Lift	Item			95,000.00
	Transportation Systems			***$8/m²***	***$95,000.00***
BW	**Builders Work in Connection With Specialist Services**				
38	Allowance for builders work in connection with services (2% of services)	Item			115,000.00
	Builders Work in Connection With Specialist Services			***$9/m²***	***$115,000.00***

BW BUILDING WORKS (continued)

Description		Unit	Qty	Rate	Total
FE	**Furniture, Fittings & Equipment**				
254	Spectator seating at first floor	No	256	250.00	64,000.00
75	Allowance for wayfinding signage	Item			50,000.00
198	Backdrop curtain	Item			20,000.00
205	Cool room complete including shelving	Item			25,000.00
206	Commercial Kitchen and equipment	Item			60,000.00
208	Cafe fitout and equipment	Item			87,500.00
282	Equipment for one kitchen upstairs	Item			15,000.00
229	Task chair	No	13	350.00	4,550.00
230	Workstation	No	10	1,000.00	10,000.00
233	Visitors chair	No	22	200.00	4,400.00
234	Physio/Massage/first aid bed	No	2	1,000.00	2,000.00
241	Large round meeting/function table (seats 10)	No	6	1,000.00	6,000.00
242	Meeting/function chair	No	132	250.00	33,000.00
243	Small round cafe table (seats 5)	No	13	500.00	6,500.00
244	Indoor/outdoor chair to suit pool hall	No	60	75.00	4,500.00
245	Upholstered waiting room chair	No	6	150.00	900.00
246	Side table 650mm diameter	No	7	400.00	2,800.00
247	Common area lounges	No	4	500.00	2,000.00
250	1800mm x 900mm meeting table	No	28	800.00	22,400.00
255	Full height cupboard	No	4	2,000.00	8,000.00
258	2000mm x 700mm preparation table to commercial kitchen	No	1	1,500.00	1,500.00
	Furniture, Fittings & Equipment			***$34/m²***	***$430,050.00***
PR	**Preliminaries**				
6	Allowance for Builders Preliminaries	Item			2,320,000.00
	Preliminaries			***$184/m²***	***$2,320,000.00***
MA	**Builders Margin**				
7	Allowance for Builders Overheads and Margin	Item			740,000.00
	Builders Margin			***$59/m²***	***$740,000.00***
CT	**Contingency**				
55	Allowance for design development contingency	Item			1,300,000.00
	Contingency			***$103/m²***	***$1,300,000.00***
	BUILDING WORKS			***$2,405/m²***	***$30,360,599.00***

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Elements Item

FE FFE / AV / ICT Rates Current At October 2018

	Description	Unit	Qty	Rate	Total
BW	**Builders Work in Connection With Specialist Services**				
38	Allowance for builders work in connection with services (2% of services)	Item			
	Builders Work in Connection With Specialist Services				
FE	**Furniture, Fittings & Equipment**				
64	Allowance for supply and installation of FF&E / AV / ICT including but not limited to: ·Umpires room equipment ·Lecterns and microphones/staging ·Creche equipment and play toys ·Creche outdoor play equipment ·First aid equipment, defibrillators ·Active IT equipment - PC, printers stc ·Cash registers and EFTPOS facilities ·Video conferencing and AV equipment ·Public address system ·Pool lane dividers and flotation devices ·Floor mats for training exercises ·Bar equipment ·fridges ·Event seating (approx. 200 seats) ·Perimeter edge seating Note security system included in building costs. Fixed external furniture included in external works.	Item			600,000.00
48	Allowance for retractable seating (3)	No	2,000	395.00	790,000.00
269	Allowance for mobile stage	Item			50,000.00
202	Basketball ring including automatic winch	No	12	15,000.00	180,000.00
203	Dividing curtain vertical lift motorised	m	120	650.00	78,000.00
204	Electronic scoreboard multipurpose (not FIBA approved) to indoor courts	No	6	8,500.00	51,000.00
207	No allowance for cafe equipement	Item			Excl.
270	Gantry / lighting rig	Item			100,000.00
	Furniture, Fittings & Equipment				***$1,849,000.00***
PR	**Preliminaries**				
6	Allowance for Builders Preliminaries	Item			165,000.00
	Preliminaries				***$165,000.00***
MA	**Builders Margin**				
7	Allowance for Builders Overheads and Margin	Item			55,000.00
	Builders Margin				***$55,000.00***
CT	**Contingency**				
55	Allowance for design development contingency	Item			90,000.00
	Contingency				***$90,000.00***
	FFE / AV / ICT				***$2,159,000.00***

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Summary

Rates Current At October 2018

Location			Total Cost
EWC	**COUNCIL WORKS - EXTERNAL WORKS**		**572,627.90**
CW	**COUNCIL WORKS - DEMOLITION & LANDSCAPING**		**269,645.00**
EW	**EXTERNAL WORKS**		**362,000.00**
		ESTIMATED NET COST	**$1,204,272.90**
MARGINS & ADJUSTMENTS			
Allowance for Construction Contingency		5.5 %	$65,000.00
Allowance for Professional Fees		5.3 %	$66,600.00
Allowance for Locality Loading (assumes use of local trades where possible)		0.0 %	$0.00
Allowance for Escalation to Completion (assumed late 2020)		3.8 %	$50,000.00
Allowance for Statutory Charges incl CITB Levy		0.4 %	$5,027.10
		ESTIMATED TOTAL COST	**$1,390,900.00**

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Elements Summary

Rates Current At October 2018

Description		%	Total Cost
AR	Alterations and Renovations	12.2 %	$169,645.00
XP	Site Preparation	3.2 %	$44,455.00
PO	Pools		$0.00
BW	Builders Work in Connection With Specialist Services	0.7 %	$10,000.00
XR	Roads, Footpaths and Paved Areas	28.6 %	$398,172.90
XL	Landscaping and Improvements	4.7 %	$65,000.00
XK	External Stormwater Drainage	2.2 %	$30,000.00
XD	External Sewer Drainage	2.9 %	$40,000.00
XW	External Water Supply	2.5 %	$35,000.00
XG	External Gas	2.2 %	$30,000.00
XE	External Electric Light and Power	26.6 %	$370,000.00
PR	Preliminaries	0.7 %	$10,000.00
MA	Builders Margin	0.1 %	$2,000.00
LL	Locality Loading		$0.00
CT	Contingency	4.7 %	$65,000.00
ES	Escalation	3.6 %	$50,000.00
PF	Professional Fees	4.8 %	$66,600.00
ST	Statutory Charges	0.4 %	$5,027.10
	ESTIMATED TOTAL COST		$1,390,900.00

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Elements Item

EWC COUNCIL WORKS - EXTERNAL WORKS Rates Current At October 2018

Description		Unit	Qty	Rate	Total
XP	**Site Preparation**				
9	Clear and prepare site generally (area of new building works measured)	m²	4,291	3.50	15,018.50
89	Strip 100mm topsoil and stockpile on site for possible reuse	m²	4,291	1.50	6,436.50
	Site Preparation				***$21,455.00***
PO	**Pools**				
46	No allowance for works to existing outdoor 50m pool - associated plant and equipment to be retained	Note			0.00
	Pools				***$0.00***
BW	**Builders Work in Connection With Specialist Services**				
38	Allowance for builders work in connection with services (2% of services)	Item			3,000.00
	Builders Work in Connection With Specialist Services				***$3,000.00***
XR	**Roads, Footpaths and Paved Areas**				
236	Excavate to reduced levels	m³	1,288	22.00	28,336.00
209	Proof roll sub base and base course	m²	12,873	0.30	3,861.90
210	150mm thick PM2/20 quarry rubble sub base and 150mm PM1/20 fine crushed rock base including trimming and compacting	m²	4,291	17.57	75,375.00
214	35mm thick AC10 wearing course including tack coat	m²	4,291	16.78	72,000.00
217	Concrete kerb and gutter	m	135	75.00	10,125.00
220	Concrete kerb	m	265	65.00	17,225.00
221	Line marking including directional arrows and disabled parking symbols	m	960	5.00	4,800.00
27	Paved concourse area	m²	1,093	150.00	163,950.00
232	Allowance for sundry line marking, directional arrows, symbls, etc	Item			2,500.00
32	Allowance for sundry footpaths, perimeter paving, etc.	Item			20,000.00
	Roads, Footpaths and Paved Areas				***$398,172.90***
XK	**External Stormwater Drainage**				
34	Allowance for site stormwater drainage (note sinkhole aquifier located nearby)	Item			30,000.00
	External Stormwater Drainage				***$30,000.00***
XE	**External Electric Light and Power**				
78	Carpark lighting	Item			120,000.00
	External Electric Light and Power				***$120,000.00***
	COUNCIL WORKS - EXTERNAL WORKS				***$572,627.90***

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Elements Item

CW COUNCIL WORKS - DEMOLITION & LANDSCAPING Rates Current At October 2018

	Description	Unit	Qty	Rate	Total
AR	**Alterations and Renovations**				
1	Demolish existing shade structures and remove from site including footings, pavements, etc.	m²	779	25.00	19,475.00
2	Demolish existing single storey amenities building complete withslab and footings, services disconnections, etc.	m²	635	50.00	31,750.00
3	Demolish sundry outbuildings, shelters and the like	m²	552	25.00	13,800.00
4	Demolish existing house complete with slab and footings, services disconnections, etc.	m²	262	40.00	10,480.00
11	Demolish existing carpark	m²	1,083	20.00	21,660.00
12	Demolish existing courts including fencing, disconnection and removal of lights, etc.	m²	3,664	7.50	27,480.00
8	Allowance for asbestos removal - risk item	Item			20,000.00
10	Allowance for sundry demolition, protection of existing pool and associated services, etc.	Item			25,000.00
	Alterations and Renovations				***$169,645.00***
XP	**Site Preparation**				
5	Remove trees including grinding stump - varying sizes - average rate	No	46	500.00	23,000.00
	Site Preparation				***$23,000.00***
BW	**Builders Work in Connection With Specialist Services**				
38	Allowance for builders work in connection with services (2% of services)	Item			
	Builders Work in Connection With Specialist Services				
XL	**Landscaping and Improvements**				
29	Allowance for trees and planters to forecourt	Item			30,000.00
30	Allowance for street furniture (seats, bins, bike racks, etc.), wayfinding signage, sundry landscaping and external works	Item			35,000.00
	Landscaping and Improvements				***$65,000.00***
PR	**Preliminaries**				
280	Allowance for builders Preliminaries - Council Works	Item			10,000.00
	Preliminaries				***$10,000.00***
MA	**Builders Margin**				
281	Builders Margin - Council Works	Item			2,000.00
	Builders Margin				***$2,000.00***
	COUNCIL WORKS - DEMOLITION & LANDSCAPING				***$269,645.00***

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Elements Item

EW EXTERNAL WORKS Rates Current At October 2018

Description		Unit	Qty	Rate	Total
BW	**Builders Work in Connection With Specialist Services**				
38	Allowance for builders work in connection with services (2% of services)	Item			7,000.00
	Builders Work in Connection With Specialist Services				***$7,000.00***
XD	**External Sewer Drainage**				
37	Allowance for retaining existing sewer mains including connection to new building	Item			40,000.00
	External Sewer Drainage				***$40,000.00***
XW	**External Water Supply**				
35	Allowance for retaining existing water mains including connection to new building	Item			35,000.00
	External Water Supply				***$35,000.00***
XG	**External Gas**				
53	Allowance for new external gas supply	Item			30,000.00
	External Gas				***$30,000.00***
XE	**External Electric Light and Power**				
36	Allowance for electrical infrastructure including new switchboard, transformer and augmentation	Item			250,000.00
	External Electric Light and Power				***$250,000.00***
	EXTERNAL WORKS				***$362,000.00***

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Summary

GFA: Gross Floor Area
Rates Current At October 2018

Location		GFA m²	Cost/m²	Total Cost
DE SITE PREPARATION				**67,990.00**
BW BUILDING WORKS		**12,625**	**2,405**	**30,360,599.00**
FE FFE / AV / ICT				**2,159,000.00**
ESTIMATED NET COST		**12,625**	**$2,581**	**$32,587,589.00**
MARGINS & ADJUSTMENTS				
Allowance for Construction Contingency	5.0 %			$1,635,000.00
Allowance for Professional Fees	5.4 %			$1,850,000.00
Allowance for Locality Loading (assumes use of local trades where possible)	0.0 %			$0.00
Allowance for Escalation to Completion (assumed late 2020)	4.3 %			$1,540,000.00
Allowance for Statutory Charges incl CITB Levy	0.3 %			$112,511.00
ESTIMATED TOTAL COST		**12,625**	**$2,988**	**$37,725,100.00**

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Elements Summary

Gross Floor Area: 12,625 m²
Rates Current At October 2018

	Description	%	Cost/m²	Total Cost
XP	Site Preparation	1.1 %	$32	$405,900.00
PO	Pools	11.5 %	$345	$4,350,000.00
SB	Substructure	6.7 %	$200	$2,527,747.50
CL	Columns	3.0 %	$90	$1,131,750.00
UF	Upper Floors	1.8 %	$55	$689,210.00
SC	Staircases	0.4 %	$11	$145,000.00
RF	Roof	11.1 %	$330	$4,171,292.50
EW	External Walls	6.0 %	$179	$2,265,455.00
ED	External Doors	0.1 %	$4	$56,350.00
NW	Internal Walls	3.2 %	$94	$1,189,270.00
NS	Internal Screens and Borrowed Lights	0.0 %	$1	$9,900.00
ND	Internal Doors	0.5 %	$16	$207,000.00
WF	Wall Finishes	0.6 %	$19	$234,200.00
FF	Floor Finishes	3.6 %	$107	$1,345,034.00
CF	Ceiling Finishes	1.2 %	$37	$466,975.00
FT	Fitments	1.5 %	$45	$564,580.00
PD	Sanitary Plumbing	1.8 %	$53	$666,950.00
GS	Gas Service	0.0 %	$1	$15,000.00
AC	Air Conditioning	7.3 %	$217	$2,739,550.00
FP	Fire Protection	0.9 %	$27	$343,625.00
LP	Electric Light and Power	5.0 %	$150	$1,893,750.00
TS	Transportation Systems	0.3 %	$8	$95,000.00
BW	Builders Work in Connection With Specialist Services	0.3 %	$9	$115,000.00
FE	Furniture, Fittings & Equipment	6.0 %	$181	$2,279,050.00
PR	Preliminaries	6.6 %	$197	$2,490,000.00
MA	Builders Margin	2.1 %	$63	$795,000.00
LL	Locality Loading			$0.00
CT	Contingency	8.0 %	$240	$3,030,000.00
ES	Escalation	4.1 %	$122	$1,540,000.00
PF	Professional Fees	4.9 %	$147	$1,850,000.00
ST	Statutory Charges	0.3 %	$9	$112,511.00
	ESTIMATED TOTAL COST		$2,988	$37,725,100.00

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Summary

Rates Current At October 2018

Location			Total Cost
EWC	**COUNCIL WORKS - EXTERNAL WORKS**		**572,627.90**
CW	**COUNCIL WORKS - DEMOLITION & LANDSCAPING**		**269,645.00**
EW	**EXTERNAL WORKS**		**362,000.00**
		ESTIMATED NET COST	**$1,204,272.90**
MARGINS & ADJUSTMENTS			
Allowance for Construction Contingency		5.5 %	$65,000.00
Allowance for Professional Fees		5.3 %	$66,600.00
Allowance for Locality Loading (assumes use of local trades where possible)		0.0 %	$0.00
Allowance for Escalation to Completion (assumed late 2020)		3.8 %	$50,000.00
Allowance for Statutory Charges incl CITB Levy		0.4 %	$5,027.10
		ESTIMATED TOTAL COST	**$1,390,900.00**

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Elements Summary

Rates Current At October 2018

Description		%	Total Cost
AR	Alterations and Renovations	12.2 %	$169,645.00
XP	Site Preparation	3.2 %	$44,455.00
PO	Pools		$0.00
BW	Builders Work in Connection With Specialist Services	0.7 %	$10,000.00
XR	Roads, Footpaths and Paved Areas	28.6 %	$398,172.90
XL	Landscaping and Improvements	4.7 %	$65,000.00
XK	External Stormwater Drainage	2.2 %	$30,000.00
XD	External Sewer Drainage	2.9 %	$40,000.00
XW	External Water Supply	2.5 %	$35,000.00
XG	External Gas	2.2 %	$30,000.00
XE	External Electric Light and Power	26.6 %	$370,000.00
PR	Preliminaries	0.7 %	$10,000.00
MA	Builders Margin	0.1 %	$2,000.00
LL	Locality Loading		$0.00
CT	Contingency	4.7 %	$65,000.00
ES	Escalation	3.6 %	$50,000.00
PF	Professional Fees	4.8 %	$66,600.00
ST	Statutory Charges	0.4 %	$5,027.10
	ESTIMATED TOTAL COST		$1,390,900.00

City of Mount Gambier

City of Mount Gambier
Indoor Recreation Centre Feasibility Study

Report

Prepared by SGL Consulting Group

sgl www.sglgroup.net

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1 INTRODUCTION

This chapter summarises the background to the study, the scope of the study and methodology.

1.1 Background

The City of Mount Gambier Council at its March 2018 meeting resolved to provide funding for "the preparation of documentation for a proposed multifunction indoor recreation and aquatics centre including feasibility study, concept plans including initial engagement with stakeholder groups, facility management options and a ratepayer impact report".

SGL Consulting Group prepared a feasibility study for an indoor recreation and aquatic centre in 2007. Council expects that this report will form the foundation for the "refresh" to incorporate new and/or updated financials, any changes to indoor centre philosophies over the past decade, and design/configuration features.

The indoor recreation centre will be located at Olympic Park adjacent to the existing 50m outdoor pool and overlaying some of the outdoor netball courts.

A preliminary design concept was prepared to assist with funding applications, and included:

Aquatics

- 25 meters lap pool
- Recreation/learners/water play pool with some water features and beach entry.
- Concourse around the pool that would also include some ramped seating on one side for spectators.
- The 50 meter outdoor pool remains and all the other smaller recreation/babies pools are removed.
- Change rooms and toilets.

Dry areas

- Six multi use courts (at a minimum) with one being a show court with extensive retractable seating.
- Health and Fitness
- Administration and support areas
- Storage
- Change rooms and toilets
- One entry point into the entire facility
- Kiosk
- Creche.

Conference and events

- Capacity to hold conference and events in the main court area and on the first floor meeting/function area.
- Commercial kitchen or at least a large kitchen area.

Car parking

As per current site with some increase with the potential for additional car parking to the south.

Site footprint

- The current pool site is about 13,600m^2 excluding car parking.
- May need to utilise up to four netball courts.

1.2 Scope of the Study

Update SGL's 2007 Report titled "City of Mount Gambier Indoor Recreation Centre Feasibility Study" to reflect 2018 financials (costs and income), location, potential configuration and any changes to facility design and operation that have altered over the past 10 years.

2 CONCEPT DESIGN AND COST

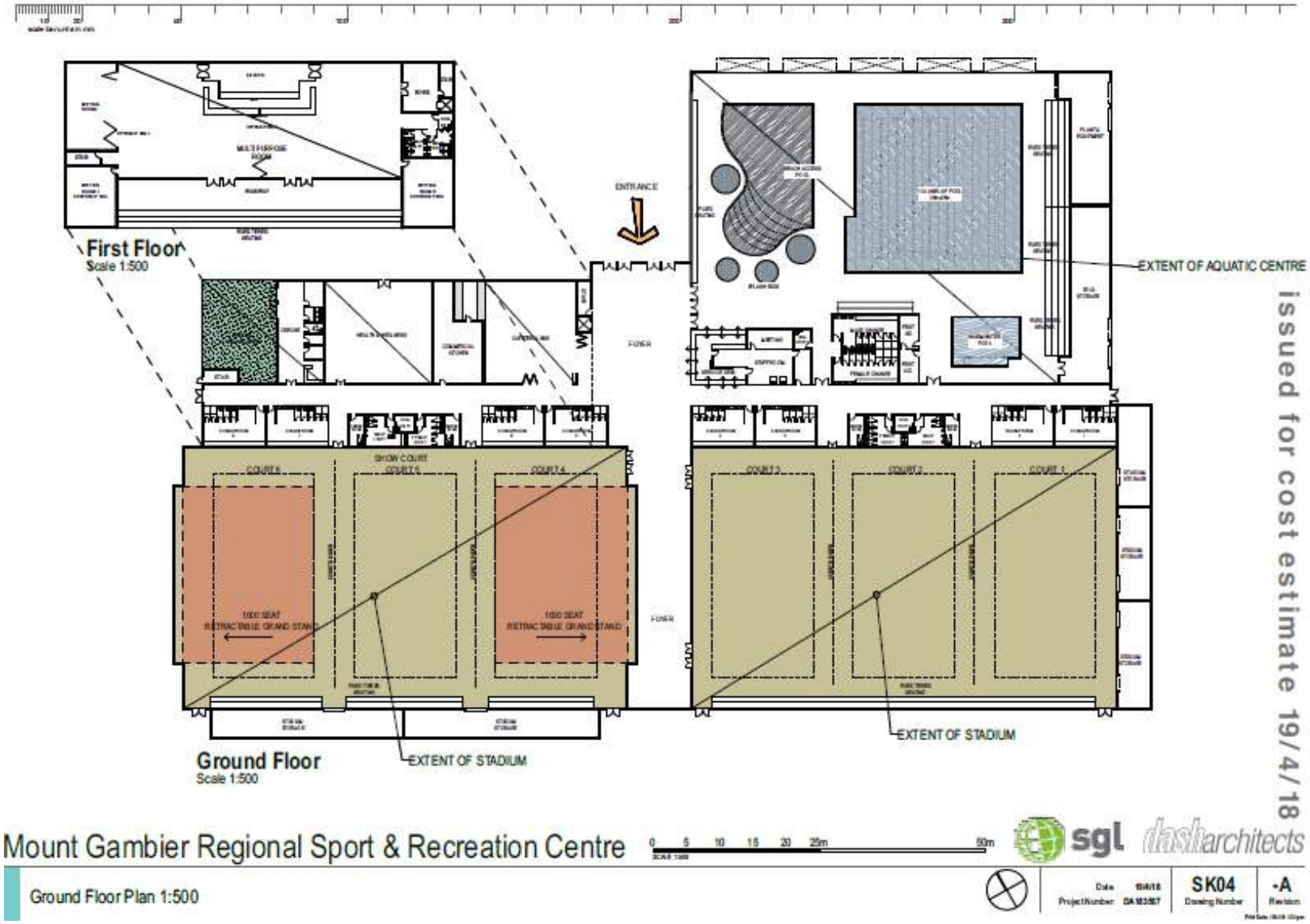
Based on the preliminary design brief a concept plan (refer to Plan 2.1) and cost estimates were prepared by DASH Architects and Quantity Surveyors Rider Levett Bucknall (refer to Table 2.1).

Total estimated capital development cost is $40m. [Note: This estimate should be viewed as a Concept Cost Plan for use in strategic master planning review and options analysis. It should not be used for decision making analysis to commit to a project (including acquisition, finance approval, equity approval or the like). RLB recommend that a more detailed cost plan be prepared before such commitment is to be considered.]

Table 2.1: Preliminary Capital Cost Estimates

Location	Total Cost
Demolition & Site Preparation	**$318,360**
Building Works	
Aquatics Facility	$9,256,941
Sports Hall	$9,494,386
Commercial Spaces	$4,328,167
Support Amenities	$5,904,837
Existing Facilities	Excluded
Building Works	**$28,984,329**
External Works & Site Infrastructure	**$1,682,310**
FFE /AV /ICT (Fit out)	**$3,000,000**
Estimated Net Cost	**$33,985,000**
Margins & Adjustments	
Allowance For Construction Contingency	$1,395,000
Allowance For Professional Fees	$2,915,000
Allowance For Statutory Charges Incl CITB Levy	$165,000
Allowance For Locality Loading (Discounted - Assumes use of local trades)	$830,000
Allowance For Escalation To Completion (Assumed to late 2021)	$710,000
Estimated Total Cost	**$40,000,000**

Table 2.1: Preliminary Concept Design



3 MARKET ANALYSIS

This chapter reviews the markets in which the Mount Gambier and Region swimming pools operate, including the current and future catchment population and swimming and health and fitness facilities which directly compete for customers.

3.1 Population

The population at the 2016 Census of the three local government areas in and around Mount Gambier were:

City of Mount Gambier	26,276
District Council of Grant	8,203
Wattle Range Council	11,677
Total	46,156

The age profile of the regional population in 2016 was:

	Persons	Males	Females
0-4 years	2,731	1,403	1,326
5-14 years	6,137	3,199	2,946
15-19 years	2,846	1,428	1,398
20-24 years	2,364	1,225	1,146
25-34 years	4,966	2,497	2,474
35-44 years	5,495	2,765	2,725
45-54 years	6,619	3,370	3,251
55-64 years	6,355	3,170	3,186
65-74 years	4,921	2,474	2,439
75-84 years	2,595	1,180	1,414
85 years +	1,129	419	705
Total person	**46,156**	**23,130**	**23,010**

The City Growth Strategy notes that:

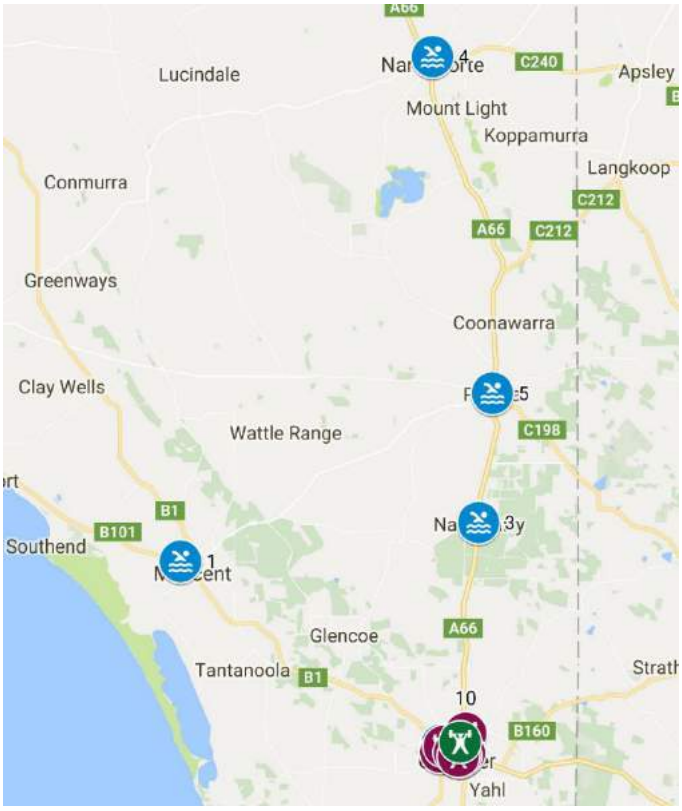
"Based on current projections and trends the population of the City of Mount Gambier is projected to increase from 26,317 in 2016 to 27,498 in 2027. This is an increase of just 1,181 people.

To maintain its position as a strong and vibrant regional centre, the City of Mount Gambier should aim for an aspirational target to increase its population to 32,000 people by 2027."

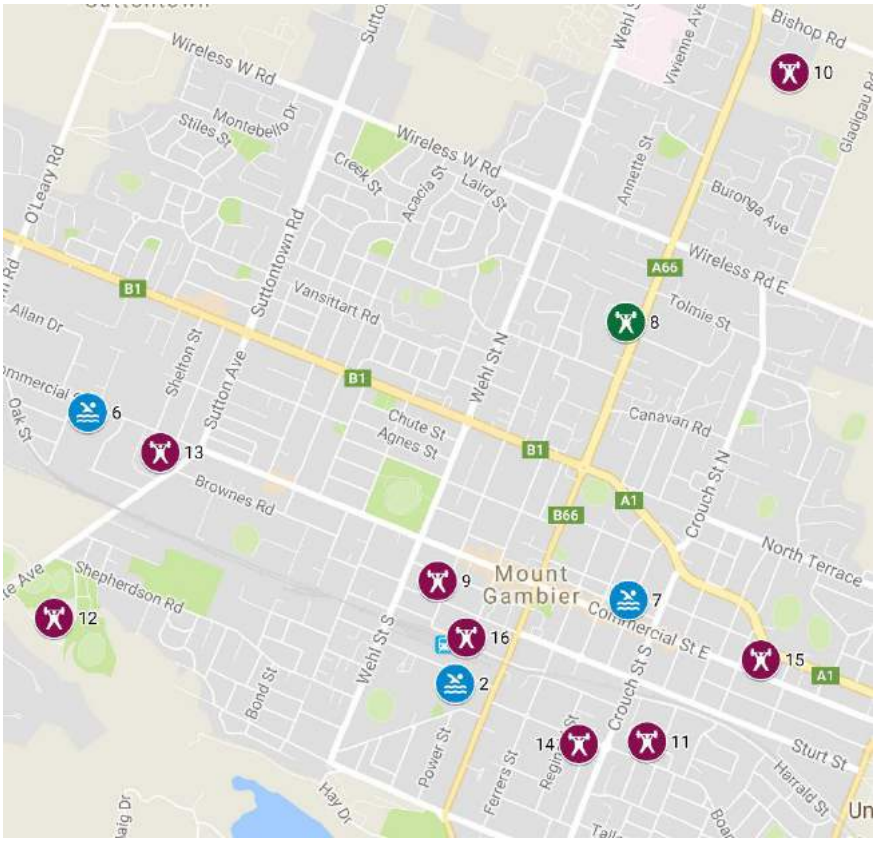
3.2 Swimming Pools

Map 3.1 and 3.2 indicate the location of aquatic and health and fitness facilities in Mount Gambier and the broader region. It is expected that the catchment for an indoor aquatic centre will extend up to Naracoorte and Millicent, whereas the courts and fitness facilities will rely on a primary catchment from within Mount Gambier and District Council of Grant.

Map 3.1: Aquatic Centres in the South East Region



Map 3.2: Aquatic and Health and Fitness Centres in Mount Gambier



Key:

Pools

1 Millicent Swimming Lake
2 Mount Gambier Aquatic Centre (Seasonal)
3 Nangwarry Swimming Pool (Currently closed for renovations) (Seasonal)
4 Naracoorte Swimming Lake (Seasonal)
5 Penola Swimming Pool (Seasonal)
6 Squashbrook Fitness & Leisure (includes full service gym)
7 Swimskool

Full Service Gym

8 Active8 Health and Sports Centre

24/7 Gym

9 24fit Mount Gambier
10 Anytime Fitness
11 Blue Lake CrossFit
12 EFM Health Club Mount Gambier
13 F45 Training Mount Gambier
14 FitBac Personal Training
15 Jetts Mt Gambier
16 Reflexion health and fitness

Seven aquatic centres have been identified including three in Mount Gambier:

Mount Gambier Aquatic Centre

Mount Gambier Aquatic Centre is an outdoor swimming complex, owned by Council and operated by a commercial contractor under lease. It comprises a 50 metre x 8 lane main pool with depth ranging from 1.00 metres to 1.83 metres, a 21 metre x 15 metre teaching pool with depth ranging from 0.4 metres to 1.2 metres, and a toddlers pool with depth ranging from beach entry to 0.35 metres. Pool water is heated using a Bio-mass Boiler to 28°C in the main pool and 31°C in the teaching pool. Solar blankets are used to retain heat overnight.

The Centre is open from mid October to end of March noting that the commencement and conclusion of the season is significantly impacted by weather conditions. As the only public aquatic centre in Mount Gambier it is used for teaching swimming (school swimming and private swim school), coaching (Blue Lake Y Swim Club and Mount Gambier Swim Club), and public swimming (lap swimming and recreational swimming).

Swimskool

Swimskool ("Waterhole") is a privately owned indoor swimming pool, managed under a lease agreement. The original construction date of the pool is unknown, but is believed to be at least 45 years old. It comprises a 25 metre x 4 lane pool, with depth ranging from 1.2 metres in the middle to 0.9 metres at either end.

The Waterhole operates its own swim school, with classes ranging from water babies to stroke correction, and aqua aerobics classes. The pool is also used by schools for swim lessons, physiotherapists for rehabilitation and exercise and by the swim clubs for practice and coaching during the winter season.

Limited lane space is available for public swimming and lap swimming.

Squashbrook

Squashbrook is a privately owned and managed health and fitness centre. It comprises three squash courts, cardio studio, weights room, RPM studio, circuit room and group fitness room. In addition it has a small swimming pool (11m x 8m) and sauna and two spa pools. The wet areas are used for swim lessons and by physiotherapists for remedial treatments.

Regional Aquatic Facilities

Complementing the three aquatic centre in Mount Gambier are two seasonal swimming lakes at Naracoorte and Millicent and seasonal outdoor swimming pools at Penola and Nangwarry.

Health and Fitness Facilities

Competition within Mount Gambier for health and fitness customers is very strong, with at least eight providers identified. Of these, two (Squashbrook and Active8) offer full service facilities with cardio, pin loaded and free weights, group fitness and creche. The other facilities are low cost 24/7, personal training or specialist venues.

3.3 Sports Halls

Sports halls within Mount Gambier are shown in Map 3.3 and located at:

The Ice House

Basketball Mount Gambier leases, and manage, the stadium from the City of Mount Gambier. Originally owned by the Basketball Association, it was purchased and leased back to the Association to help overcome some financial difficulties experienced by the Association. The lease has expired and has been extended on a month to month basis. The stadium is over 60 years old and given its age, has a high maintenance bill. It comprises three courts, including a show court which has seating for 1200 spectators. Whilst he stadium originally met design standards for most sporting competitions, it now does not comply with current standards. For example the show court does not have sufficient run off to conduct regular season NBL games or international games, although pre season NBL matches can be played. Only the show court meets height standards for junior national championships, consequently they cannot be held in Mount Gambier.

Both junior and senior basketball competitions are conducted during a winter and summer season. In recent years the number of junior teams has increased and the number of senior teams has remained static.

Active8

Active8 is a privately owned sports and fitness centre, managed by the owners family company. It was constructed in 1988 and has undergone a number of transformations over the years. It was originally constructed as an indoor tennis centre, with five synthetic grass courts. Over the years it has been converted into a centre which offers a health and fitness centre as well as indoor sports.

It has four indoor multi purpose courts suitable for sports such as netball and tennis, which is the main indoor sport at the centre. Its health and fitness facilities include three group fitness studios, a cardio studio and a weights room.

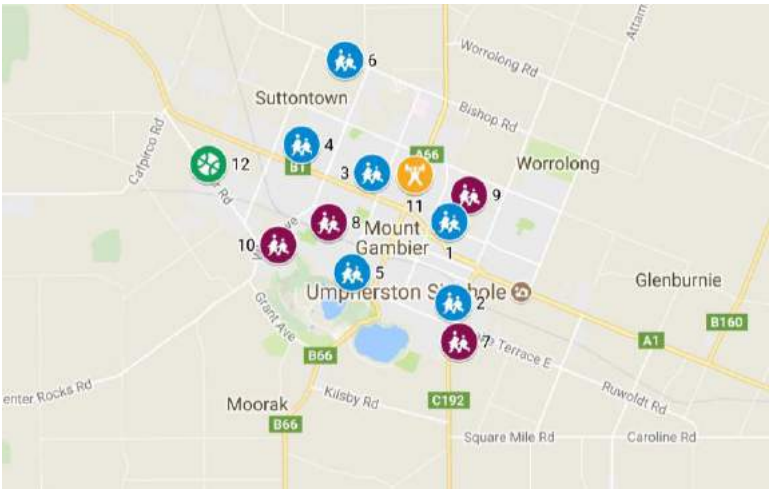
Schools

Most schools in Mount Gambier have an indoor activity hall. The four high schools all have full size courts, although only Tenison Woods College has adequate run off space around the

playing court. Tenison Woods has two courts, whereas the other high schools have a single sports court.

Whilst the primary schools have indoor activity spaces, they are not suitable for indoor sport competitions as they are three quarter size. They are however suitable for training and adult activities such as martial arts and dance.

Map 3.3: Sports Halls



Key:

Primary Schools

1 McDonald Park School
2 Melaleuca Park Primary School
3 Mt Gambier North Primary School
4 Mulga Street Primary School
5 Reidy Park Primary School
6 Suttontown Primary School

High Schools

7 Grant High School
8 Mount Gambier High School
9 St Martins Lutheran College
10 Tenison Woods College

Sports Centre

11 Active8 Health and Sports Centre

Basketball

12 The Ice House

3.4 Key Informant Interviews

Personal and telephone interviews were conducted with owners and operators of the main facilities which will be impacted by the proposed indoor recreation centre and sporting organisations which may use the indoor recreation centre.

3.4.1 Venue Operators

Active8

- The land and business is owner operated and has been since it opened
- It offers a full service gym and a sports hall with four synthetic grass courts
- The health and fitness market in Mount Gambier is saturated, hence competition is very intense. Membership numbers are generally declining, albeit in a growing market
- Competitions offered in the sports hall include women and mixed netball, mixed volleyball, mixed futsal, tennis – all are conducted by centre management
- Courts are also hired by sporting clubs for training during inclement weather

Squashbrook

- The land and business is owner operated and has been since it opened
- The indoor pool has been refurbished in recent years and the water is maintained at 29°C. Approximately 300 children are in the swim school
- Very strong competition in the health and fitness market with a substantial increase in the number of venues.
- Health and fitness prices have not increased in recent years, due to the strong competition

Swimskool

- Swimming pool is 25m x 4 lane, ranging in depth from 0.9 to 1.2m to 0.9m, heated to 30°C – 32°C, and air is heated to 22°C – 24°C. The pool is at least 45 years old, and needs continual maintenance. Both the pool and air heaters are about 5 years old, and the pool tank is sound and does not leak.
- A public pool will compete with a private pool such as Swimskool. Despite this Swimskool cooperates with Mount Gambier Aquatic Centre during the summer season
- It is possible Swimskool will be impacted if an public indoor aquatic centre is constructed in Mount Gambier.
- The main business is the learn to swim program which has over 500 children. Lessons are $160 for 10 weeks
- Other programs offered are lap swimming, aqua aerobics, hydrotherapy for adults and children, school swimming classes and swim club practice and coaching
- Mount Gambier has two swim clubs who now train together at Swimskool during winter. Another swim coach also has a small squad of four children at Swimskool

3.4.2 Sporting Organisations

Basketball

Feedback from Basketball Mount Gambier and Pioneers Basketball Club is based on a discussion with four key personnel and a submission made to Council in April 2018.

- Basketball Mount Gambier (BMG) has not formally discussed the potential development of a new indoor sports centre and the impact on the Ice House. BMG has provided Council with an outline of their needs in a submission in April 2018.
- BMG currently have 650 members and 8 0 teams utilising 3 courts at The Ice House and up to 2 courts on two days at Tenison Woods College for regular games and training sessions. Games are played in a summer and winter season – Junior, Senior & Social

competitions with up to 50 games per week.

- 2 Day Junior Country Basketball Tournament held in November with up to 118 teams participating from Country SA and Victoria played over 10 basketball courts, including school gyms.
- Representative men's and women's teams play in the Senior Country Basketball League (CBL), incorporating teams from country Victoria. The season is October to February.
- Mt Gambier Castec Rural Pioneers compete in the South Eastern Australia Basketball League (SEABL). The season is April to August and includes 10 home games. Pioneers hire the ice House from BMG for its home games and training and pay approximately $7,000 per season.
- Average crowd for a Pioneers home game is 800, most spectators are accommodated in a "corporate box" (identified seating in the main seating area) which seats 4, 6 or 8 people. Under the current hire arrangements Pioneers retain revenue from spectators and use a separate area to provide pre game drinks to its corporate guests.
- Pioneers train twice a week, for 2.5 hours in the evenings during the season and three sessions per week in pre-season.
- Competitions and programs have been restricted from growing by the limit of 3 courts. For example the u12 and u14 competitions are at capacity and cannot accommodate additional teams.BMG would immediately implement growth strategy for 4-5 courts. Also, to host a national junior or other major basketball championship further courts to national standard are highly desirable.
- Future requirements for BMG and for Castec Rural Pioneers are:
  - ✓ 4 x Indoor courts fully compliant to FIBA national championship standard (including but not limited to surface, markings, back boards, lighting, scoring systems with 24 second shot clock).
  - ✓ 1 x show court built to FIBA NBL standard (including surface, markings, back boards, lighting, scoring systems with 24 second shot clock) with seating capacity of 1500 – 2500 and up to 40 corporate box facilities.
  - ✓ Sufficient space between all other courts compliant with FIBA for score benches and tiered spectator seating and FIBA compliant roof heights.
  - ✓ BMG require operational control and exclusive access and use of these courts Monday to Friday from 3.30 pm until 11 pm for current competition and on Sunday from 9 am until 8 pm for training.
  - ✓ 2 x female and 2 x male team changerooms for home and away teams with exclusive use prior to and at time of major games.
  - ✓ 1 x female and 1 x male referee changerooms for visiting referees with exclusive use prior to and at time of major games.
  - ✓ Sponsorship signage on show court and outlying courts for during major games and tournaments (including on court and surroundings)
  - ✓ Entertainment standard audio and visual equipment (public address, led screen display etc)
  - ✓ Function area for pre and post match purposes
  - ✓ Storage area for BMG equipment.
  - ✓ Office space for BMG administration staff. Currently employ 1 x full time Basketball Development Manager and 1 x part time Administration officer with projected expansion to allow for up to 4 employees. Facilities for nightly gate keeper to collect match fees.
  - ✓ First option to operate the canteen/cafe as a business unit established by BMG, given canteen income is a critical part of BMG finances. Right to operate bar facilities noting that BMG already holds a liquor license and this is also important to its finances.

Netball

Feedback was obtained from three key personnel of Mount Gambier Netball Association (MGNA).

- The concept plan for the proposed indoor recreation centre will involve the removal of four, of the current total of 12, outdoor netball courts. Construction of indoor courts will allow an indoor and outdoor competition to be conducted.
- MGNA has 637 members paying in teams from U9 to seniors, with approximately 2/3 being junior members. All games are played on Saturday's from early morning to late afternoon, with training under lights in the evenings – usually Tuesday and Wednesday.
- Currently the main season is conducted in winter, with a short summer season. Construction of the indoor courts will enable two full winter and summer season competitions to be offered.
- Members pay match fees of $7.50 and $5.00 for senior and junior players. It is expected this fee will increase when games are played indoors. Umpires are paid $10 - $15 per game depending upon their level.
- MGNA envisage that basketball will have priority use on weekday nights and netball will be played primarily on Saturday.
- MGNA comprises 8 clubs, with all teams in the MGNA competition belonging to a club. Training is on the outdoor courts and also in school halls, which charge $25 - $35 per hour.

Badminton

- Grant Badminton Club plays at Grant High School on Monday nights.
- 3 x badminton courts are used by 30 – 40 members and pay a hire fee of $10 per hour.
- Supports the development of the indoor recreation centre, although Grant Badminton Club is happy with the existing arrangements and would not relocate, except for tournaments and major events.

Other Potential Sports Hall Users

Given the construction of a six court facility, it is possible that a range of other users and sports may be regular or casual hire groups.

3.4.3 Aquatic Centre Users

Education Department Swim Program

Feedback was obtained from the Instructor in Charge of the Education Department Aquatic Education program:

- 14 schools are booked in during Term 4 (Oct to Dec) and another 14 booked in during Term 1 (Jan – Mar). They range in numbers from 11 students to schools with over 400 students. The schools come for either 1 or 2 weeks.
- The program usually runs from 9.15 – 3.00 Monday to Friday during the school term, and for 8 weeks in each term.
- An indoor 25m swimming pool would mean that instead of jamming the schools in 16 weeks we could spread out over the year and fit more in. This would mean year round work for the instructors, as now is only seasonal and quite a few during the off season find another job (full-time). It is not easy finding and training new staff every season.
- If the students could practise their skills all year round it would be of great benefit. Some only come for the 1 or 2 weeks and then return next season to find that their skills are

the same or below when they finished their lessons.

Swimming Clubs

Feedback was provided by Mount Gambier Swimming Club:

- Currently has 38 members in total with 23 registered swimmers.
- During summer the club and Blue Lake Y swim club have three morning training sessions (2 lanes) and five evening sessions (2 – 3 lanes) at Mount Gambier Aquatic Centre. In winter the two clubs train at Swimskool and have three morning training sessions (one lane) and four evening sessions.
- For the past two seasons, the two swim clubs have combined to ensure better access to the pool for training.
- New events could be attracted to the region such as interclub tri-series meet, regional country championships, regional training camps and combined coaching sessions with SW Victorian swim clubs. These events last between one and three days and attract up to 450+ visitors to Mount Gambier.

3.5 School E-Survey

A web based questionnaire was prepared and a hyperlink was emailed to all schools in the Mount Gambier Region. In total 32 emails were sent to schools. The following information was obtained:

3.5.1 Use of Swimming Pools

- 8 schools responded with 100% participating in a Learn to Swim Program or School Sport Swimming Program
- 7 schools used centre staff to carry out the program
- 50% of the schools that responded provided 10 lessons in the year and 38% provided 5 lessons in a year. The schools that responded conducted the Learn to Swim Program in either term one or term four
- The number of students in the swimming program varied from 20 to 310
- 88% of the schools that responded took the students to Mount Gambier Aquatic Centre. The other schools used Nangwarry Swimming Pool.
- The schools were then asked what were their main reasons for choosing the pool to take the students; 16% citing proximity to the school, Good facilities, heated swimming facilities, 50m pool and quality of instruction as the main reasons.
- 75% of the schools that responded used a bus to travel to the pool

3.5.2 Use of Sports Halls

- 50% of the schools that responded do have an indoor activity hall or sports centre.
- Other indoor sports centres used for lessons or school sports programs were Mount Gambier High School, Active8 Health and Sports Centre, Squashbrook Fitness & Leisure and Millicent Basketball Stadium
- Netball was the main activity conducted (36%) by community groups

Activity	%
Netball	36%
Basketball	18%
Badminton	9%
Volleyball	9%
Futsal/indoor soccer	9%
Table tennis	9%
Other	9%
None - not used by community groups	0%

3.5.3 Conclusion

63% of the schools that responded would definitely use an indoor, heated, all year swimming pool for their swimming programs if one was constructed in Mount Gambier

Use of Indoor heated pool	%
Yes - definitely	63%
Probably no	25%
Yes - maybe	13%

38% of the schools that responded were unsure if they would use an indoor sports centre for their sports program, if one was constructed in Mount Gambier, whereas 25% would definitely use it.

Use of an indoor sports centre	%
Not sure	38%
Yes - definitely	25%
Definitely no	13%
Probably no	13%
Yes - maybe	13%

4 DEMAND ASSESSMENT

This chapter assesses existing and future gaps in the indoor sports and aquatic market and demand for facilities within the Mount Gambier and broader region encompassing the District Councils of Grant and Wattle Range.

4.1 Aquatic Market Assessment

4.1.1 Major Markets

The aquatics market comprises at least six distinct segments, each requiring a specific marketing mix to maximise market share.

Market	Assessment
Lap swimming	Tend to swim early in the morning or after work, supplemented by some who swim during their lunch time. Require lane space (at least 25 metre pool size), with speed indicators for each lane (i.e. slow, medium, fast). Tend to swim on a regular basis, and often more than once per week. Water temperature is preferably between 26^{0}C and 28^{0}C. Most lap swimmers prefer to swim year round.
Swim coaching/squads	Usually children and young people up to about 16 years, supplemented by adult squads mainly masters swim squads and triathlon swim squads. Main squad training times are early morning (from 5.30am) and early evening (5.30pm – 7.30pm). Require reserved lane space, for between three and 10 times per week. Water temperature is preferably between 26^{0}C and 28^{0}C. As with lap swimmers, squads swim year round.
Learn to swim lessons	Lessons are offered to all ages, from "caregivers and babies" to adult lessons. Most lessons are conducted after school (4pm to 6pm) and on Saturday and Sunday. Adult lessons tend to be offered later in the evening and "caregiver and babies" classes are usually on weekday morning between 9am and noon. Most classes are offered once a week, often for a ten week term or block. Water temperature is preferably between 29^{0}C and 31^{0}C. The number of people in swim lessons declines in winter, although many children participate in lessons year round.
Recreational aquatic play	All humans play and socially interact. In an aquatic environment, play is often defined by the age of participants (i.e. pre-schoolers, junior primary school age, senior primary school age, young teenagers, young people and adults). Play equipment is larger and more adventurous the older the participant. Play experiences are enhanced by either moving water (e.g. water cannons and rapid rivers) or moving the participant (e.g. water slides and climbing structures). Most recreational play is

Market	Assessment
	conducted after school/work time (e.g. weekday evenings and weekends). It can also involve relaxation (e.g. sunbathing, and "hanging about") and supervising young children. Water temperature is preferably between 28⁰C and 31⁰C.
Aquatic fitness programs	In addition to lap swimming, aquatic fitness programs include aqua aerobics (group exercise to music in water), water walking (using a floatation vest), and other similar gentle exercise activities. These activities tend to attract older adults, particularly women. Classes are held at times to suit the participants (e.g. older women on weekday mornings). Water temperature is preferably between 28⁰C and 31⁰C.
Therapeutic and rehabilitation programs	Tend to be supervised by a physiotherapist. In some instances an individual will perform prescribed exercises for warm water exercise without supervision. The main requirement is warm water (approximately 34⁰C) of about 1.5m in depth.

4.1.2 Existing Participation

Three swimming pools currently operate in Mount Gambier at the Mount Gambier Aquatic Centre, Swimskool and Squashbrook. It is believed that the two commercial facilities have up to 800 children in the swim school, plus adults and children participating in a number of other programs and activities. The number of swimmers and total attendances at these facilities is unknown.

However, assuming 40 lessons per child in the learn to swim programs and an additional 10% of attendances in other programs, the total annual swim attendances will be in the order of 30,000 - 35,000. Most of these attendances are children.

Attendances at the Mount Gambier Aquatic Centre have been provided and are summarised in Table 4.1. As with outdoor pools in the south of Australia, attendances fluctuate and are directly correlated to the weather. The data indicates that average annual attendances are approximately 67,800, including 8,700 spectators – that is about 59,000 swimmers. In the order of 70% of swimmers are children.

Combined, it is likely that about 90,000 to 95,000 swimming pool attendances occur each year, plus spectators.

Table 4.1: Annual Attendances at Mount Gambier Aquatic Centre

Summary	2013	2014	2015	2016	2017	Average
Adult Swim	16,829	14,570	21,434	13,580	19,773	17,237
Child Swim	7,574	5,070	8,751	5,309	7,600	6,861
Other Swim	2,604	1,855	3,417	5,218	3,166	3,252
Carnivals	3,406	2,368	3,431	134	1,790	2,226
School Swim	23,028	23,319	22,027	14,070	17,787	20,046
Swim School	7,945	7,029	10,030	8,625	11,952	9,116
Vacswim	0	1	1,494	178	6	336
Spectator	11,468	6,894	8,359	6,764	10,050	8,707
Total	72,854	61,106	78,943	53,878	72,124	67,781

4.1.3 Aquatic Demand

The most recent participation data was produced by the Australian Bureau of Statistics in two statistical reports. Participation in Sport and Physical Recreation, Australia, 2011-12 addresses participation at least once in the previous 12 months by people living in SA, aged over 15 years and Children's Participation in Sport and Leisure Time Activities, 2003 to 2012 addresses national participation at least once outside of school hours, in the previous 12 months by people aged 5 to 14 years.

Note: These studies provide participation data by gender, age and State, whereas the 2013/14 study only provides participation data by activity for Australia and by gender. Overall participation in swimming and diving for males, females and overall was 5.0%, 7.6% and 6.4%, respectively.

In relation to swimming the reports have found:

Age (Years)	15–17	18–24	25–34	35–44	45–54	55–64	65 +	Total
Swimming/Diving	10.2%(1)	6.0%(1)	3.3%	5.5%	5.2%	6.1%	4.6%	4.8%

(1) SA percentage not available for publication and National percentages used

Annual Participation	1–12 times	13–26 times	27–52 times	53–104 times	105+ times
Swimming/Diving	25.4%	15.3%	35.4%	10.3%	13.6%

Type of Participation	Organised only	Non-organised only	Both organised and non-organised
Swimming/Diving	N/A	85.6%	N/A

Children's Participation	2012
5 – 8 Years	24.5%
9 – 11 Year	18.1%
11 – 14 Years	8.0%

According to this data, the popularity of swimming is for young children, and for non-organised participation. It is also likely that a high proportion of young children participate in swimming lessons.

The 2007 Feasibility Study commented that "estimating demand for aquatic facilities is not an objective exercise, rather it is based on objective data, overlaid with a subjective assessment. The challenge is to avoid being too optimistic, and present realistic estimates of demand. The starting point must be existing use of aquatic centres, supplemented by increased use by current swimmers and new swimmers.

In metropolitan areas it has been found that a majority of users of aquatic centres live within 5km of the facility. Whilst no objective data on catchment is available it is expected that in the order of 95% of visits to an indoor aquatic centre in Mount Gambier will be from residents of the City of Mount Gambier and the District Council of Grant."

We have maintained this assumption in our aquatic demand projections. Thus, using the swimming participation rates and the age profile of Mount Gambier and Grant Council areas and estimate the total number of swims per annum can be made, including 5% of attendances from other areas:

Minimum: 79,569
Maximum: 132,361

This estimate includes swimming at all places outside including the home, beaches and all categories of aquatic facilities (eg indoor and outdoor swimming pools). It is not known what proportion of swimming is undertaken a venues other than traditional swimming pools.

The 2013 CERM PI Operational Management Benchmarks for Australian Public Sport, Leisure & Aquatic Centres found that the average number of visits per annum by people living within a 5km catchment was 2.5 visits. This finding was based on a survey of 105 outdoor pools throughout Australia. Based on the population of Mount Gambier and Grant Council areas of 34,500, the projected annual attendance will be approximately 86,250.

Current attendances at pools in Mount Gambier fluctuate, and average around 90,000 – 95,000. Given the construction of a new indoor aquatic centre, this data suggests that the number of annual swim attendances will increase to at least 100,000 and more likely 110,000+. The reality is that the new aquatic centre will have a major impact on swim attendances at both Squashbrook and Swimskool. The biggest impact is likely to be on Swimskool, primarily due to the physical condition of Swimskool building and pool.

4.2 Indoor Sports Market Assessment

Spare capacity for community sports exists at Active8, although the Basketball Stadium has limited spare capacity at peak times. However, both these facilities have structural and/or flooring problems, which limits their use.

The major unmet demand in Mount Gambier is for indoor netball. Netball is currently played at Active8. Potential exists to relocate much of the outdoor netball competitions played at Olympic Park to an indoor centre. In addition, basketball will also be required to relocate when the lease on the current Basketball Stadium expires or the building is no longer fit for purpose.

Viability of an indoor sports hall must be judged on its day to day use, that is from community sport programs. Supplementing these programs are major events, tournaments and functions. It is very difficult, if not impossible to predict what events may be attracted, such as National Country Championships or State/National Age Championships, as they are usually won on a competitive bidding process. These should be considered as bonus income, rather than as core income. An indoor sports centre as proposed will be a major incentive and attraction to host State and National events.

Sports halls have three major types of activities; competitions conducted by management, competitions conducted by sports associations and special events, functions and tournaments. The last category will include country, state and national sports championships, and non sporting events such as festivals and exhibitions. It is expected that junior competitions will be conducted on week days from 4pm to 6pm, and adult competitions are held from 6pm. Weekends tend to be used for junior sport and for club training. Competitions can be conducted for various age groups and social adult competitions are conducted for male, female and mixed gender teams.

5 FINANCIAL PROJECTIONS

This chapter outlines income and expenditure assumptions used to prepare a projected budget, and the impact of a range of scenarios on the projected budget.

5.1 Assumptions

5.1.1 Income

Aquatic Centre	
Base level aquatic attendances	110,000
No discounts for multiuse tickets	
Entry prices:	
Adults	$6.80
Child	$5.80
Concession	$5.00
School students	$5.00
All LTS is conducted indoors	
LTS lesson	$16.00
Learn to swim - students - summer	800
Learn to swim - students - winter	528
School swimming attendances	20,000
Sports Hall	
All use of the sports hall is on a hire basis	
Peak hours - weekdays	6:30pm – 9:30pm
Peak hours – Saturday	9:00am – 6:00pm
Shoulder hours – weekdays	4:00pm – 6:30pm and 9:30pm – 10:30pm
Off peak hours - weekdays	9:00am – 4:00pm and 10:30pm - 11:00pm
Off peak hours – Sunday	9:00am – 10:00pm
Peak hours occupancy	70%
Shoulder hours occupancy	70%
Off peak hours occupancy	10%
Peak hours hire rate	$45
Shoulder hours hire rate	$35
Off peak hours hire rate	$25
Kiosk	
Kiosk sales 12% of total revenue	
Profit margin on kiosk 30%	

5.1.2 Expenditure

Manager	$100,000
Pool coordinator	$60,000
Aquatic Program Coordinator (0.5 EFT)	$50,000
Lifeguards, swim instructors and reception staff (casual rate)	$25.00 per hour
Aquatic centre opening hours	
Monday to Friday (indoor pool)	6am to 8pm
Monday to Friday (outdoor, seasonal pool)	6am to 7pm
Weekends and public holidays.	9am to 6pm

Workcover	3%
Payroll tax	6%
Superannuation	9.5%
Leave provisions	5%
Operating costs including maintenance, cleaning, pool chemicals, security. Utilities, telecommunications, insurance, advertising, legal and accounting, general administration, staff uniforms and bank charges	Based on industry estimates for similar facilities
Depreciation	No allowance provided

5.2 Projected Budget

Based on the income and expenditure assumptions above, a projected financial profit and loss statement has been prepared. The outcome is an annual operating loss of $236,713.

Figures provided by the Council indicate that the management fee paid by Council to the current aquatics centre contractor is approximately $200,000 per annum. This fee would cease if the new facility is built hence the $200,000 would assist the new centre's operating costs.

INCOME	
Swimming pool	
Adult swim	$158,148
Child swim	$52,489
Concession swim	$6,056
Swim school	$386,327
School swim	$90,909
Sub Total	**$693,930**
Sports Hall	
Hire fees	$357,408
Sub Total	**$357,408**
Kiosk net profit	$43,009
TOTAL	**$1,094,347**
EXPENDITURE	
Staff	
Manager	$100,000
Pool Coordinator	$60,000
Aquatic Program Coordinator	$25,000
Reception	$111,800
Life guards - total	$166,400
LTS instructors	$132,800
Sub Total	**$596,000**
Staff Overheads	
Staff Uniforms	$5,000
Leave provisions	$29,800
Workcover	$17,880
Payroll tax	$35,760
Superannuation	$56,620
Sub Total	**$145,060**
Maintenance	
Maintenance	$80,000

Cleaning	$65,000
Pool chemicals	$35,000
Security	$5,000
Utilities	$220,000
Sub Total	**$405,000**
Administration	
Tele communications	$10,000
Insurance	$35,000
Advertising	$15,000
Legal and accounting	$5,000
General administration	$20,000
Bank charges	$5,000
Payroll and accounts	$40,000
Management supervision	$40,000
Miscellaneous	$15,000
Depreciation	$0
Sub Total	**$185,000**
TOTAL	**$1,331,060**
Operating Loss	**-$236,713**

5.3 Scenario Analysis

To test how robust the financial projections are, a series of scenarios have been prepared. Scenarios are based on increasing or decreasing by up to 20%, one of the key income factors – aquatic attendances, sports hall occupancy and sports hall hire rates. Thus the base scenario as detailed in section 5.1 of 110,000 aquatic attendances, sports hall occupancy of 70% for peak and shoulder times and sports hall hourly hire rates of between $45 and $25 results in an outcome of an operating loss of $236,713 (refer to 100% column in table below)

The key point to note is that an increase in aquatic attendances by 120% to 132,000 results in an operating profit of $26,873. Conversely, aquatic attendances of 80% of the base level will result in an annual operating loss of $446,463.

	80%	90%	100%	110%	120%
Increase/decrease in aquatic attendances	-$446,463	-$348,317	-$236,713	-$111,649	$26,873
Change in sport hall occupancy	-$311,119	-$273,916	-$236,713	-$199,510	-$162,307
Change in sports hall hire rate	-$311,119	-$273,916	-$236,713	-$199,510	-$162,307

Further scenario analysis found that small profit of $2,900 (effectively a break even result) will occur of aquatic attendances are 124,300, occupancy is 84% and the sports hall hire rate does not change from the rates assumed above.

City of Mount Gambier

Mount Gambier Community and Recreation Hub

November 2018

(updated January 2019 to include whole of life cost assessment and revised financial arrangements)

BRM Holdich

BUSINESS · RESOURCE · MANAGEMENT

BRM Holdich

Chartered Accountants

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1. BACKGROUND

1.1 At the March 2018 meeting the City of Mount Gambier Council resolved to provide funding for "the preparation of documentation for a proposed multifunction indoor recreation and aquatics centre including feasibility study, concept plans including initial engagement with stakeholder groups, facility management options and a ratepayer impact report".

1.2 The centre is referred to as the Mount Gambier Community and Recreation Hub (Hub).

1.3 The Hub will be located at Olympic Park adjacent to the existing 50m outdoor pool and overlaying some of the outdoor netball courts. A preliminary design concept was prepared to assist with funding applications, and included:

1.3.1 Aquatics

1.3.1.1 25 metre lap pool;

1.3.1.2 Recreation/learners/water play pool with water features and beach entry;

1.3.1.3 Warm water pool with ramp access;

1.3.1.4 Concourse around the pool that would also include ramped seating on one side for spectators;

1.3.1.5 The 50 meter outdoor pool remains and all the other smaller recreation/babies pools are removed; and

1.3.1.6 Change rooms and toilets.

1.3.2 Dry areas

1.3.2.1 Six multi use courts (at a minimum) with one being a show court with extensive retractable seating;

1.3.2.2 Health and Fitness;

1.3.2.3 Administration and support areas;

1.3.2.4 Storage;

1.3.2.5 Change rooms and toilets;

1.3.2.6 Café; and

1.3.2.7 Crèche.

1.3.3 Conferences and events

1.3.3.1 Capacity to hold conferences and events in the main court area and on the first floor meeting and functions area, to be serviced from the café and commercial kitchen.

1.4 Once completed, the Hub will be used for a variety of sporting activities. There will also be a number of function rooms and other spaces which can be used for private enterprise and community groups to host events and other activities.

2. MANAGEMENT OF THE HUB

2.1 Potential Management Models

2.1.1 Upon completion, the City of Mount Gambier will be the owner of the Hub and be responsible for implementing a management model for its ongoing operation.

2.1.2 The City of Mount Gambier will implement a management model for the Hub to ensure that the community receives the maximum benefit and best outcomes from the operation while minimising the financial subsidy expected to be incurred by Council.

2.1.3 There are a number of potential management models that could be implemented to manage the Hub, but essentially the City of Mount Gambier can either Insource or Outsource management of the Hub or implement a Hybrid model whereby some elements of the Hub are insourced with the remainder being outsourced. Table One shows the relevant derivations of the insource and outsource models available to the City of Mount Gambier for the ongoing management of the Hub.

Table One: Potential Management Models

Operating Model	Description
Insource:	
Direct Management	The City of Mount Gambier retains total control and accountability for the management model using either Council staff and/or contract or labour hire staff to resource the Hub.
Section 41 Committee	Management and oversight is delegated by Council to a Committee established under Section 41 of the Local Government Act.
Section 42 Subsidiary	Council establishes a Subsidiary under Section 42 of the Local Government Act to operate the Hub as a separate 'body corporate'. The Subsidiary would have a Charter and a Board of Management and would be responsible for administering the Hub in accordance with the Charter.
Outsource	
Joint Venture	Two or more external parties (i.e. the City of Mount Gambier, sporting clubs or community groups) manage the Hub under a joint access / usage agreement.
External Manager	The City of Mount Gambier outsources the management of the Hub to a 3rd party management company. Responsibilities are set out in a formal contract or management agreement with the City of Mount Gambier usually retaining control of the asset and the 3rd party being responsible for operations.
Hybrid	
Hybrid	The City of Mount Gambier outsources some specific elements of the operations of the Hub such as the kiosk or fitness and wellbeing centre to the private sector while operating other elements of the facility under a Direct Management model.

2.1.4 Direct Management

2.1.4.1 Under the Direct Management model the City of Mount Gambier has total control and accountability for the operation of the Hub through directly employed staff and or contract / labour hire staff.

2.1.4.2 Given the size and scale of the Hub, new specialised resources would need to be recruited by the City of Mount Gambier.

2.1.4.3 Based on our analysis, approximately 12.6 additional FTE's could be required to operate the Hub.

2.1.4.4 One major disadvantage of the Direct Management model are the limitations on the City of Mount Gambier from an Enterprise Bargaining / Award perspective in terms of evening / weekend work and the application of penalty rates. Given the expected opening hours, flexibility in terms of award rates will be key factor in the future financial performance of the Hub.

2.1.4.5 Accessing some staff through a labour hire / contractual arrangement with a 3rd party is one approach to addressing this issue for the City of Mount Gambier.

2.1.4.6 The Arc at Campbelltown is an example of a large recreation centre (with a pool) operating under a Direct Management model.

2.1.5 Section 41 Committee

2.1.5.1 A derivation of the Direct Management model is for Council to establish a Section 41 Committee with responsibility for overseeing the operations of the Hub.

2.1.5.2 The level of oversight would be dependent on the terms of reference that would need to be established.

2.1.5.3 We are not aware of any aquatic / recreation facilities in South Australia reporting to a Section 41 Committee.

2.1.6 Section 42 Subsidiary

2.1.6.1 The Local Government Act provides the ability for Council's to establish dedicated Subsidiaries to provide a specified service and/or to administer a property or facility on behalf of Council.

2.1.6.2 The Subsidiary would be a separate body corporate and would be compelled to act in accordance with a Charter which is required under the Act.

2.1.6.3 Among other things, the Subsidiary's Charter determines the powers, functions and duties of the Subsidiary.

2.1.6.4 A Subsidiary is required to appoint a board of management which may include individuals who are not a member of Council and who may have

specific skills and industry experience to assist with the operation and governance of the entity.

2.1.6.5 A Section 42 Subsidiary is also required to prepare a Business Plan, a Budget, audited Financial Statements, appoint an Audit Committee and maintain an appropriate internal control environment.

2.1.6.6 No other recreational centres in South Australia to our knowledge are operated under a single Council Subsidiary model.

2.1.7 Joint Venture

2.1.7.1 A joint venture management model is one where management of the Hub is shared by a number of entities which may include Council, Community Groups, Sporting Clubs, Schools etc.

2.1.7.2 This structure is most suitable for smaller facilities or facilities that do not require full time staffing where volunteers can effectively manage the facility.

2.1.7.3 In this case, the joint venture model is unlikely to be suitable for the Hub.

2.1.8 External Manager

2.1.8.1 The outsource model delegates management responsibility to a private or not-for-profit sector manager under a Management Agreement.

2.1.8.2 The South Australian market for managers experienced in managing a facility of the size and scale is likely to be limited. There is of course the potential for new entrants to enter the market, including operators who operate predominantly on the east coast.

2.1.8.3 Experienced outsource providers have the following major advantages when compared to an insource model.

(a) Industry knowledge and expertise and an understanding of key industry trends;

(b) access to benchmark data from other recreation facilities both in South Australia and interstate;

(c) Economies of scale where shared specialised corporate resources can be shared across multiple recreation centres;

(d) Specialised systems and process and technology specifically developed to run recreation centres;

(e) Established specialised board and management structures; and

(f) Financial risk can be shared depending on the structure of the management agreement.

2.1.8.4 Disadvantages of the outsource model include the following.

(a) Corporate overheads and profit margins allocated to the facility which can significantly add to the cost and required financial subsidy from operations;

(b) Alignment of objectives between Council, who may have broader community objectives, and the provider who may be focussed on financial outcomes; and

(c) The City of Mount Gambier loses an element of control over operations, risk management and programs that are run at the facility (subject to the terms of the Management Agreement).

2.1.9 Hybrid model

2.1.9.1 The Hybrid model involves the City of Mount Gambier managing the Hub while outsourcing some elements of operations.

2.1.9.2 For example, the City of Mount Gambier could choose to outsource the operations of the café and the fitness and wellbeing centre but choose to manage the stadium courts and function rooms.

2.1.9.3 The Hybrid model can provide the best elements of each model by recognising that the private sector may have greater expertise and competitive advantages in some elements of the operation and not in others.

2.1.9.4 If the City of Mount Gambier chooses to progress an insource model, strong consideration should be given to outsourcing some elements, such as the café to the private sector.

2.2 Core Requirements

A successful management model for the Hub needs to demonstrate the capacity to:

2.2.1 balance Council's identified community and financial objectives;

2.2.2 build relationships with clubs, sporting associations and the community in general to promote court, events and aquatic utilisation and programming;

2.2.3 access managerial and operational talent; and

2.2.4 partner with 3rd parties to offer non-core services which may include operating a café or fitness and wellbeing centre or running competitions and events.

2.3 Preferred Management Model

2.3.1 In our view the Hybrid Management model best allows the City of Mount Gambier to achieve the Core Requirements.

2.3.2 At a high level, this involves the City of Mount Gambier operating the Hub under a Direct Management Model with certain elements of the Hub, such as a fitness and wellbeing centre and / or the café being outsourced to the private sector.

2.3.3 The rationale for this recommendation is:

2.3.3.1 as a new facility, it allows the City of Mount Gambier to understand the strengths and weaknesses of the Hub in terms of its revenue generation capability and cost structures;

2.3.3.2 it ensures the City of Mount Gambier retains total control over the community and financial outcomes of the Hub;

2.3.3.3 it provides flexibility in responding to community needs and requirements;

2.3.3.4 it allows the City of Mount Gambier to build relationships with clubs and associations; and

2.3.3.5 it provides the ability to review and assess the suitability of the management model.

3. MARKET AND DEMAND ANALYSIS

3.1 City of Mount Gambier Indoor Recreation Centre Feasibility Study 2018

3.1.1 The market and demand analysis for the Hub was undertaken as part of the City of Mount Gambier Indoor Recreation Centre Feasibility Study 2018 by SGL Consulting Group (SGL).

3.1.2 The market and demand analysis is driven by the population catchment area. The City of Mount Gambier population is approximately 27,000, the District Council of Grant has a population of approximately 8,500, and in the lower South East adding the 8,000 population of the Wattle Range Council provides a combined population base of 47,500.

3.1.3 This Feasibility Study noted the City of Mount Gambier has an aspirational target to increase its population to 32,000 people by 2027, up from 26,276 in the 2016 Census.

3.1.4 The Feasibility Study highlighted that the catchment area for an indoor aquatic centre will extend up to Naracoorte and Millicent, whereas the courts and fitness facilities will rely on a primary catchment from within the City of Mount Gambier and the District Council of Grant.

3.2 Aquatic Demand

3.2.1 According to SGL, current attendances at pools in Mount Gambier fluctuate and average around 90,000 – 95,000. In their view given the construction of a new indoor aquatic centre, this data suggests that the number of annual swim attendances will increase to at least 100,000 and more likely 110,000+.

3.2.2 The SGL Feasibility Study identifies distinct market segments for the aquatics market each of which will require a specific marketing mix to maximise market share. The market segments are as follows.

3.2.2.1 Lap swimming;

3.2.2.2 Swim coaching and squads;

3.2.2.3 Learn to swim lessons;

3.2.2.4 Recreational aquatic play; and

3.2.2.5 Aquatic fitness programs.

3.2.3 The SGL Feasibility Study estimated the projected annual attendance at the swimming pool to be approximately 86,250 based on 2013 CERM PI[1] Operational Management Benchmarks for Australian Public Sport, Leisure & Aquatic Centres which found that the average number of visits per annum by people living within a 5km catchment was 2.5 visits. This finding was based on a survey of 105 outdoor

[1] Based at the University of South Australia Business School, CERM PI is a leader in customer service quality research, and operational management indicators in the sport and leisure, tourism and hospitality, and event industries.

pools throughout Australia and applied to a population estimate of 34,500 for the City of Mount Gambier and District Council of Grant council areas.

3.3 Indoor Facilities

3.3.1 Indoor Courts

A number of sports organisations have been contacted regarding the potential for their involvement in the Hub and the benefits they see for their sport arising from the redevelopment. The following is intended as a guide to demonstrate the strong demand for new indoor court facilities and their potential use.

3.3.1.1 Basketball. Basketball Mount Gambier has given an 'in principle' endorsement for the facility recognising their aging infrastructure is likely to limit growth opportunities. The ability to host a national junior or major basketball championship is also constrained by access to courts of national standard. A new air-conditioned stadium will facilitate a range of additional opportunities for the community including:

(a) Domestic competitions;

(b) Development programs;

(c) Play groups; and

(d) Programs for groups with special needs.

3.3.1.2 Netball. The Mount Gambier Netball Association will be able to increase the competition offering to two full winter and summer seasons as well as providing training and development programs using the indoor facilities.

3.3.1.3 Futsal. Futsal is the only form of 'indoor soccer' or 'five-a-side' that is officially approved by FIFA and Football Federation Australia (FFA). It is one of the fastest growing sports in the world, is played in over 100 countries and boasts millions of players around the world. With the strong participation rate of soccer in Mount Gambier and the Limestone Coast region the Hub will provide the facilitates to grow Futsal competitions.

3.3.1.4 South Australian Cricket Association. An expression of interest has been received for the use of courts as indoor training facilities, for junior academy programs, for male and female indoor cricket competitions, and Indoor 4's. SACA has expressed the view that there is a lot of potential to expand upon their identified use.

3.3.1.5 In 2017 the Limestone Coast Local Government Association (LCLGA), in partnership with the Office for Recreation and Sport, launched the Limestone Coast Regional Sporting Academy in Mount Gambier. The academy intends to capture and nurture talented elite athletes and having the sporting facilities to develop such talent will be important. Since the launch the academy has already doubled in size.

3.3.2 Gym and Group Fitness

3.3.2.1 Modern gym facilities and a professionally managed gym would attract members and casual users to the Hub.

3.3.2.2 The success of this component will depend on the quality of the operator attracted to the Hub.

3.3.3 Other spaces

3.3.3.1 Meeting rooms and function spaces are highly likely to be attractive to community groups and is likely to contribute significantly to the number of users of the Hub.

3.3.3.2 There is also the opportunity to provide sporting clubs or associations with access to modern office facilities and meeting rooms. These bodies and the sports they administer would benefit from increased training and development opportunities for their staff who may wish to pursue a career in the sports and recreation industry.

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4. FINANCIAL OUTCOMES

4.1 Overview

4.1.1 An allowance has been made for start-up expenditure of $250,000 in the year prior to the Hub becoming fully operational.

4.1.2 Based on a full year of operations the Hub is forecast to generate revenues of $1.563 million with operational costs of $2.964 million producing a loss on the Council Operating Statement of $1.401 million ($0.807 million of this loss related to depreciation). Based on a full year of operations (inflated to 2021/22 when the Hub is expected to open), an indicative Profit and Loss Statement for the Hub is shown in Figure One.

Figure One: Indicative Profit and Loss Statement post opening

Mount Gambier Community and Recreation Hub
Profit and Loss

	2021/22
Revenue	
Courts	510,692
Gymnasium	55,671
Swimming operations	231,992
Swimming lessons	510,929
Café / Catering	208,676
Merchandise / Other	45,500
Total Revenue	**1,563,461**
Expenses	
Direct costs	
Courts	-
Gymnasium	-
Swimming operations	220,012
Swimming lessons	183,616
Café / Catering	113,674
Merchandise / Other	22,750
Total Direct costs	**540,053**
Centre overheads	
Salaries and on costs	645,191
Insurance	37,471
Council support costs	53,530
Other centre expenses	195,534
Total centre	**931,726**
Building overheads	
Utilities	519,241
Depreciation	807,086
Other building costs	165,943
Total building overheads	**1,492,270**
Total expenses	**2,964,049**
Net Profit / (Loss)	**(1,400,588)**

4.2 Capital

4.2.1 The latest summary cost estimate for the capital cost of the Hub, prepared by Rider Levett Bucknall (RLB), a leading independent organisation in cost management and quantity surveying, project management and advisory services, is shown in Attachment One.

4.2.2 The total capital cost is estimated by RLB at $39.116 million (including contingencies but excluding GST). This consists of $37.725 million of external construction costs and $1.391 million of internal construction costs (those to be undertaken by the City of Mount Gambier from re-direction of the capital works programme).

4.3 Operating

4.3.1 A financial model has been developed estimating the operating revenue and costs of the Hub using a number of assumptions. The financial model has been informed by:

4.3.1.1 the SGL Feasibility Study;

4.3.1.2 assessing expected demand and building a bottom up revenue budget based on expected court utilisation and swimming patronage (informed by the existing pool); and

4.3.1.3 benchmarking of other recreation centres including The Arc (Campbelltown) Fleurieu Aquatic Centre (Victor Harbor + Alexandrina), The Rex (Barossa Council), The John McVeity Centre and the Aquadome (Playford).

4.3.2 General Assumptions:

4.3.2.1 10 year model with costs and revenue escalated by 2.30% per annum.

4.3.2.2 Assets to be constructed include six courts, new indoor pools, café, meeting rooms and space for a privately run fitness and wellbeing centre.

4.3.2.3 Interest and funding costs (including the opportunity cost of Council's proposed funding contribution) have been excluded from the operational modelling.

4.3.3 Key revenue assumptions:

4.3.3.1 Court hire revenue based on assessed levels of demand and 42 active court weeks per annum.

(a) All six courts are used between 3:30pm and 10pm Monday to Friday.

(b) All six courts are used on a Saturday between 8am and 5pm.

(c) Two courts are used on a Sunday.

(d) Assumed other community use for three courts between 10am and 1pm Monday to Friday.

(e) Overall court utilisation of approximately 55%.

(f) Revenue per court, based on bottom up budget approach is $79.5k per annum.

4.3.3.2 Court hire rates (inc. GST): $49.50 peak, $38.50 shoulder, $27.50 off-peak.

4.3.3.3 Pool attendances based on the SGL Feasibility Study assuming 36,870 casual attendances per annum, 20,000 school attendances and 26,560 'learn to swim' attendances.

4.3.3.4 Casual Pool rates (including GST): $6.80 Adult swim, $5.80 child swim, $5.00 concession swim.

4.3.3.5 Fitness and wellbeing centre outsourced to a private operator for $1,000 per week.

4.3.3.6 Café and catering revenue based on benchmark performance of comparable centres (approximately $10k per month). Catering / Room Hire net revenue of $75k.

4.3.3.7 Total annual revenue of $1.460 million (2018/19 dollars) which corresponds to $1.563 million inflated to 2021/22 dollars.

4.3.4 Key expense assumptions:

4.3.4.1 No direct costs associated with court hire, i.e. assumes other groups run events and competitions.

4.3.4.2 Fitness and wellbeing centre is outsourced with no direct costs to the City of Mount Gambier.

4.3.4.3 Staffing assumes 12.6 FTE including, 1.0 Hub Manager, 1.0 Duty Manager, 3.0 administration, 1.0 cleaner, 2.9 Learn to Swim instructors, 3.7 Lifeguards.

4.3.4.4 Café direct costs at 85% of sales.

4.3.4.5 Contractors: $100k provision for overtime and casual staff.

4.3.4.6 Maintenance: $80k per annum based on SGL Feasibility Study.

4.3.4.7 Utilities and pool - $515k per annum based on benchmarking of other similar centres.

4.3.4.8 Depreciation - $807k per annum based on useful life estimates by asset class.

4.3.4.9 The City of Mount Gambier support costs - $50k to provide administrative support to the operations of the Hub.

4.3.4.10 Other expenses – commensurate to benchmarking from other similar centres.

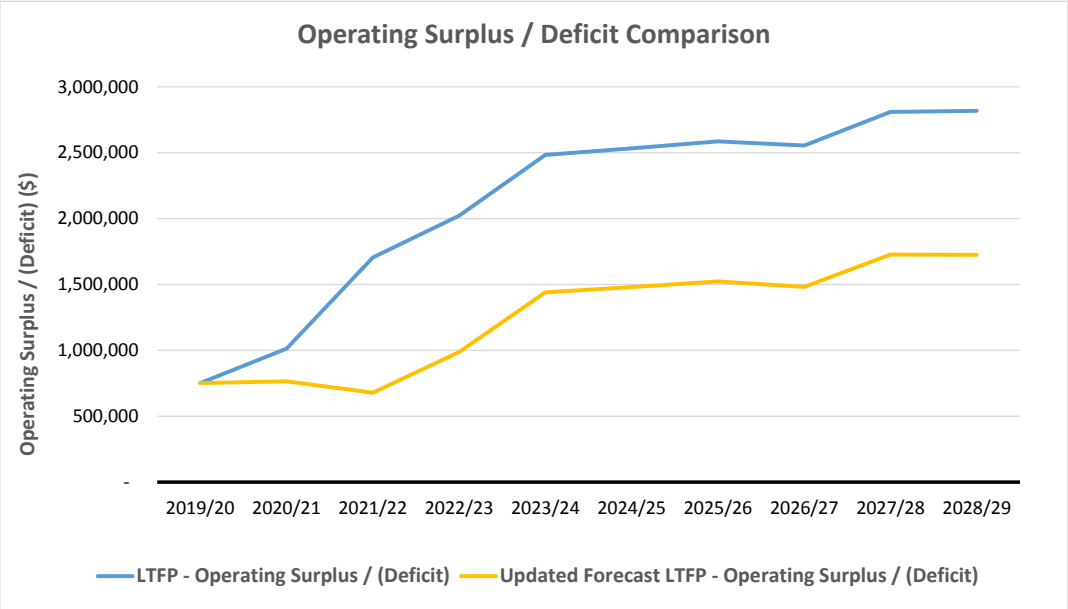
4.4 Net operating result

4.4.1 Table Two and Figure Two shows the forecast impact on the Operating Statement from progressing with the Hub. Table Two starts from the existing Long Term Financial Plan position and then adjusts for the modelled performance of the Hub (excluding financing assumptions).

Table Two: Operating Statement impact

LTFP Update - Operating Surplus / Deficit including Mount Gambier Community and Recreation Hub							
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
LTFP - Operating Surplus / (Deficit)	750,679	1,013,518	1,704,425	2,021,266	2,483,581	2,532,995	2,585,636
Forecast Hub Operations		(250,000)	(1,400,588)	(1,414,239)	(1,428,203)	(1,442,489)	(1,457,103)
Add back: Existing swimming pool subsidy			198,061	202,616	207,276	212,044	216,921
Add back: Existing swimming pool depreciation (50%)			62,810	62,810	62,810	62,810	62,810
Add back: Existing maintenance (50%)			114,178	114,178	114,178	114,178	114,178
Updated Forecast LTFP - Operating Surplus / (Deficit)	**750,679**	**763,518**	**678,885**	**986,630**	**1,439,641**	**1,479,537**	**1,522,441**

Figure Two: Operating Statement impact



4.4.2 The indicative 10 year financial model is shown in Attachment Two.

4.5 Funding sources

The assumed funding model for the Hub is:

4.5.1 $15.0 million in Commonwealth funding;

4.5.2 $10.0 million in State Government funding;

4.5.3 $1.391 million in the City of Mount Gambier internally funded works (from existing budget provisions; and

4.5.4 $12.725 million in cash and cash equivalent contributions by Council.

4.6 Cash impact

4.6.1 Table Three and Figure Three show the internally modelled cash impact on the LTFP of progressing the Hub based on the operating assumptions provided and the following:

4.6.1.1 Council's cash contribution is assumed to occur only in 2020/21;

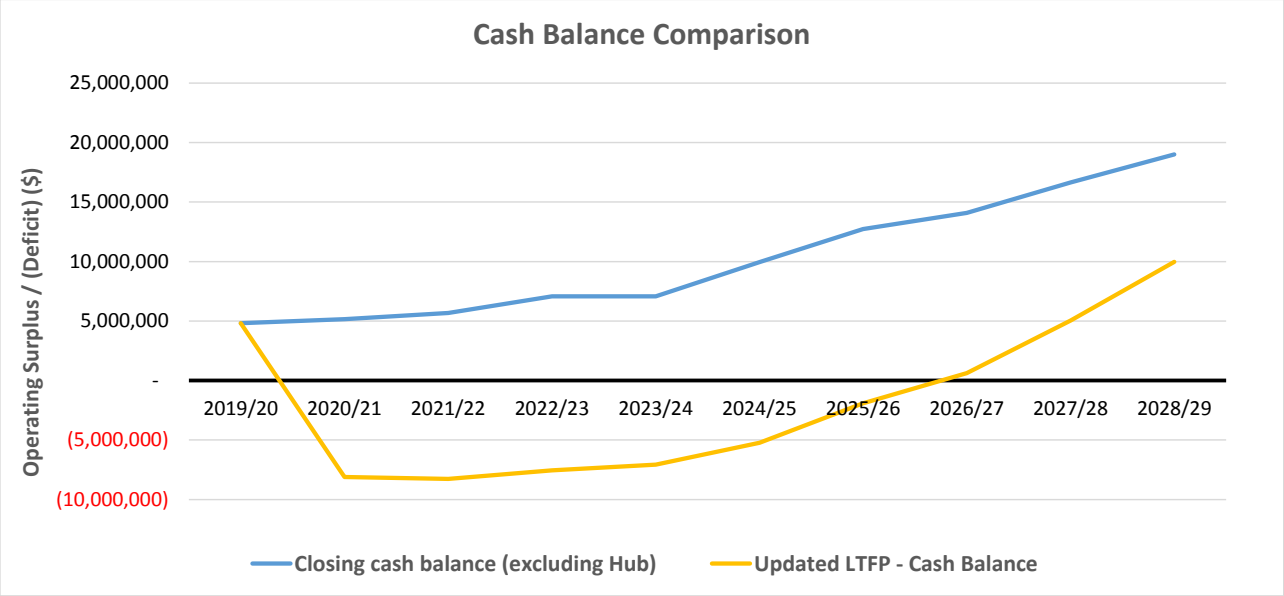
4.6.1.2 Council rate increases of 4.5% per annum during the LTFP period; and

4.6.1.3 the deferral of the repayment of an existing infrastructure loan (library loan) for five years, which was originally forecast to be repaid in 2024/25.

Table Three: Cash impact

LTFP Update - Cash Balance including Mount Gambier Community and Recreation Hub							
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
LTFP cash movement (excluding Hub)		341,790	522,772	1,388,461	889,563	1,999,669	2,778,991
Closing cash balance (excluding Hub)	**4,816,168**	**5,157,958**	**5,680,730**	**7,069,191**	**7,069,191**	**9,958,422**	**12,737,413**
Hub operations:							
Council capital contribution		(12,725,100)					
Hub trading (per model)		(250,000)	(1,400,588)	(1,414,239)	(1,428,203)	(1,442,489)	(1,457,103)
Add Rate Revenue forecast at 4.5% for 10 years		3,060	3,879	4,716	261,278	802,930	1,382,252
Add depreciation (non cash)		-	807,086	807,086	807,086	807,086	807,086
Add existing swimming pool subsidy not required		-	198,061	202,616	207,276	212,044	216,921
Library Loan repayment (new)						(359,983)	(359,983)
Finance cost on negative cash balance		(291,434)	(296,667)	(269,752)	(250,941)	(183,351)	(62,836)
Hub operations cash movement (incl Library loan)		**(13,263,474)**	**(688,230)**	**(669,572)**	**(403,503)**	**(163,763)**	**526,337**
Updated LTFP - Cash Balance	**4,816,168**	**(8,105,516)**	**(8,270,973)**	**(7,552,084)**	**(7,066,025)**	**(5,230,118)**	**(1,924,790)**

Figure Three: Cash impact



4.6.2 Table Three and Figure Three shows that the City of Mount Gambier projected cash balance is forecast to go into overdraft for six years with a maximum year end cash overdraft balance of $8.27 million. An indicative finance charge, calculated on the forecast negative cash balance at an assumed CAD rate of 3.60%, has been included in the cash balance forecasts.

5. FINANCIAL SENSITIVITY

A financial scenario analysis has been undertaken on the Base Case model to develop a High, Medium High, Medium Low and Low Scenario. The output of the analysis is shown in Attachment Three to Attachment Six.

5.1.1 High Scenario

The High Scenario forecasts the financial impact of an increase in patronage over the Base Case, based on the assumptions below, the additional utilisation is not forecast to materially impact operational costs other than labour as stated below.

5.1.1.1 The Base Case assumes 2.5 hours of off-peak community use per day for three courts. This has been increased to all six courts.

5.1.1.2 The Base Case assumes only two courts are used on Sunday between 1030pm and 630pm. This has been increased to four courts.

5.1.1.3 Swimming patronage and swimming lessons have been increased by 20% (with an allowance for additional FTE for swimming lessons).

5.1.2 Medium High Scenario

The Medium High Scenario forecasts the financial impact of an increase in patronage over the Base Case, based on the assumption below, the additional utilisation is not forecast to impact operational costs.

5.1.2.1 Court usage is the same as the High Scenario.

5.1.2.2 There is no change in Swimming patronage from the Base Case.

5.1.2.3 The increase in court utilisation has no impact on operational costs.

5.1.3 Medium Low Scenario

The Medium Low Scenario forecasts the financial impact of a decrease in patronage from the Base Case, based on the assumption below, the additional utilisation is not forecast to impact operational costs.

5.1.3.1 Court usage is the same as the Low Scenario.

5.1.3.2 There is no change in Swimming patronage or utilities expenditure from the Base Case.

5.1.4 Low Scenario

The Low Scenario forecasts the financial impact of a decrease in patronage over the Base Case, based on the assumptions below, and higher utilities costs.

5.1.4.1 The Base Case assumes 2.5 hours of off-peak community use per day for three courts. This has been reduced to one court.

5.1.4.2 The Base Case assumes full utilisation of six courts from Monday to Friday in peak times. This has been reduced to five courts.

5.1.4.3 Swimming patronage and swimming lessons has been decreased by 20% (with an allowance for reduced FTE for swimming lessons).

5.1.4.4 Utilities expenses increase by 20% (Electricity, Gas, Water).

5.1.5 Summary

Figure Four: Scenario Analysis High Level Output

Scenario Analysis - Net Profit / (Loss)						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Low Scenario	(250,000)	(1,699,802)	(1,720,335)	(1,741,339)	(1,762,827)	(1,784,809)
Medium Low Scenario	(250,000)	(1,479,839)	(1,495,313)	(1,511,142)	(1,527,335)	(1,543,901)
Base Case	(250,000)	(1,400,588)	(1,414,239)	(1,428,203)	(1,442,489)	(1,457,103)
Medium High Scenario	(250,000)	(1,348,878)	(1,361,339)	(1,374,087)	(1,387,128)	(1,400,469)
High Scenario	(250,000)	(1,232,764)	(1,242,554)	(1,252,570)	(1,262,816)	(1,273,298)

5.1.5.1 The scenario analysis undertaken shows a reduction in the operating result of appropriately $300k in 2021/22 under the Low Scenario when compared to the Base Case.

5.1.5.2 The High Scenario shows an improvement in financial performance by $168k in 2021/22 compared to the Base Case.

5.1.5.3 The detailed profit and loss statements resulting from the Scenario Analysis are shown in Attachment Three to Attachment Six.

5.1.5.4 Based on the recent experience of other South Australian Councils who have built sports, recreation and community facilities, once the communities experience and appreciate what is on offer, the use of the facilities has been much higher than the base case expectation.

6. WHOLE OF LIFE COSTS

6.1 Given the importance of financial sustainability in local government, it is prudent to consider whole-of-life costs when deciding on whether to introduce a new service or invest in a new community asset. Assessing a project's whole-of-life cost involves identifying not only the upfront capital cost but also the ongoing costs of ownership, these may include those associated with design, acquisition, construction, maintenance, operations and decommissioning or rehabilitation.

6.2 As the future costs associated with owning, operating and maintaining an asset are usually significantly greater than the initial capital cost, understanding these components before committing to a long term investment will allow for enhanced decision making and better financial outcomes.

6.3 To ensure these costs are understood, in addition to the ten year financial model prepared to support the Project, an additional model has been prepared to cover the expected whole of life of the infrastructure. The time period chosen is 60 years which represents the estimated useful life of the Hub's 'building structures' being constructed.

6.4 The whole of life cost assessment has been based on the following key assumptions.

6.4.1 The total capital cost is estimated by RLB at $39.116 million (including contingencies but excluding GST). This consists of $37.725 million of external construction costs and $1.391 million of internal construction costs (those to be undertaken by the City of Mount Gambier from re-direction of the capital works programme).

6.4.2 The revenue and operating cost assumptions for the Hub in years one to ten are those shown in Section Four.

6.4.3 Revenue and operating costs (other than depreciation) between year 11 and year 60 have been escalated by a growth factor of 2.3% per annum which represents an estimated long term inflation rate.

6.4.4 Depreciation has been calculated on a straight line basis using an estimate of the expected useful life of each asset class (building structures 60 years, services and pool 40 years and fittings 20 years).

6.4.4.1 Assets with a useful life of less than 60 years have been assumed to be replaced at the end of their useful life with the replacement cost equal to the current cost plus an inflation factor.

6.4.5 Other than the replacement of assets at the expiration of their useful life, no provision has been made for refurbishment.

6.4.6 No allowance has been made for any decommissioning costs.

6.4.7 Consistent with our instructions, the actual and/or opportunity cost of finance (interest) has been excluded from the assessment on the basis that the funding requirements for the facility and the future financial position of Council is unknown. The whole of life costs have however been calculated both on a nominal basis, and a discounted basis to reflect the time value of money. The discount rate used in the discounted assessment is 2.3%.

Table Four: Whole of life cost assessment

	Years 1 to 10 ($million)	Years 11 to 60 ($million)	Whole of Life Cost ($million)
Revenue	17.36	180.68	198.03
Expenses	(32.27)	(301.64)	(333.91)
Nominal Whole of Life Cost	**(14.91)**	**(120.95)**	**(135.87)**
Nominal Whole of Life Cost (exc. depreciation)	**(6.84)**	**(68.59)**	**(74.42)**
Discounted Whole of Life Cost			**(65.31)**
Discounted Whole of Life Cost (exc. depreciation)			**(35.06)**

6.5 Financial Arrangements

6.5.1 Section 48 (2) (f) of the Local Government Act requires a Council to consider *'the whole-of-life costs associated with a project including any costs arising out of proposed financial arrangements'.*

6.5.2 The funding sources for the Hub were set out in Section Four, as:

6.5.2.1 $15.0 million in Commonwealth funding;

6.5.2.2 $10.0 million in State Government funding;

6.5.2.3 $1.391 million in the City of Mount Gambier internally funded works (from existing budget provisions); and

6.5.2.4 $12.725 million in cash and cash equivalent contributions by Council.

6.5.3 The City of Mount Gambier has not formally determined how its $12.725 million contribution to the capital cost of the Hub will be financed. Council, in its Long Term Financial Plan, is forecasting significant cash balances which, if applying prudent treasury management practices, should be applied to finance some of its contribution and these forecasts may change with the decisions of Council over time.

6.5.4 While Council is likely to utilise existing cash reserves to finance a significant portion of its capital contribution to the Hub, for the purpose of meeting the requirements of Section 48 and considering the whole of life costs associated with the proposed financial arrangements, it is not unreasonable to calculate an indicative finance cost assuming that Council's contribution is entirely funded by debt.

6.5.5 The indicative cost of finance will be impacted by the prevailing interest rate at the time the finance is sought and the length of time the investment is financed over. Table Five illustrates some potential whole of life cost scenarios of financing $12.725 million of debt.

Table Five: Indicative whole of life financing charge on Council's capital contribution (assuming 100% debt funded)

Loan Term	3.0% ($million)	3.6% (current CAD rate) ($million)	4.0% ($million)
5 years	0.99	1.20	1.34
10 years	2.02	2.45	2.73
15 years	3.09	3.76	4.22

Note to table: Interest compounded monthly

ATTACHMENT ONE: CAPITAL COST ESTIMATES

RLB Rider Levett Bucknall

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Summary

GFA: Gross Floor Area
Rates Current At October 2018

Location		GFA m²	Cost/m²	Total Cost
DE SITE PREPARATION				67,990.00
BW BUILDING WORKS		12,625	2,405	30,360,599.00
FE FFE / AV / ICT				2,159,000.00
ESTIMATED NET COST		12,625	$2,581	$32,587,589.00
MARGINS & ADJUSTMENTS				
Allowance for Construction Contingency	5.0 %			$1,635,000.00
Allowance for Professional Fees	5.4 %			$1,850,000.00
Allowance for Locality Loading (assumes use of local trades where possible)	0.0 %			$0.00
Allowance for Escalation to Completion (assumed late 2020)	4.3 %			$1,540,000.00
Allowance for Statutory Charges incl CITB Levy	0.3 %			$112,511.00
ESTIMATED TOTAL COST		12,625	$2,988	$37,725,100.00

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RLB Rider Levett Bucknall

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Summary — Rates Current At October 2018

Location			Total Cost
EWC	COUNCIL WORKS - EXTERNAL WORKS		572,627.90
CW	COUNCIL WORKS - DEMOLITION & LANDSCAPING		269,645.00
EW	EXTERNAL WORKS		362,000.00
		ESTIMATED NET COST	$1,204,272.90
MARGINS & ADJUSTMENTS			
Allowance for Construction Contingency		5.5 %	$65,000.00
Allowance for Professional Fees		5.3 %	$66,600.00
Allowance for Locality Loading (assumes use of local trades where possible)		0.0 %	$0.00
Allowance for Escalation to Completion (assumed late 2020)		3.8 %	$50,000.00
Allowance for Statutory Charges incl CITB Levy		0.4 %	$5,027.10
		ESTIMATED TOTAL COST	$1,390,900.00

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ATTACHMENT TWO: BASE CASE FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	510,692	522,438	534,454	546,746	559,321	572,186	585,346	598,809	612,582	626,671	641,084
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	231,992	237,328	242,787	248,371	254,083	259,927	265,906	272,021	278,278	284,678	291,226
Swimming lessons	-	510,929	522,680	534,702	547,000	559,581	572,451	585,618	599,087	612,866	626,962	641,382
Café / Catering	-	208,676	213,476	218,386	223,409	228,547	233,804	239,181	244,682	250,310	256,067	261,957
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,563,461**	**1,599,421**	**1,636,207**	**1,673,840**	**1,712,338**	**1,751,722**	**1,792,012**	**1,833,228**	**1,875,392**	**1,918,526**	**1,962,652**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	183,616	187,839	192,160	196,579	201,101	205,726	210,458	215,298	220,250	225,316	230,498
Café / Catering	-	113,674	116,289	118,963	121,699	124,498	127,362	130,291	133,288	136,354	139,490	142,698
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**540,053**	**552,474**	**565,181**	**578,180**	**591,479**	**605,083**	**618,999**	**633,236**	**647,801**	**662,700**	**677,942**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	519,241	531,183	543,400	555,899	568,684	581,764	595,145	608,833	622,836	637,161	651,816
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,492,270**	**1,508,029**	**1,524,151**	**1,540,643**	**1,557,515**	**1,574,775**	**1,592,432**	**1,610,495**	**1,628,973**	**1,647,876**	**1,667,214**
Total expenses	**250,000**	**2,964,049**	**3,013,659**	**3,064,410**	**3,116,329**	**3,169,442**	**3,223,776**	**3,279,360**	**3,336,222**	**3,394,392**	**3,453,900**	**3,514,777**
Net Profit / (Loss)	**(250,000)**	**(1,400,588)**	**(1,414,239)**	**(1,428,203)**	**(1,442,489)**	**(1,457,103)**	**(1,472,054)**	**(1,487,348)**	**(1,502,994)**	**(1,519,000)**	**(1,535,374)**	**(1,552,124)**

ATTACHMENT THREE: LOW SCENARIO FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	431,441	441,364	451,515	461,900	472,524	483,392	494,510	505,884	517,519	529,422	541,599
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	185,594	189,863	194,229	198,697	203,267	207,942	212,725	217,617	222,622	227,743	232,981
Swimming lessons	-	408,743	418,144	427,761	437,600	447,665	457,961	468,494	479,270	490,293	501,569	513,106
Café / Catering	-	191,024	195,418	199,913	204,511	209,214	214,026	218,949	223,985	229,136	234,406	239,798
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,317,974**	**1,348,287**	**1,379,298**	**1,411,022**	**1,443,475**	**1,476,675**	**1,510,639**	**1,545,383**	**1,580,927**	**1,617,288**	**1,654,486**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	148,499	151,914	155,408	158,983	162,639	166,380	170,207	174,122	178,126	182,223	186,415
Café / Catering	-	98,670	100,939	103,261	105,636	108,066	110,551	113,094	115,695	118,356	121,078	123,863
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**489,932**	**501,200**	**512,728**	**524,520**	**536,584**	**548,926**	**561,551**	**574,467**	**587,680**	**601,196**	**615,024**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	623,089	637,420	652,080	667,078	682,421	698,117	714,173	730,599	747,403	764,593	782,179
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,596,118**	**1,614,266**	**1,632,831**	**1,651,823**	**1,671,252**	**1,691,128**	**1,711,460**	**1,732,261**	**1,753,540**	**1,775,309**	**1,797,578**
Total expenses	**250,000**	**3,017,776**	**3,068,622**	**3,120,637**	**3,173,849**	**3,228,284**	**3,283,972**	**3,340,940**	**3,399,219**	**3,458,838**	**3,519,828**	**3,582,221**
Net Profit / (Loss)	**(250,000)**	**(1,699,802)**	**(1,720,335)**	**(1,741,339)**	**(1,762,827)**	**(1,784,809)**	**(1,807,297)**	**(1,830,302)**	**(1,853,836)**	**(1,877,911)**	**(1,902,540)**	**(1,927,735)**

ATTACHMENT FOUR: MEDIUM LOW SCENARIO FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	431,441	441,364	451,515	461,900	472,524	483,392	494,510	505,884	517,519	529,422	541,599
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	231,992	237,328	242,787	248,371	254,083	259,927	265,906	272,021	278,278	284,678	291,226
Swimming lessons	-	510,929	522,680	534,702	547,000	559,581	572,451	585,618	599,087	612,866	626,962	641,382
Café / Catering	-	208,676	213,476	218,386	223,409	228,547	233,804	239,181	244,682	250,310	256,067	261,957
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,484,210**	**1,518,347**	**1,553,269**	**1,588,994**	**1,625,541**	**1,662,928**	**1,701,175**	**1,740,302**	**1,780,329**	**1,821,277**	**1,863,166**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	183,616	187,839	192,160	196,579	201,101	205,726	210,458	215,298	220,250	225,316	230,498
Café / Catering	-	113,674	116,289	118,963	121,699	124,498	127,362	130,291	133,288	136,354	139,490	142,698
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**540,053**	**552,474**	**565,181**	**578,180**	**591,479**	**605,083**	**618,999**	**633,236**	**647,801**	**662,700**	**677,942**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	519,241	531,183	543,400	555,899	568,684	581,764	595,145	608,833	622,836	637,161	651,816
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,492,270**	**1,508,029**	**1,524,151**	**1,540,643**	**1,557,515**	**1,574,775**	**1,592,432**	**1,610,495**	**1,628,973**	**1,647,876**	**1,667,214**
Total expenses	**250,000**	**2,964,049**	**3,013,659**	**3,064,410**	**3,116,329**	**3,169,442**	**3,223,776**	**3,279,360**	**3,336,222**	**3,394,392**	**3,453,900**	**3,514,777**
Net Profit / (Loss)	**(250,000)**	**(1,479,839)**	**(1,495,313)**	**(1,511,142)**	**(1,527,335)**	**(1,543,901)**	**(1,560,848)**	**(1,578,184)**	**(1,595,919)**	**(1,614,063)**	**(1,632,623)**	**(1,651,610)**

ATTACHMENT FIVE: MEDIUM HIGH SCENARIO FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	562,402	575,337	588,570	602,107	615,955	630,122	644,615	659,441	674,608	690,124	705,997
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	231,992	237,328	242,787	248,371	254,083	259,927	265,906	272,021	278,278	284,678	291,226
Swimming lessons	-	510,929	522,680	534,702	547,000	559,581	572,451	585,618	599,087	612,866	626,962	641,382
Café / Catering	-	208,676	213,476	218,386	223,409	228,547	233,804	239,181	244,682	250,310	256,067	261,957
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,615,171**	**1,652,320**	**1,690,323**	**1,729,201**	**1,768,972**	**1,809,659**	**1,851,281**	**1,893,860**	**1,937,419**	**1,981,980**	**2,027,565**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	183,616	187,839	192,160	196,579	201,101	205,726	210,458	215,298	220,250	225,316	230,498
Café / Catering	-	113,674	116,289	118,963	121,699	124,498	127,362	130,291	133,288	136,354	139,490	142,698
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**540,053**	**552,474**	**565,181**	**578,180**	**591,479**	**605,083**	**618,999**	**633,236**	**647,801**	**662,700**	**677,942**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	519,241	531,183	543,400	555,899	568,684	581,764	595,145	608,833	622,836	637,161	651,816
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,492,270**	**1,508,029**	**1,524,151**	**1,540,643**	**1,557,515**	**1,574,775**	**1,592,432**	**1,610,495**	**1,628,973**	**1,647,876**	**1,667,214**
Total expenses	**250,000**	**2,964,049**	**3,013,659**	**3,064,410**	**3,116,329**	**3,169,442**	**3,223,776**	**3,279,360**	**3,336,222**	**3,394,392**	**3,453,900**	**3,514,777**
Net Profit / (Loss)	**(250,000)**	**(1,348,878)**	**(1,361,339)**	**(1,374,087)**	**(1,387,128)**	**(1,400,469)**	**(1,414,117)**	**(1,428,079)**	**(1,442,362)**	**(1,456,973)**	**(1,471,920)**	**(1,487,212)**

ATTACHMENT SIX: HIGH SCENARIO FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	562,402	575,337	588,570	602,107	615,955	630,122	644,615	659,441	674,608	690,124	705,997
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	278,391	284,794	291,344	298,045	304,900	311,913	319,087	326,426	333,934	341,614	349,471
Swimming lessons	-	613,115	627,216	641,642	656,400	671,497	686,942	702,741	718,904	735,439	752,354	769,658
Café / Catering	-	226,328	231,534	236,859	242,307	247,880	253,581	259,413	265,380	271,483	277,728	284,115
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,781,407**	**1,822,379**	**1,864,294**	**1,907,173**	**1,951,038**	**1,995,912**	**2,041,818**	**2,088,779**	**2,136,821**	**2,185,968**	**2,236,245**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	218,734	223,765	228,911	234,176	239,562	245,072	250,709	256,475	262,374	268,409	274,582
Café / Catering	-	128,678	131,638	134,665	137,763	140,931	144,173	147,489	150,881	154,351	157,901	161,533
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**590,174**	**603,748**	**617,635**	**631,840**	**646,373**	**661,239**	**676,448**	**692,006**	**707,922**	**724,204**	**740,861**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	519,241	531,183	543,400	555,899	568,684	581,764	595,145	608,833	622,836	637,161	651,816
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,492,270**	**1,508,029**	**1,524,151**	**1,540,643**	**1,557,515**	**1,574,775**	**1,592,432**	**1,610,495**	**1,628,973**	**1,647,876**	**1,667,214**
Total expenses	**250,000**	**3,014,171**	**3,064,933**	**3,116,864**	**3,169,989**	**3,224,336**	**3,279,932**	**3,336,808**	**3,394,991**	**3,454,513**	**3,515,404**	**3,577,695**
Net Profit / (Loss)	**(250,000)**	**(1,232,764)**	**(1,242,554)**	**(1,252,570)**	**(1,262,816)**	**(1,273,298)**	**(1,284,021)**	**(1,294,990)**	**(1,306,212)**	**(1,317,692)**	**(1,329,436)**	**(1,341,450)**

City of
Mount Gambier

Mount Gambier
Regional Sport and Recreation Centre
(Community and Recreation Hub)

S48 Prudential Report

January 2019

Executive Summary

The City of Mount Gambier owns the Mount Gambier Aquatic Centre (an outdoor pool centre) with current seasonal operations conducted under a Management Agreement arrangement with Council remaining responsible for certain maintenance and operational matters associated with the pool and heating.

The broader community have made calls for an indoor aquatic facility over several decades virtually since the construction of the current outdoor centre some 30 years ago. Various options for an indoor aquatic facility have been explored in the past with no progression mainly due to cost and competing major capital works programs.

Community interest in pursuing an indoor aquatic facility increased significantly early in 2018 with the announcement by the Federal Government of its Regional Growth Fund targeted toward major transformational projects which support long term economic growth, community benefit and create jobs in regions. This community interest was demonstrated in a 10,000 signature petition and some 300 attendees at a community meeting on March 24th calling for an indoor aquatics and recreation facility.

Taking the lead from this groundswell of community interest Council progressed a successful Expression of Interest to the Regional Growth Fund securing a conditional $15 Million grant (subject to submission of a satisfactory business case) as well as co-funding from the South Australian Government of $10 Million and funding from the District Council of Grant of $350,000.

Council also conducted a community survey of all electors, the largest known consultative process ever undertaken in the history of Mount Gambier, which saw 45% of electors participate of which 72% voted in favour of progressing the project.

This Prudential Report serves a dual purpose of:

1. providing a summary for the newly elected City of Mount Gambier Council of the activities surrounding the grant application and community engagement processes for the Regional Sport and Recreation Centre ("Recreation and Community Hub")
2. addressing the prudential requirements of Section 48 of the Local Government Act 1999.

Section 48 requires the assessment of projects to ensure that the Council:

- acts with due care, diligence and foresight; and
- identifies and manages risks associated with a project; and
- makes informed decisions; and
- is accountable for the use of Council and other public resources.

Before the Council engages in any project where the expected operating expenses or capital cost over the ensuing five years are likely to exceed certain prescribed amounts, as is the case with the proposed Recreation and Community Hub, it must obtain and consider a report that addresses the following prudential issues:

(a) the relationship between the project and relevant strategic management plans;

(b) the objectives of the Development Plan in the area where the project is to occur;

(c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the

proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;

(d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

(e) if the project is intended to produce revenue, revenue projections and potential financial risks;

(f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

(h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

(i) the most appropriate mechanisms or arrangements for carrying out the project;

(j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

This report does not debate the merit of the proposed Mount Gambier Recreation and Community Hub project, merely to provide facts and commentary on the risks, prudential issues and due diligence activities associated with the project to assist Council in its informed decision making process.

It is worth noting the significant and less than ideal timing associated with project activities and decision making influenced by the Federal Government's Regional Growth Fund timeframes and complicated by the Local Government Election caretaker period operating from early September to early/mid November 2018.

Notwithstanding the contracted timeframes and looming business case deadline, in considering this report Council must determine whether it is satisfied that prudential/due diligence issues associated with the project have been adequately addressed (or require additional information) before making a final determination to progress the Community and Recreation Hub project.

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Introduction

Background

The community of Mount Gambier and surrounding district have raised the issue of an indoor aquatic facility over several decades since the construction of the existing outdoor pool facilities at Olympic Park in Margaret Street, Mount Gambier.

Following receipt of a petition for an Indoor Aquatics Centre in June 2013 and consideration of information contained in Operational Service Report No. 12/2013 (Attachment 1) on the development of such a centre, the City of Mount Gambier Council resolved the following at its meeting held on 20 August 2013:

> *Council, having regard to the research that has been undertaken and documented in this report, and the adopted Long Term Financial Plan defer any further discussion or consideration of an Indoor Aquatic Centre until at least 2017/2018, unless an opportunity arises to access a majority percentage of capital funding for this project.*

This resolution had the effect of shelving further consideration of an indoor aquatic facility until the 2017/2018 financial year.

In March 2018 the Federal Government announced the Regional Growth Fund targeted toward transformational projects which support long term economic growth, community benefit and regional job creation which due to both the timing and potential funding triggered renewed community and Council interest in pursuing an indoor aquatic and recreation facility.

Resulting activities included the lodgment by the City of Mount Gambier of a Stage 1 Expression of Interest to the Regional Growth Fund for an eligible project and the conduct of significant work and documentation to support a Stage 2 Business Case in the event the Expression of Interest was successful.

The design for the Expression of Interest was informed by stakeholder input from potential users and occupiers of the facility and resulted in the proposal for an indoor aquatic centre being expanded to a multi-use sport and recreation centre to meet the identified needs and expectations of the community into the future and the scale and scope of the grant application requirements.

By letter dated 25 October 2018 the City of Mount Gambier was formally notified that it had been shortlisted and invited to lodge a Stage 2 Business Case by 25 January 2019. Prior to the 2018 local government election period[1] the former Council endorsed the progression of the development of supporting plans and documentation for the proposed project to place the incoming Council in a position to make a decision on whether or not to proceed.

In late 2018 alternative naming for the project arose as a result of the progression of the design and proposed uses, being the Mount Gambier Community and Recreation Hub. As a result both the former and current project names are used interchangeably within the community and various documentation and in this report.

[1] City of Mount Gambier 2018 local government election caretaker period operated from 4 September 2018 to 19 November 2018.

Due Diligence Obligations

As part of its assessment and decision making process for certain projects and activities Council must ensure that that it:

- acts with due care, diligence and foresight; and
- identifies and manages risks associated with a project; and
- makes informed decisions; and
- is accountable for the use of Council and other public resources.

The purpose of this prudential report is to present Council with information in relation to the above and other issues Council is required to consider in accordance with Section 48 of the Local Government Act 1999, prior to engaging in such a project.

It should be noted that this report does not debate the merit of the proposed project. It is merely to provide facts and summary commentary on the risks, due diligence activities, and other prudential issues to assist Council in its decision making process.

The primary author of this report is the Council's Manager Executive Administration with career experience in state and local government across a broad range of financial administration, property and project management, governance, risk and compliance activities.

The Manager Executive Administration was purposefully separated from activities associated with the proposed project during the 2018 calendar year to enable an objective assessment to be made and presented in this report.

The Project

The Mount Gambier Community and Recreation Hub project involves the construction of a multi-purpose indoor sport, recreation centre and events/functions consisting of:

<u>Aquatics</u>

- 25 metre lap pool;
- Recreation/learners/water play pool with water features and beach entry;
- Warm water pool with ramp access;
- Concourse around the pool that would also include ramped seating on one side for spectators;
- The 50 metre outdoor pool remains and all the other smaller recreation/babies pools are removed; and
- Change rooms and toilets.

<u>Dry areas</u>

- Six multi use courts with one being a show court with extensive retractable seating;
- Health and Fitness;
- Administration and support areas;
- Storage;
- Change rooms and toilets;
- Café; and
- Crèche.

<u>Conferences and events</u>

- Capacity to hold conferences and events in the main court area and on the first floor meeting and functions area, to be serviced from the café and commercial kitchen.

The location of the proposed project is Olympic Park on Margaret Street adjacent the existing 50 metre outdoor pool which is to be retained and overlaying some of the outdoor netball courts and a community building[2] currently located at O'Halloran Terrace.

The Concept Plan for the project is provided as a weblink to this report (refer References and Attachments).

Legal Framework and Prudential Issues

This report has been prepared in accordance with Section 48 of the Local Government Act 1999 (Act). The development of the Mount Gambier Community and Recreation Hub meets certain criteria specified in Section 48 (1)(b)(ii) which states:

(1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council –

(b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)-

where the expected capital cost of the project over the ensuing five years is likely to exceed $4,000,000 (indexed);

The prudential issues identified in Section 48 are:

(a) The relationship between the project and relevant strategic management plans;

(b) The objectives of the Development Plan in the area where the project is to occur;

(c) The expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market;

(d) The level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

(e) If the project is intended to produce revenue, revenue projections and potential financial risks;

(f) The recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) The financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

(h) Any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

(i) The most appropriate mechanisms or arrangements for carrying out the project;

(j) If the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

The Local Government Act 1999 is provided as a weblink to this report (refer References and Attachments).

[2] Currently occupied by the Open Door Baptist Church under licence arrangements with Council.

Relationship with relevant Strategic Management Plans

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

(a) The relationship between the project and relevant strategic management plans;

Relevant Strategic Management Plans

Section 122 of the Act requires Council to develop and adopt strategic management plans. These are required to incorporate the extent to which Council's objectives are related to regional, State and National objectives.

For the purposes of this report, the relationship between the Mount Gambier Community and Recreation Hub and the following plans are considered relevant.

<u>City of Mount Gambier Plans</u>

- A Futures Paper for City Development - Council's Long Term Development Framework
- The Community Plan - The Futures Paper 2016-2020
- Annual Business Plan and Budget 2018-2019 and 2019-2020
- Long Term Financial Plan 2018/2019 to 2027/2028
- Infrastructure and Asset Management Plan 2016/2017 - 2026/2027
- Mount Gambier City Growth Strategy 2017-2027
- Building a Connected Regional City: A Digital Strategy and Action Plan for the City of Mount Gambier
- Changing the Tourism Culture: An Industry Plan to Grow Mount Gambier's Tourism Economy
- MyMTG - A Youth Engagement Strategy for Mount Gambier

<u>Regional Plans and Strategies</u>

- Limestone Coast Region Plan - A Volume of the South Australian Planning Strategy
- Limestone Coast Regional Growth Strategy - June 2018

<u>South Australian Plans</u>

- South Australian Strategic Plan
- Strategic Infrastructure Plan for South Australia 2005/2006-2014/2015 (currently under review)
- Office for Recreation and Sport Strategic Plan 2017-2021

<u>National Plans</u>

- National Sport and Active Recreation Policy Framework
- Regions 2030 Plan: Unlocking Opportunity in Regional Australia

The City of Mount Gambier and other regional, state and national strategic plans are provided as weblinks to this report (refer References and Attachments).

A Futures Paper for City Development

The Futures Paper has been developed as a Long Term Strategic Plan with an envisaged horizon over a period of 30 to 40 years. The Futures Paper is the guiding document for the development of Council's Strategic Plans.

The Futures paper has been prepared after extensive consultation with the Mount Gambier City Council and its community on what matters for the future development of the City. The paper provides a rationale for the City in terms of four characteristics:

- Developing and supporting our people
- Building on the advantages of our location
- Sustaining our diverse economy; and
- Valuing our climate, natural resources, heritage, arts and culture.

The importance of ensuring a prosperous Mount Gambier was reflected in all of the consultations in the preparation of the Futures Paper. Unless the City has a platform of economic success it will be challenging to realise aspirations related to health, wellbeing, community connectedness and economic prosperity.

City of Mount Gambier - Community Plan - The Futures paper 2016-2020

The Community Plan represents the vision, aspirations and priorities of the community now and into the future. It describes our values, how we work together and outlines the strategic initiatives to achieve ongoing sustainability and prosperity,

The Community Plan is based on the aspirations identified in the Futures Paper, with the actions featured in the plan guiding Council over the next four years.

The Council's stated vision is:

> "An inclusive city where people lead fulfilling lives".

The vision is supported by 4 goals which identify what is important to the community and how the community would like to see the City develop and grow. These 4 goals are:

> Goal 1 - Our People - A safe, inclusive city where access to quality services and facilities supports a socially connected, vibrant and healthy community.
>
> Goal 2 - Our Location - A perfectly centered place where people aspire to live, work, visit and invest.
>
> Goal 3 - Our Diverse Economy - A diversified, innovative and resilient economy that generates jobs and services.
>
> Goal 4 - Our Climate, Natural Resources, Arts, Culture and Heritage - A culturally inspired city that strives to minimise its ecological footprint.

The relevance of the Mount Gambier Regional, Sport and Recreation Centre to specific objectives and strategies in the City of Mount Gambier Community Plan - The Futures Paper 2016-2020 is illustrated in Table 1.

Table 1: The City of Mount Gambier Community Plan 2016 - 2020 Alignment with the Project

Goal	Strategies	The Project
1. Our People	1. Encourage the relevant service providers to support the wellbeing of the community	The project offers a number of diverse recreational activities that offers all community members an opportunity to interact in state of the art facilities
	3. Create opportunities for all citizens to be involved in community life.	Forge partnerships and continue to support and develop community and cultural events that foster social inclusion.
	4. Support social awareness and inclusion in society, business and cultural activities.	The project will significant improve Leisure, cultural and event facilities within the City.
	6. Develop opportunities for young people to live a rewarding life.	The project will improve social outcomes and provide additional and enhanced community and recreation facilities.
		The project will contribute to reducing obesity rates, improve activity rates and contribute to an improvement in the health outcomes.
Goal 2. Our Location	1. Provide and advocate for appropriate and accessible services and facilities.	The project will form part of Council's program to improve active spaces to promote good health and social inclusion.
	2. Provide infrastructure and services that are well planned, accessible, efficient, financially sound and sustainable.	The project will develop a new state of the art facility for both the community within the City and the Region of the Limestone Coast and South West Victoria.
		The project will help to create a vibrant and well maintained City.
		The project will help to create a destination for people to live, work, visit and invest.
		The project will reinforce Mount Gambier as a City where people come for health, education and social interaction.
Goal 3 - Our Diverse Economy	1. Build a diverse and resilient economy through collaboration and partnerships.	It is anticipated that the project will be developed as a partnership with the Federal, State and Local Governments.
	3. Encourage and attract appropriate investment opportunities to support business growth and diversification.	The project will provide a number of investment opportunities to support growth in organized sports, informal recreational pursuits, special and cultural events, catering and tourism providing a year round facility and destination.

	6. Partner with local tourism industry to grow Mount Gambier as a "year round' tourism destination.	The project is to contain state of the art technology and new digital opportunities.
Goal 4 - Our Climate, Natural Resources, Arts, Culture and Heritage	1. Strive to make Mount Gambier a sustainable place where all citizens are proud to call home.	The project will provide an alternative venue for cultural and artistic performances.
	4. Celebrate cultural diversity through awareness and participation.	The project will help to enliven and create a vibrant City.

There is material strategic alignment between the Strategic Objectives of the Community Plan - The Futures Paper 2016-2020 and the Mount Gambier Community and Recreation Hub.

The Limestone Coast Region Plan - A volume of the South Australian Planning Strategy

The Limestone Coast Region Plan is a volume of the South Australian Planning Strategy and was developed to guide the growth, future land use and development within the Limestone Coast region.

Within this plan the following issues were identified as critical to the region's future and are groups under four themes:

- Environment and culture
- Economic development
- Population and settlements
- Infrastructure and services provision

Within this plan some key elements which this project relates to includes:

- Strengthen the role of Mount Gambier as the major regional centre.
- Strengthen the tourism industry by building on the region's natural and cultural assets.

The Principles within the Limestone Coast Regional Plan that relate specifically to this project include:

- Protection and build on the region's strategic infrastructure
- Reinforce the region as a preferred tourism destination
- Reinforce the desired roles of various towns in the Limestone Coast tourist experience;
  i. Mount Gambier as the region's principle business and retail hub; gateway to South Australia from south western Victoria and home of the Blue Lake.
- Mount Gambier will continue to be the focus for major commercial activities servicing the region and western Victoria.
- Reinforce the primary commercial and services role of Mount Gambier as the focus of major retail, commercial, administrative, education, health, justice and recreational developments in the region (in accordance with the Greater Mount Gambier Master Plan).

The Limestone Coast Regional Plan further reinforces that population growth in the region has chiefly occurred in the larger towns and urban area, particularly Mount Gambier. Planned economic expansion in Mount Gambier is likely to be accompanied by continued interest in housing development in the lower Limestone Coast.

As the main city for the region and western Victoria, Mount Gambier will experience significant growth in the future.

The development of the Mount Gambier Community and Recreation Hub will reinforce the City of Mount Gambier as the major regional centre within the Limestone Coast Region.

South Australia's first infrastructure plan, released in 2005, has guided significant progress in tackling the challenges identified at that time. Recognising the importance of integrating land use and infrastructure planning, a review of state infrastructure priorities is now timely, guided by the new volumes of the South Australian Planning Strategy. The proposed new Community and Recreation Hub development being driven by the City of Mount Gambier is focused on providing state of the art facilities and new infrastructure to meet the needs of the community and to maximize sport, recreational and events opportunities. The proposed Community and Recreation Hub supports the goals and strategies identified within the State Planning Strategies and is likely to support future infrastructure planning objectives.

The vision of the Office for Recreation, Sport and Racing of South Australia is "An Active State", which is supported by the following belief "Sport and active recreation develops stronger, healthier, happier and safer communities". Four priorities that the Community and Recreation Hub meet are:

Places and Spaces	South Australians have access to sport and recreation places and spaces that support participation at all levels.
Capacity and Capability	The people and organisations delivering sport and active recreation have the capability and capacity to deliver quality opportunities for participation and performance.
Access and Opportunity	it is easy and enjoyable for all South Australians to participate at all levels and in all facets of recreation and sport.
Sporting Excellence	South Australian athletes winning on the international stage.
Investment	Investment in sport and recreation delivers value for the South Australian economy and community.

The Community and Recreation Hub will provide increased and enhanced opportunities to progress the Office for Recreation and Sport vision.

Limestone Coast Regional Growth Strategy - June 2018

The Limestone Coast Regional Growth Strategy will enable the Limestone Coast region to prioritise key strategic projects that can both drive and achieve future growth supported by:

- The Limestone Coast Regional Growth Action Plan
- The Limestone Coast Infrastructure Audit (to be developed)
- The Limestone Coast Regional Investment Prospectus (to be developed)

The Regional Growth Strategy identifies sports and recreation facilities (including the Mount Gambier Indoor Aquatic and Recreation Centre project), activities and programs as a priority area to:

- secure investment and infrastructure enabling growth
- increase the working age population (by targeting population migration)

The Mount Gambier Community and Recreation Hub also contributes to climate adaptation objectives by providing all weather indoor facilities for sport and recreation activities.

National Objectives

The National Sport and Active Recreation Policy Framework (the Framework) provides a guide for the development and alignment of policies, strategies and programs by governments in pursuit of a high performing sport and active recreation system that delivers:

- Increased participation;
- Success in international competition;
- Strong national sporting competition.

and contributes to whole of government objectives including improved health and education outcomes (including sports in schools and higher education institutions), enhanced social inclusion and community development.

The Framework identifies the expected roles and responsibilities of Commonwealth, State and Territory Governments, Local Governments and other organisations within the Sport and Active Recreation system and includes:

- Facilitating a strategic approach to the provision of sporting and active recreation infrastructure including open space and other needs
- Investing in sport and active recreation infrastructure
- Supporting and coordinating local and regional service providers
- Liaising and partnering will all levels of government on targeted program delivery

The Mount Gambier Community and Recreation Hub can be considered to support the Framework through improved and increased sports and recreation facilities and infrastructure in a collaborative manner by all tiers of government.

The Australian Federal Government Regions 2030 Plan: Unlocking Opportunity in Regional Australia promotes decentralisation as a means of creating jobs and driving economic development in rural Australia. Development of start-of-the-art community facilities is one approach to support decentralisation and increase the attractiveness of the region to skilled workers.

Further commentary on the project's contribution to economic development is provided below under that heading.

Objectives of the Development Plan

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(b) The objectives of the Development Plan in the area where the project is to occur;*

City of Mount Gambier Development Plan

Development in the City of Mount Gambier is governed by the Development Plan - Mount Gambier (City), pursuant to Section 33 of the Development Act 1993.

The Development Plan covers matters including zoning issues, building appearance and neighborhood character, siting and setbacks and environmental guidelines.

The Development Plan is structured as follows:

- General Containing general policy that applies across the council area and relates to a range of social, environmental, and economic development issues.
- Zones These provisions give greater certainty and direction about where certain forms of development should be located and identifies generally envisaged forms of development. The objectives and design requirements for development in the particular area are also expressed.
- Tables These list the conditions which are applicable to complying development, numeric values for setbacks from road boundaries and car parking rates for certain types of developments.
- Mapping Showing the broad distribution of land uses and movement patterns throughout the council area.

The current version of the Development Plan was consolidated on 21 April, 2016. This will be the relevant version of the Development Plan applying to the Development Application once submitted for this proposal.

The relevant policies within the General Section of the Development Plan that will apply to any Development Application for the Mount Gambier Regional, Sport and Recreation Centre are:

- Centres and Shops
- Crime Prevention
- Design and Appearance
- Energy Efficiency
- Hazard Minimisation
- Heritage
- Infrastructure
- Interface Between Land Uses
- Natural Resources
- Open Space and Recreation
- Orderly and Sustainable Development
- Transportation and Access

The City of Mount Gambier Development Plan is provided as a weblink to this report (refer References and Attachments).

Development Zone

The Mount Gambier Community and Recreation Hub will be sited on land within the Recreation Zone.

The primary objectives of the Recreation Zone are:

Objective 1: A zone primarily comprising open space and providing for a range of appropriate active and passive recreational pursuits.

Objective 2: A zone accommodating recreation, conservation and institutional uses which preserve and enhance the open character and amenity of the land.

Objective 3: A zone in which active recreational facilities and buildings are screened from adjoining roads and residential areas by screen landscaping.

The application will be assessed on its merits.

Approving Authority

The Development Act enables Council or its Council Assessment Panel to be the relevant authority for development assessment (planning consent) for this proposal.

Contribution to Economic Development

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(c) The expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*

Contribution to Economic Development

Construction phase and ongoing economic benefits to the region have been modelled using Economic iD tools.

For construction, the total direct and indirect benefits to the local economy is $83.01 million output and value added of $24.30 million with an estimate of benefits that may flow from operational and sporting club employment providing an additional $4.56 million output and $2.19 million value added benefits.

Potential benefits from events that may be attracted to the facility are estimated at $0.59 million with flow on consequences for consumption.

Economic modelling also provides details of local jobs (impacts outside the region have not been included) that are likely to be created during construction and for ongoing employment that are both direct and indirect. The modelling predicts the following FTE values;

Using $40 million for the build costs:

	FTE Direct				FTE Indirect				FTE
	Indigenous	Youth	Other	Total	Indigenous.	Youth	Other	Total	TOTAL
Construction	1.0	21.5	98.5	121	1.5	32.9	150.6	185	306
On going		15.8	5.2	21		8.2	2.8	11	32

The creation of jobs will be both direct and indirect in the following area:

1. Construction – both direct and indirect through building works, associated industries and consumption
2. Predicted on going staffing 21 FTE as follows:
   - Pool will require additional staff for year round pool attendants and instructors currently 45 x .22 FTE (6 months) or 10 FTE (Summary of Initial Community Engagement) For 12 months = 10 new FTE.
   - Staff required to run administration, manage the centre and kiosk will be a mix of full time and fractional staff = 6 FTE staff
   - ongoing coaching that would take place to maintain fitness over winter and the ability to attract new higher level coaches if quality facilities are in place (as per sporting club feedback) = 2 FTE
   - events staffing = 1 FTE (estimate)
   - new allied health facilities coupled with NDIS needs = 2 FTE with significant growth potential
   - clubs have all indicated that there would be significant volunteering opportunities for youth to assist with tournaments and events as a means of building employability skills.

Impact on Businesses in Proximity

Businesses potentially impacted by the development are considered to be limited to those that provide (indoor) swimming facilities, other indoor fitness/health services, large scale event venues and proximate cafés and business providing competing premises for these uses.

Proximity of businesses to the Community and Recreation Hub can be viewed in several context:

- businesses in the immediate vicinity that are not in competition with any business aspects of the facility (e.g. neighbouring businesses that may be impacted by on-street car parking or noise arising from the facility in use).
- competing businesses in the immediate vicinity that share a small customer catchment area with the facility (e.g. café/deli/)
- competing businesses in the wider area that share a larger customer catchment area with the facility (e.g. fitness, event hosting)

Mount Gambier and the surrounding region has only limited private indoor swimming facilities. The provision of a public indoor aquatic centre was the initial driver of the Community and Recreation Hub. Whilst some business impact on other indoor pool facilities could be anticipated, this may be considered alongside the broader community benefit of a public all-year round pool facility.

The pool related business likely to experience the most impact as a result of the development of the facility is the current aquatic centre operator whose business is likely to be impacted during the construction period and may (or may not) be successful in securing the operation of the newly developed facility.

Mount Gambier has several fitness and health providers that provide certain facilities and services similar to those proposed to be accommodated within the Community and Recreation Hub. Whilst the business model and business participants (service providers) are yet to be determined, to fulfill Competition Policy (as set out in the next section) and procurement obligations it is most likely that the occupation/operation of business aspects of the new facility would be offered to the market on commercial terms, including to local operators.

Mount Gambier has few indoor event venues of the scale anticipated by the Community and Recreation Hub. The proposed facility offers differing facilities to other commercial outdoor, temporary and/or venues such as the Old Gaol or The Barn[3]. Demand for the new facility will be shared with other community and sporting uses, and when otherwise available may compliment the business activities of these host venues for privately managed events.

Similarly, whilst some smaller scale event hosting venues may be impacted by a new larger scale and purpose built venue, the demand for competing uses and the ability for management/hosting of private events provide alternative business opportunities for competing and new entrepreneurial business.

With the exception of the existing aquatic centre kiosk there are limited existing café or kiosk businesses in immediate proximity to the proposed Community and Recreation Hub that would be considered as being detrimentally affected by the new development. The existence of the new centre and attraction of users and events has potential to create opportunity and improved viability for the provision of such service activities in the Margaret Street and Railway Lands precinct.

[3] The Barn is utilised as a temporary location for a large scale 'Big Top' tent for Generations in Jazz

Indirect impact might be experienced by businesses associated with the ownership and management of properties that accommodate the abovementioned types of business that may consider relocation to, or resulting from, the Community and Recreation Hub development.

The availability of competing fit-for-purpose business accommodation is an ordinary business risk in any market and generally considered to be a favourable stimulant of further property and economic development.

Importantly, Council is unlikely to subsidise rental, fitout or operational aspects of any business tenant/operator of the proposed facility, such that no greater benefit would arise than a similar competitor who relocated to other newly developed commercial premises.

Any negative aspects of business impacts should be considered and balanced with the broader community benefits of the overall project.

Competition

As noted in the preceding section aspects of the Community and Recreation Hub may provide competition to local market providers to the extent that some services and facilities replicate those available currently (or in the future) within their respective catchment areas.

As a local government entity the *Government Business Enterprises (Competition) Act 1996* and the revised *Clause 7 Statement on the Application of Competition Principles to Local Government under the Competition Principles Agreement* apply to the business activities of the City of Mount Gambier. The Clause 7 Statement is provided as a weblink to this report (refer References and Attachments).

The Clause 7 Statement provides three major mechanisms available to implement competitive neutrality:

- Corporatisation (a separate legal entity)
- Commercialisation (application of 'commercial practices')
- Cost Reflective Pricing

Whilst the ongoing management model for the Community and Recreation Hub is yet to be determined and could potentially include corporatisation and/or commercialisation aspects, the third mechanism of 'Cost Reflective Pricing' is a most likely solution taking into account:

- The actual costs of providing the goods and services on a full-cost basis
- The cost advantages of local government ownership (e.g. non-payment of taxes, lower cost of finance, mix of commercial and non-commercial activities, exemptions from the operation of certain legislation)
- The cost disadvantages of local government ownership (e.g. increased accountability and administration, higher award rates or costs associated with enterprise agreements, higher superannuation contributions)
- Return on investment and dividend payments to local government owners

Council's Risk Management Plan and Risk Register for the Regional Sport & Recreation Centre (Attachments 2 & 3) includes the following risk control consistent with the 'Cost Reflective Pricing' methodology:

> *Comply with revised Clause 7 Statement on the application of competition principles to local government under the competition principles agreement (i.e. apply market based pricing to any services/arrangements)*

In addition to addressing competitive neutrality with other private market participants, commercialisation and cost reflective pricing also contribute to minimising community funded subsidies to users and business tenant/operators.

The Clause 7 Statement includes reference to The Hilmer report, which at page xvi states

> *Competition Policy is not about the pursuit of competition per se. Rather It seeks to facilitate effective competition to promote efficiency and economic growth while accommodating situations where competition does not achieve efficiency or conflicts with social objectives.*

Accordingly, decision making in this regard may determine arrangements with respect to the various aspects of the Community and Recreation Hub operations in a transparent and accountable manner, with consideration to the broader community objectives of the project and facilities and competitive neutrality principles.

It would be appropriate to determine a Council Policy position on subsidies for any operational aspects of the resulting facility to provide transparent and accountable allocation of community resources to targeted beneficiaries.

Note: as a Community Sporting and Recreation facility the centre is not considered to be a competitor with other community and sporting facilities and groups, but rather an additional complimentary asset as part of Council's and the wider community's social assets.

Whilst in some cases the proposed new facility may make some existing aged sporting and community facilities redundant, this is not considered competition, but rather a consolidation and renewal of existing aging assets which otherwise require further maintenance and upgrade to meet required standards, or may alternatively become available for occupation by other users providing broader access to highly sought after community facilities.

Community Consultation

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(d) The level of consultation with the local community, including contact with persons who may be affected by the project and representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*

Prior to the current project proposal that originated in March 2018, the matter of an indoor aquatics centre has been on the Council agenda over several decades.

A document entitled 'Mount Gambier Regional Sport and Recreation Centre – Summary of Initial Community Engagement' prepared for the Federal Government Expression of Interest provides a summary of significant actions from 1994/95 – 2017. A copy of this document is attached to this report (Attachment 4).

Consultation - Background

The City of Mount Gambier has a Community Consultation and Engagement Policy P195 adopted in 19 November 2013. Council Policy P195 is provided as a weblink to this report (refer References and Attachments).

The purpose of the Community Consultation and Engagement Policy is to underpin Council's commitment to the highest level of community engagement with the following policy objectives:

- To promote positive relationships between Council and the community.
- To provide the framework for appropriately structured, targeted and delivered community engagement as part of Council's decision making.
- To provide effective communication and engagement between Council and the community.
- To encourage, enhance and provide the opportunity for community participation in the decision making processes of Council.
- To achieve a greater level of community input, understanding and ownership of decisions made by Council.
- To support Council decision making that is open, transparent, responsive, inclusive and accountable to the community.

The Community Consultation and Engagement Policy acknowledges that different sections of the community will have different levels of interest in individual issues and will tailor its engagement strategies accordingly. Further, that Council will define the parameters of the community engagement process for each specific topic, using best practice principles that incorporate all legislative requirements.

At its meeting held on 20 March 2018 Council resolved:

> *(a) That Council allocates $30,000 this financial year for the preparation of documentation for a proposed multifunctional indoor recreation and aquatics centre, including a feasibility study, concept plans including initial engagement with stakeholder groups, facility management options and a ratepayer impact report.*

(b) *That documentation to be tabled at the Strategic Standing Committee meeting by or prior to July 2018.*

(c) *That the documentation will form the basis of an extensive community and stakeholder engagement process to be determined after the completion of the above reports.*

Council subsequently on 19 June 2018 resolved to establish a Community Reference Group of stakeholders and community representatives to participate in the design process.

The abovementioned resolutions and Community Reference Group formed the basis for preliminary engagement in the development of interim project documentation that would enable the anticipated extensive community and stakeholder engagement to occur.

Meetings of the Community Reference Group were treated as designated informal gatherings and were generally open to the public with prior notice of the meetings given on the Council website. Meetings of Council's formal Section 41 Committee, the Regional Sport and Recreation Centre Committee were also open to the public for most agenda items. Public attendances at these meetings was similar to other meetings of Council and its Committees.

A dedicated section of Council's "Have Your Say" website was developed to enable community members to become informed on the proposed project and to provide feedback and engage with Council. Council's website also contained Frequently Asked Questions and along with Councils social media channels was periodically updated with relevant information as it became available.

Council resolved on 17 July 2018 that consistent communication and community engagement be undertaken for the duration of the project to ensure the community are appropriately informed of the process.

Commencement of an extensive community engagement program necessitated both the preparation of all relevant documentation and information and finalisation of the 2018 Local Government Elections and associated election caretaker period that operated from the first week of September until the second week of November 2018.

Prior to the commencement of the election period Council considered Report No. AR18/32703 noting that Council's Caretaker Policy C305 provides direction on certain activities that should not occur during the election caretaker period. Accordingly, community consultation and engagement was minimised during the election period whilst work to develop design, costings and financial analysis for the project continued.

Council Policy C305 is provided as a weblink to this report (refer References and Attachments).

Extensive community engagement on the Community and Recreation Hub commenced in the second week of November 2018 following the completion and receipt of relevant documentation and the end of the election period. This post-election engagement included a community survey of electors as proposed during the project's development.

Extent of Consultation

As the Consultation Background suggests, community engagement for this project was separated into two components, preliminary engagement prior to the November 2018 elections and all relevant information being available and subsequent formal engagement that commenced after the voting for the elections closed at 5pm on Friday 9 November 2018.

Preliminary engagement (prior to November 2018 local government election)
Preliminary engagement comprised mostly of information sharing on reasons for the project and its progression, the process being followed and information being sought to help design the project and inform the community and subsequent decision making processes.

This process was triggered by a Community Forum attended by 300 members of the community with preliminary information provided and a question/answer session.

Preliminary engagement also included:

- A questionnaire circulated to key stakeholders to inform the Federal Government Expression of Interest
- Establishment of Community Reference Group of key stakeholders and community representatives
- Frequently Asked Questions (FAQ's) and answers and media releases on Council and Have Your Say Websites, Council social media platforms and local media.
- Face-to-face discussions and presentations with significant stakeholder and proposed/potential user groups including for example:
    - Netball SA (and local association and club representatives)
    - Basketball SA (and local association and club representatives)
    - Swimming SA (and local clubs and Aquatic Centre operator)
    - Tennis SA (and local association and club representatives)
    - Community Service Groups such as Probus

A summary of social media and traditional media generated in relation to the Community and Recreation Hub for the period 21 March 2018 to 29 October 2018 is attached to this report (Attachment 5) provides an overview of the reach of the preliminary engagement with significant number of page and video views.

The Frequently Asked Questions (FAQ's) and Have Your Say Mount Gambier website are provided as weblinks to this report (refer References and Attachments).

The number of 'Likes, Comments and Shares' on Facebook whilst not overwhelming, should be considered in the context that engagement exercises undertaken by Councils have traditionally resulted in very few active engagements, generally limited to those passionately for or against the subject matter or Council in general.

Formal engagement (post November 2018 local government election)
Formal engagement comprised information sharing and significant engagement to disseminate the final plans and reports prepared in support of the project, to assist the community to understand the project and to encourage participation in the community survey.

Post-election engagement activities included an extensive daily calendar of face-to-face activities from 10 November to 7 December 2018 including:

Residential door knock (immediate area)	Library Markets
Probus presentations x 2	Mount Gambier Central (1 week)
Soroptimist presentation	Main Street Businesses
Rotary presentation x 3	Permanent presence in Commercial St (old BUPA)

Men's Shed	Coles Supermarket
CRG member groups	Market Place (1 wk)
Basketball Association (Icehouse)	Woolworths Supermarket
Party in the Park	Bunnings
Park Run	Valley Lakes
Library	Farmers Market
Truck Show	Blue Lake Fun Run/Main Corner
Aquatic Centre	City Hall public meeting
Boandik Lodge Inc, Crouch Street	

Face-to-face activities were supported by a comprehensive communication and advertising campaign on the Council and Have Your Say websites, social media platforms (including Facebook, Twitter and Instagram) and regular exposure on traditional media (Triple M, ABC South East, Hit96.1, 5GTR-FM and Lime FM radio stations, The Border Watch newspaper, Lifestyle1 magazine, and WIN Television) between 12 November and 20 December 2018.

The placement of material across traditional and social mediums was supported by the Community Reference Group, Elected Members and supportive members of the community.

The community reach and interaction with the formal engagement process was significantly higher than the preliminary engagement process, possibly due to the informative content not previously available and momentum triggered by the public support for a community survey.

The highest recorded engagement from these activities was for a fly through video on the City of Mount Gambier Facebook page with the following statistics:

15,135 reached
5,489 engagements
Comments: 47
Shares: 103
Likes/Loves: 97
7.6k views

Other social media posts consistently had a reach of several thousand and several hundred engagements and in excess of 1,000 views for each uploaded video. Only a small number of negative engagements and comments were recorded.

A summary of media, communications and advertising activities is attached to this report (Attachment 6).

Community (Elector) Survey

The formal engagement process concluded with the community survey which consisted of some 19,332 survey question envelopes being distributed to all registered electors within the City of Mount Gambier local area and a closing date of last post 21 December 2018.

45% of eligible voters participated in the community survey, exceeding the participation rate in the November 2018 Local Government Elections[4] and far exceeding the participation of any known prior consultation undertaken by the City of Mount Gambier. The community survey result was a 71.6% 'Yes' vote in favor of the proposal moving forward. Only 0.13% of returned envelopes contained invalid responses.

It is envisaged that community and stakeholder engagement will continue to occur should this project commence.

[4] The participation rate in the 2018 City of Mount Gambier elections was 43%

Community Influence

As set out in the consultation summaries provided in the previous section, the community have been provided opportunity through multiple feedback channels to give input on the design and decision making associated with the proposed Community and Recreation Hub.

The feedback channels including the Community Reference Group of stakeholders assisted Council in developing the final scope and project design/plans which enabled the preparation and release of several independently prepared plans, reports and other supporting documentation assessing the demand/feasibility and financial aspects of the proposal.

Beyond the total control of the Council the traditional and social media also assisted with the dissemination of information on the project more broadly than Council could achieve alone.

The extensive formal community engagement process conducted in November/December 2018 (arguably exceeding the previous most extensive engagement exercise undertaken by Council[5]) culminated in the penultimate form of consultation, a Community Survey which gave all enrolled ratepayers and residents of the City of Mount Gambier the opportunity to cast a simple 'Yes' or 'No' vote to indicate their support of the project proposal as presented.

The Community Survey return rate of 45% of 19,322 surveys issued indicates a very significant participation rate in excess of that recorded at the recent Mayoral/Area Councillor elections[6] and far exceeding the participation rate of any previous City of Mount Gambier engagement exercise.

On 21 August 2018 in relation to the community survey Council resolved:

> *(g) Proceeding with the full grant funding submission to both Federal and State Government agencies will be dependent on Council's confirmation of the project's readiness, business case, and the majority of community support as determined by the community survey. Alternatively Council may consider applying for any subsequent rounds of Federal (and State) funding.*

Whilst not binding on Council, the above resolution gives a materially strong indication to the community that the former Council sought the mandate of a favourable Community Survey result before progressing the project to the next stage of securing government funding. This provides the community a significance influence in the decision making process.

The challenge for the Council will be in determining the appropriate application of the above resolution to the actual Community Survey results and participation statistics, balanced with its decision making responsibilities and the Objects of the Act, Principal Role of the Council, Functions of a Council and Principles to be observed by a Council as set out in Sections 3, 6, 7 and 8 of the Local Government Act 1999.

[5] Futures Paper Consultation

[6] 2018 City of Mount Gambier election participation rate - 43%

Financial Assessment

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(e) If the project is intended to produce revenue, revenue projections and potential financial risks;*
> *(f) The recurrent and whole of life costs associated with the project including any costs arising out of proposed financial arrangements;*
> *(g) The financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council.*

The following documents contribute to the financial assessment of the project:

- SGL City of Mount Gambier Indoor Recreation Centre Feasibility Study (August 2018)
- BRM Holdich Report - Mount Gambier Community and Recreation Hub (updated January 2019 to include whole of life cost assessment)
- City of Mount Gambier Long Term Financial Plan (adjusted for project – FY2021/22)

The SGL Study (Attachment 7) and BRM Holdich report (weblinks) are provided with this report (refer References and Attachments)

Revenue Production, Revenue Projections and Potential Financial Risks

Anticipated revenue sources for the Community and Recreation Hub include:

- Casual/Seasonal swimming
- School swimming
- 'Learn to Swim'
- Court Hire
- Fitness/Wellbeing Area (commercial)
- Café & Catering (Council operated)
- Other major uses (events, conferences, functions etc.)

The August 2018 SGL '*City of Mount Gambier Indoor Recreation Centre Feasibility Study*' provides detailed independent market analysis, demand assessment and financial projections based on preliminary project design inclusions, cost estimates and income/expenditure assumptions for several scenarios for sensitivity analysis purposes.

The SGL market and demand analysis is based on a primary regional catchment population of approximately 46,000 (including City of Mount Gambier, District Council of Grant and Wattle Range Council) for the courts and fitness facilities and a broader catchment including Naracoorte for the indoor aquatic facilities.

The demand assessment includes an estimate of 79,569-132,361 swims per annum for aquatic facilities in Mount Gambier across several market segments, compared to current attendance at existing pools in Mount Gambier averaging around 90,000-95,000 per annum. Court usage assumptions include peak, off-peak and shoulder usage and hire rates for weekends and weekdays to determine a base case scenario projected income of $1,094,347.

Usage of court and other indoor facilities based upon local market investigations undertaken by SGL are expected to include training, competition and meetings for Basketball, Netball, Futsal, Cricket, wellbeing and group fitness, other elite junior sports, as well as other community groups and occasional commercial purposes.

The BRM Holdich Report (Mount Gambier Community and Recreation Hub - November 2018) provides a further independent professional assessment of the indicative revenues inflated to the full 2021/2022 financial year. This more detailed assessment has been informed by the SGL Feasibility Study, further assessment of expected court utilisation, swimming patronage and entry/hire fees including benchmarking of other comparable centres in South Australia.

The BRM Holdich base case scenario projects income of $1,563,461. BRM Holdich analysis is based on a high, medium high, medium low and low case scenarios project revenue ranging from $1,317,974 - $1,781,407 (2021/22 inflated figures).

Noted variances between revenue projections in the SGL Feasibility Study and BRM Holdich can be attributed to the purpose and focus of the SGL report being on demand analysis, and the development of differing assumptions and more detailed financial information between the publication of the 2 reports in August (SGL) and November 2018 (BRM Holdich).

Further variances in financial projections (and mitigation of risk) may be anticipated if/as the project progresses, Federal and State funding are approved, as more detailed and refined information becomes available, and if any variations occur in the design and specification.

The potential financial risks associated with the project include:

- Revenue not meeting business case/projected forecasts
- Operating costs exceeding business case/projected forecasts
- Inadequate staffing levels/professional expertise/commercial operator operate centre
- Grant funding not received
- Funding shortfall
- Project costs/budget inadequate to achieve objectives (build phase)
- Unbudgeted variations
- Financial modelling and user pays proposals not accepted by proposed users/stakeholders
- Profit component for 3rd party commercial operator(s) – operating model dependent
- Insurance requirements inadequate during construction and after completion
- Opportunity cost (finance cost) of other projects/expenditure foregone
- Procurement, Project and Contract Management

The Community and Recreation Hub Risk Register has identified risk controls to mitigate the likelihood and consequence of these financial risks associated with the project.

Recurrent and Whole-of-Life Costs, Financial Arrangements

The major recurring costs in the BRM Holdich report inflated to FY2021/2022 are:

- Depreciation $807,086 (27%)
- Salaries and on-costs $645,191 (22%)
- Utilities $519,241 (17.5%)
- Swimming Operations and Lessons (combined) $403,628 (13.6%)

These expenditures assume Council retains a level of operational control, management and staffing associated with the café/kiosk, pool and court hire/usage.

As can be noted from the refinement between the SGL and BRM Holdich reports these recurring costs have been determined by independent specialists with comparison to similar council facilities.

Ongoing maintenance for the facility is to be funded from the depreciation provisions which have been calculated on a straight line basis for the useful life of the asset components.

The final BRM Holdich report (including whole of life cost assessment – Attachment 8) includes modelling of whole-of-life operating costs for the Community and Recreation Hub over a 60 year useful life with the following assumptions:

- 2.3% long term inflation of revenue and operating costs
- straight line depreciation for the expected lifespan of each asset class (building structures – 60 years, services and pool – 40 years, fittings – 20 years)
- asset replacement throughout the 60 year period
- discount (time value of money) rate of 2.3%
- no allowance for refurbishment
- no allowance for decommissioning
- excludes capital cost of $39.1m (funded by Federal, State and Council contributions)
- excludes financial (interest) cost of Council capital contribution

	Whole of Life Cost ($million)
Revenue	198.03
Expenses	(333.91)
Nominal Whole of Life Cost	(135.87)
Nominal Whole of Life Cost (ex depreciation)	(74.42)
Discounted Whole of Life Cost	(65.31)
Discounted Whole of Life Cost (ex depreciation)	(35.06)

Council currently has low borrowings with financing options available through a blend of cash, CAD and loans to fund its $12.725 million cash and cash equivalent capital contribution (noting an additional $1.391 million proposed in internally funded works from existing forward budget provisions).

While Council is likely to utilise existing cash reserves to finance a significant portion of its capital contribution to the Hub, for the purpose of meeting the requirements of Section 48 and considering the whole of life costs associated with the proposed financial arrangements, it is not unreasonable to calculate an indicative finance cost assuming that Council's contribution is entirely funded by debt.

The indicative cost of finance will be impacted by the prevailing interest rate at the time the finance is sought and the length of time the investment is financed over. Table Five illustrates some potential whole of life cost scenarios of financing $12.725 million of debt.

Loan Term	3.0% ($million)	3.6% (current CAD rate) ($million)	4.0% ($million)
5 years	0.99	1.20	1.34
10 years	2.02	2.45	2.73
15 years	3.09	3.76	4.22

It is anticipated that costs over the whole-of-life of the Community and Recreation Hub, including asset replacement, would be funded from Council's annual budgets.

Financial Viability

The annual operating forecast for Community and Recreation Hub is an (approximate) $1.5M loss over the initial 10 year (and subsequent) period of operation. This loss will equate to a $1.5M Council subsidy of the community activities and benefits associated with the facility.

Sensitivity analysis on the Low, Medium Low, Medium High and High scenarios put the annual operating loss (subsidy) in the range of $1.2 – 1.9M over the initial 10 year horizon.

Council is currently operating with favourable Operating Surplus Ratio (OSR) and Net Financial Liabilities Ratio (NFLR) and with no major projects committed in its current Long Term (10 year) Financial Plan.

Accordingly, the Community and Recreation Hub may be progressed with only marginal impact on Council's strong financial position whilst retaining capacity to consider and implement other moderate projects over the short, medium and longer term.

Project Risks and Mitigation Strategies

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(h) Any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including the provision of periodic reports to the chief executive officer and to the council);*

Risk Management

In addition to the prudential issues identified for the purpose of this report, Council has, in accordance with the requirements of the Local Government Act 1999, adopted a Prudential Management Policy P415 and Risk Framework Policy R305.

These two policies are provided as weblinks to this report (refer References and Attachments)

Together with several other related policies these document Council's commitment to due diligence and risk management and provide guidance for the documentation and recording of these processes and associated decisions.

In accordance with the principles set out in these policies a Draft Risk Management and Evaluation Plan was prepared for the Sport and Recreation Centre project in April 2018 for submission with the Regional Growth Fund Expression of Interest.

A Project Risk Register has been developed by a project team of Council Officers identifying and recording the key project risks including likelihood and consequence ratings.

Both the Risk Management and Evaluation Plan and Project Risk Register are provided as attachments to this report (Attachments 2 & 3).

The purpose of the Risk Management and Evaluation Plan is

- for use by the Project Manager in the project planning and initial preparation processes;
- to be monitored and updated throughout the implementation, delivery, review and evaluation of the project.

52 identified risks have been categorised under the following headings:

- Financial (7)
- Strategic Management (7)
- Political (2)
- Public Relations (4)
- Project Management (13)
- Procurement (5)
- Future Operations (8)
- Compliance and Legal (1)
- Human Resources in Operation (4)
- Delivery (1)

Prior to the application of risk mitigation controls the following eight identified risks had an Extreme rating:

- Funding Shortfall,
- Unbudgeted variations,

- Unmet grant funding milestones,
- Ongoing management and governance arrangements,
- Mismanagement of facility operations,
- Management of community organisation users/stakeholders,
- Balance between commercial vs community,
- Insufficient resourcing of project team etc to deliver project and other business activities

Each of these risks achieved a rating of High or lower with the application of proposed risk mitigation controls.

The project risks will develop and change over the course and different stages of the project and accordingly the Risk Management and Evaluation Plan should span the period of several years until the project is delivered and outcomes can be evaluated.

The Risk Management and Evaluation Plan notes that another officer (presumably not directly involved in the delivery of the project) may be appointed to assist, oversight or manage the Project Evaluation Plan and the preparation and presentation of Project Evaluation Reports and the implementation of any recommendations.

Further consideration should be given to the administration of the Risk Management and Evaluation Plan where the project proceeds including assessment and adherence to the standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

Risk Mitigation

As noted above, each identified project risk contained in the Project Risk Register have been assessed and applied a likelihood and consequence rating, before and after application of risk controls.

In reality, a no-control environment is merely hypothetical. Notwithstanding this it is still necessary that risks and controls are identified, recorded and actively managed to ensure compliance and performance as planned.

In many cases Council's policies and internal controls apply to project activities to ensure consistency, efficiency and compliance with local government and organisational expectations.

As a large project, beyond the scale and experience of existing staff (and Elected Members) it is imperative that the identified (and emerging) project risks are continuously managed and mitigated.

The risk controls set out in the Project Risk Register are a combination of existing and new systems, processes and actions that will need to be further developed/implemented as a result of this projects progression.

A target performance for risk mitigation is to maintain a satisfactory assessment of the effectiveness of controls. Ratings of 'Some Weakness' or 'Weak' may be considered acceptable for certain risks or at certain stages of the project, noting that risks rated as such (particularly any risks with higher overall risk ratings) would warrant greater and more frequent assessment to minimise the likelihood and subsequent consequence of these risks if they should eventuate.

Project Delivery and Operational Model

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(i) The most appropriate mechanisms or arrangements for carrying out the project;*

Project Management

A Project Schedule (Attachment 9) has been developed to assist with carrying out the construction aspects of the project. The schedule identifies the following major project steps:

- Project Scope and Brief (April 2018)
- Expression of Interest and engagement of architectural firm for design and project management (May – August 2018)
- Design, documentation and detailed estimating (October 2018 – April 2019)
- Public tendering, engagement of building contractor (April – July 2019)
- Site construction works in accordance with approved plans (July 2019 to August 2021)

Each major project construction step includes specific tasks with each supported by administrative processes utilised by Council in the performance of similar tasks associated with other projects and business activities.

A detailed Project Plan is understood to be under preparation at the time of writing and relevant aspects of project management and delivery are set out in the Project Risk and Evaluation Plan and Risk Register.

The significant nature and multi-use of the resulting facility and operations demand that the commissioning (handover/activation) of the constructed form and associated service plant and equipment to the relevant occupiers, managers and users not be underestimated as being imperative to the immediate and continuing success of the facility.

It is understood that a Project Manager(s) and associated support resources would be allocated for the duration of the project for the construction in accordance with the approved design plans and specification, and subsequent commissioning of the resulting facility.

The construction Project Manager may be engaged as a Council Officer (employee) or external project management consultancy. The Expression of Interest for the detailed design included an option for project management should Council determine to do so.

It would be anticipated that a separate Project Manager might be engaged for commissioning and initial operation of the facility. This will be somewhat dependent upon the operational model(s) determined by the Council for the facility and its component parts.

The allocation of specific resources focused solely toward such a large and significant project would be considered appropriate to ensure that the project meets its objectives and with appropriate oversight to ensure alignment with Council's broader strategies and processes.

It will become imperative that the project management and oversight be addressed as a matter of urgency in the event that the project is funded and progressed due to the tight Federal grant funding timeframes associated with project commencement.

Project Procurement Plan

This project is captured by Council's Procurement and Disposal of Assets Policy P420 which sets out the policy provisions for procurement, which for the value associated with the project will be primarily by open or select tender process. Policy P420 is provided as a weblink to this report (refer References and Attachments)

A detailed Procurement Plan is understood to be under preparation at the time of writing and relevant aspects are set out in the Project Risk and Evaluation Plan and Risk Register.

It is anticipated that the construction tender process will capture the entire building construction and fitout including plant and equipment, with the exception of fittings and chattels for specific areas/use proposed to be by commercial occupants responsible for their own fitout.

Subsequent procurement of goods and services (and subcontracting arrangements) would be in accordance with the successful tenderers own policies and procedures, subject to any contractual arrangements imposed by Council with regard to its own procurement policy objectives and principles, including local employment, servicing and content opportunities, environmental considerations and compliance with Work Health and Safety obligations.

It is proposed that Council will undertake a component of the external landscaping and associated works, which would be conducted using Council's own workforce and policies, practices and procedures and/or under separate contract arrangements. It is anticipated that this will be driven by the works program and resource availability in the relevant budget year.

Operational Model

The BRM Holdich report (Section 2 - Management of the Hub) sets out potential management models for the Community and Recreation Hub which can be summarised as insourced, outsourced, or a hybrid model.

The various insource options (direct management, section 41 committee or section 42 subsidiary) and outsource options (Joint Venture or external manager) all have merits and shortfalls.

The Guidelines for Sustainable Management of Community Recreation Facilities (provided as a weblink to this report - refer References and Attachments) provides a detailed analysis and case studies of other similar South Australian facilities and a valuable reference for consideration in determining the preferred management model for the Mount Gambier facility.

The preferred management model as presented in the BRM Holdich report is a hybrid comprising direct management of the with certain elements such as gym and café outsourced to the private sector. This initial model would allow Council to understand the strengths and weaknesses of the facility and its operations and retain control to ensure that community needs and expectations are met in the activation of the facility.

Evaluation of initial business activities may enable the management model to be reviewed and potentially altered to incorporate more insourced components or more outsourced components (including potentially the entire facility) based on known operational information including usage figures and revenue/expenses, in contrast to hypothetical assumptions.

As a primary objective of the Community and Recreation Hub is to provide community facilities it is considered appropriate that Council retain appropriate control of the community funded facility in the initial period of operation and to impose appropriate controls on any future private sector operation.

Sale or Disposition of Land

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

(j) *If the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.*

No sale or disposition of land is proposed with regard to this project which is located partially on Crown (Community) Land under the care, control and management of the Council and accordingly Council has insufficient interest in the land to effect a sale or disposal.

In the event that it is necessary to grant a lesser interest in the land associated with the project (e.g. service easements) then a process will need to be undertaken with the Department of Environment, Water and Natural Resources (Crown Lands) in this regard.

Should any alienation of land (e.g. by lease or licence) arise associated with the project the legislative requirements are set out in Section 202 of the Local Government Act 1999.

Business or community use of community land cannot be approved contrary to the provisions of the relevant Community Land Management Plan which must set out, amongst other things, the purpose, objectives and performance targets and measures for the land.

The Community Land Management Plan for Olympic Park is attached and in light of such a significant development it is recommended that the Management Plan be reviewed and updated to specifically reflect the proposed development and use.

The Community Land Management Plan for Olympic Park is provided as an attachment to this report (Attachment 10).

List of References and Attachments

No.	Document Title	AR Reference
	Have Your Say Mount Gambier – Community and Recreation Hub Website	
1	Operational Service Report No. 12/2013 Attached	AR13/20912
	Regional Sport and Recreation Centre Concept Plans Accessible online – refer page 30-31	
	Local Government Act 1999 Accessible online – refer Section 48	
	City of Mount Gambier (Strategic) Plans Accessible online Futures Paper Community Plan – The Futures Paper 2016-2020	
	Regional, State and National Strategic Plans Accessible online: Limestone Coast Region Plan Limestone Coast Regional Growth Strategy South Australian Strategic Plan Strategic Infrastructure Plan for South Australia Office for Recreation and Sport Strategic Plan 2017-2021 National Sport and Active Recreation Policy Framework Regions 2030 Plan: Unlocking Opportunity in Regional Australia	
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8	BRM Holdich November 2018 Report – Mount Gambier Community and Recreation Hub (updated January 2019 to include whole of life cost assessment) Update attached	AR19/2581
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City of
Mount Gambier

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

SUMMARY OF COMMUNITY ENGAGEMENT

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1. Executive Summary

A proposal for an indoor sport and recreation centre is a recurring issue that surfaces regularly within the community and in Council discussions. For reasons associated with:

- the significant capital and operational costs;
- the potential financial consequences for Council and the community;
- the time and expense required to develop proposals for major regional infrastructure;

no previous applications for funding have been undertaken.

However, significant work has been done over a number of years that has allowed both the public and Council to have a better understanding of the likely capital costs, the potential impost on ratepayers and the significant social and community benefits that may accrue from an indoor sport and recreation centre. These are summarised with outcomes noted for each investigation.

This document sets out the historical and more recent community and Council involvement in promoting, preparing and submitting a detailed proposal for a Community Sport and Recreation Centre. The stages included:

- Previous call by the community for indoor sporting facilities over decades prior to 2018.
- Engagement with community stakeholders prior to the submission of a grant application under the Federal Government's Regional Growth Fund.
- Additional development works anticipating an invitation to progress to stage 2 of the Regional Growth Fund.
- Active community involvement with concepts and design.
- Meetings with state sporting bodies to garner support.
- Community engagement to inform stakeholders about the design, costs and funding implications.
- Results from a community survey providing a strong mandate from the community for the project.

2. Background

The matter of an indoor aquatics centre and more recently an indoor sport and recreation centre has been 'on the agenda' for decades. With each re-emergence of the issue the depth of knowledge has increased and more voices have contributed to the debate. The following provides a summary of some of the more significant actions that have occurred over time.

1994/95

- Council formed a working party to investigate the proposal that an indoor aquatic centre would be a desirable facility for the City, with the working party including a number of community representatives with knowledge/experience in various aspects of aquatics.
- Public opinion in 1995 was that the community were keen to have access to indoor facilities and Council concluded that the most viable option at that time was a new indoor pool facility (including a 25 metre pool, beach entry, and learner's pool) could potentially be built immediately adjacent to the outdoor pool.
- A number of solutions were proposed by an entity known as 'Anti Wave' with each of the options escalating in cost. The proposal included some modelling of income and expenditure. The investigations were not progressed.

2006/07

- Council allocated funding to Simply Great Leisure Consulting Group (SGL) to prepare a high level concept plan and feasibility study to gain a detailed understanding of current design standards and the type of facilities/activities typically provided in a modern Indoor Recreation Centre. The work included
    - A Demand Analysis Report that included:
        - 300 random households to complete a survey
        - Recreation Facility Users Survey
        - School Survey
        - Recreation and Sport Focus Group.
    - Design Cost and Location Report - where community feedback identified the existing outdoor pool zone as the preferred site for any new facilities.
    - Feasibility Analysis with modelling of projected revenues and expenses for different types of recreation activities that may be undertaken in the proposed facility.
- These reports provided a good indication of community views and the likely financial impacts of providing such a centre in Mount Gambier.
- The reports were received by Council and no decision to proceed was made due to other pending major capital projects.

2012/13 December - August

- In December 2012, indoor pool and recreation facilities in Warrnambool, Ballarat and Horsham in Victoria were visited by Council staff to obtain direct information about design, operating costs and ongoing issues. During this same period Council acknowledged receipt of a community petition with 1782 signatures requesting that council build 25 meter swimming pool next to the outdoor pool.
    - 2 workshops were held to discuss the reports prepared from the site visit. The reports included projected capital and operating costs for an indoor aquatic facility adjacent to the existing 50 meter pool.
    - Council resolved to defer any consideration of an Indoor Aquatic Centre until at least 2017/18.

2014/15 October - March

- Council discussed the possibility of preparing a submission for National Stronger Regions Fund for a Community Recreation Centre. Discussion considered the number of capital projects that Council already had in progress at that time, together with supportable debt levels and funding was not pursued. However Council was mindful that additional rounds/stages of funding may emerge which may better suit this form of infrastructure and the issue remained of continued interest.

Over time, emphasis moved from an indoor aquatic centre to an indoor recreation centre. This shift in thinking acknowledged that an indoor aquatics centre, when operating alone, would be financially challenging and a desire for a high quality indoor facility allowing for more flexible programming would be a better option for the community. This logic informed a second program of site visits

2016

- In November of 2016, a number of Elected Members and staff visited the Victor Harbor Alexandrina Recreation Centre, Immanuel College indoor sporting facility, Barossa Recreation Facility and the Campbelltown Aquatic Facility to provide further knowledge about content, costs and operations of indoor recreation facilities.

2017

- Ongoing and more frequent community voices continued to be critical of the lack of indoor aquatics and other recreational facilities with Council discussions responding to the representations.

The greater frequency of discussions and community representations over the timelines noted above have been tempered by;

- Council knowledge of the significant previous works identifying the capital costs which are beyond the affordability of Council on it's own;
- a strong sense of social responsibility for ongoing operational costs which will necessarily flow through as rate increases to the community, and
- a stronger appreciation of the broader non quantifiable social benefits on health, community resilience and wellbeing.

3. Consultation and Community Engagement 2018

The notion of an indoor sport and recreation centre has benefitted from community voices at various stages in previous years as noted above and in the process of preparing the Regional Growth Fund Expression of Interest. Initial community consultation included the following;

- participation by the Mayor and CEO in a Community Forum attended by 350 members of the community. Preliminary information about the proposed centre was provided and audience questions answered. A community interest group was formed.
- key stakeholders were asked to complete a questionnaire and also invited to meet with the Council working party to provide input into the proposal.
- letters of support have also been requested from schools, sporting groups, health entities and Members of Parliament. Both State and Federal ministers have been very proactive in promoting and supporting the submission of this Expression of Interest to secure funding.

Questionnaire

A questionnaire requesting information to specifically inform the EOI included the following topics:

- What new events might clubs be able to hold or secure in the new centre?
- How would the new centre impact sport participation rates?
- What additional employment opportunities may be available?
- Could extensions of employment (currently seasonal) be required?
- What new volunteering opportunities may arise from events or additional programs?

The Questionnaire was provided to the following key stakeholders:

- Western Border Football League
- Western Border Netball League
- Limestone Coast Football Association
- Mount Gambier Netball Association
- Mount Gambier and Districts Tennis Association
- Mount Gambier Basketball Association
- Mid South East Football League
- Mid South East Netball League

- Mount Gambier Aquatic Centre
- Mount Gambier Swimming Club Inc.
- Blue Lake Y Amateur Swimming Club
- Mount Gambier Royal Lifesaving Club
- Beachport Surf Lifesaving Club
- Blue Lake Sports Medicine

Summary of questionnaire responses

The following provides a summary of the questionnaires completed by key stakeholders and notes answers when provided.

Number of Members

Mount Gambier Netball Club	8 Clubs
Mount Gambier Aquatic Centre	500
Mid South East Football League	9 Member Clubs
Basketball Mount Gambier	750
Mount Gambier and District Tennis Association	11 Member Clubs
Mount Gambier Swimming Club	38
Blue Lake Y Swim Club	70
Mid South East Netball Association	1,000
Mount Gambier Surf Lifesaving Club	15
Beachport Surf Lifesaving Club	100

Number of Players

Mount Gambier Netball Association	600
Mount Gambier Aquatic Centre	Up to 350 between 9.00am & 3.00pm each day/week & 1100 afterschool per week do lessons. Overall approximately 66,000 visits from mid-October through to end of March each season.
Mid South East Football League	1100
Basketball Mount Gambier	600
Mount Gambier and District Tennis Association	500
Mount Gambier Swimming Club	23
Blue Lake Y Swim Club	45
Mid South East Netball Association	810
Mount Gambier Surf Lifesaving Club	15
Beachport Surf Lifesaving Club	62

Attraction of Events

Mount Gambier already hosts an impressive array of outdoor sporting events that bring significant economic benefits to the region through tourism. Recent investments in more sophisticated online resources that encourage visitors to stay longer have already paid dividends. The potential for the Mount Gambier Regional Sport and Recreation Centre to extend such economic opportunities for the whole year and for a new range of events will provide important direct and indirect employment opportunities that are difficult to measure.

Suggestions of events that could be attracted to the region by key stakeholders (additions from a diverse group of other sporting groups will form part of stage 2 community consultations) and by Council event staff (based on previous inquiries) could be regarded as aspirational. Where events suggested may be in competition with the income earning capacities of an existing club, they have not been included in the table below. However, often the community has insufficient facilities and partnerships with clubs will bring benefits to the community.

Tourism Research Australia 2016 data identifies that domestic visitors to a region spend on average $136 per person per night and this compares with figures from Sports Marketing Australia who suggest that sports tourism visitors spend $265 per person per night. Taking a conservative view and estimating a 25% success rate in attracting the events noted below, this represents a significant economic benefit per annum of $563,752 with multiplier effects on employment and consumption.

Of the questionnaires received an indication of new events that could be attracted to the region utilizing the proposed facilities included:

Event	Month	Local Participants	Visitors to the region	Total	Days	Domestic $136 per night
Southern Regionals Ultimate Frisbee	February	320	416	736	2 days	56,576
Adelaide 36's visits	August	100	800	900	3 days	217,600
Indoor Bowls SA-	August	450	1186	1636	3 days	322,592
Bocce Nationals - provision to include 8-10 indoor	January-Nationals	120	400	520	4 days	163,200
Bocce Nationals Host with Italian Club.	June-Aust National RAFFA Opens	150	400	550	3 days	108,800
Red Bull Neymar Jr's 5 A Side Football – played on hard courts	March/April/May	260	800	1060	1 day	108,800
National Calisthenics	November	250	1000	1250	3 days	272,000
Triathlon/Duathlon – using pool as one part of the leg in the race	Summer event	120	400	520	2 days	54,800
Gymnastics	all year round	120	300	420	1	40,800
Table tennis	all year round	200	150	350	1	20,400
Badminton	all year round	300	300	600	1	40,800
Handball	new sport to start up All year round	400	250	650	1	34,000
Martial Arts		600	200	800	1	27,200
Indoor concerts with enough seating for over 1000 people as grandstand around outside or retractable seating		1000	1000	2000	1	136,000
Questacon/SciWorld		3000	2000	5000		272,000
State Swimming Championships		200	800	200 com 800 vis	3	217,600
Adelaide Thunderbirds - Exhibition Game		100	150	20 com 250 spec	1	20,400
Regional Netball Academy	February	120	60	180	3 x 1mth	24,480
Super Series Netball preseason	May-Sept	100	100	200	1-2 days	27,200

Regional Swimming Country Championships	March	200	250	450	2-3 days	68,000
Regional Swimming Training Camps	All year	100	40	140	2-3 days	10,880
Combined Coaching Sessions with SW Victorian Swim Clubs	Winter	70	80	150	1 day	10,880
Combined SA/Vic Pool Surf Lifesaving Championships		400-600	500	600	2 days	
Combined SA/Vic Pool Royal Lifesaving Championships		200-300	250	250	2 days	
		8280	11,082			2,255,008

Increased Participation

In relation to increased participation rates in a chosen sport approximately 85 per cent of key stakeholders indicated a possible 20% to 25% increase.

15% saw no change as the multipurpose facility was not suitable for their sport, for example football, however for player training recovery the new centre would be very useful.

1. How Many New Jobs

- Mount Gambier (outdoor) Aquatic Centre - currently has 45 to 50 staff with a FTE loading of about 0.22. This would probably remain constant, however shift from 6 months to 12 months (Note: with an additional 1 pool for training and a splash pool to supervise increases in FTE adopts a conservative approach 45 x .22 = 9.9 for 6 months and 19.8 FTE for 12 months. As a popular tourist destination Mount Gambier has many families visiting the region during school holidays and pool utilsation is unlikely to decline over school holidays).
- Mount Gambier and District Tennis Association - Potential for coaching staff to be drawn to the region if an all weather facility is available. 1 FTE
- Mount Gambier Swimming Club / Blue Lake Y Swim Club - Potential to offer a paid position to a higher qualified coaches. 1 FTE to facilitate both clubs.

What percentage of jobs are likely to be for persons under 25 years of age:

Some key stakeholders have indicated an estimated 75% of jobs are likely to be for persons under 25 years of age. The consensus is that with a new facility and increased employment opportunities this may encourage young persons to stay in the region rather than move away. Students interested in pursuing a career in physical education may seek employment/work experience if an all weather facility was available.

2. How many jobs may be extended in time because the option for 12 month employment?

With the option of an all year / all weather facility, those Key Stakeholders able to use the facility for their chosen sport indicated jobs would be extended in time because of the option for 12 month employment. Seasonal sports would be able to utilize the facility all year round which would allow for additional training sessions/competitions.

3. How many volunteering opportunities may be created?

All Key Stakeholders acknowledged that there would be an increase in volunteering

opportunities per season ranging from 10 - 50 and occasional for events from 1 to 100.

With a new facility attracting more events/tournaments volunteers will be a necessity to be successful. Typically upwards of 10 - 15 volunteers would be required for the running of a tournament with national competitions easily increasing to 50 or more.

4. Other Comments:

Mount Gambier Netball Association

- *Current running of the Association is voluntary based. Any growth of our sport would need more volunteers not paid employment.*

Basketball Mount Gambier

- *Current facility was built in 1968/69 and third court in 1973. Urgent need for upgrade and addition of at least a fourth court.*

Mount Gambier and District Tennis

- *Firstly, country sport is about community building and social interaction. Creating a centre for sport and recreation not only facilitates individual participation in healthy sporting activities but also provides an avenue for parents, friends and relatives to either participate in sporting activities together, or simply enjoy each-other's company while watching and/ or supporting participants.*
- *Secondly, whilst it reeks of trying to have our cake and eat it, it would be highly desirable for there to be some sort of contingency for the re-development of the existing tennis courts at Olympic Park under this proposed development umbrella. MGDTA has been working for many years to get the facilities at Olympic Park upgraded and is deep into the application process of obtaining funding as its own entity with the greatly appreciated conditional support of Mount Gambier City Council. We all know there is no such thing as a sure bet and it would be soul-destroying should we be unsuccessful in our own efforts to then see a major development, such as the one proposed, occur 'metres' away and for us to be playing tennis on the dilapidated courts we currently have.*

Mount Gambier Aquatic Centre

- *This is an amazing opportunity that Council has to have a real impact on the significant number of young people leaving their families and the community to seek work elsewhere. As an employer in my position it would really allow me to offer better conditions, engage with more professional development opportunities for staff and probably significantly increase the level of our offerings in both quality and quantity.*

Mount Gambier Swimming Club

- *With increased facilities at Olympic Park, this would open up the possibilities for Mount Gambier and Blue Lake Y Swim Clubs to host more events, without the pool complex being closed to the general public. While the outdoor facility may be closed to the general public during main swimming meets, patrons would be able to access an indoor facility, thus generating more income and increased patronage for the Aquatic Centre. This currently occurs at many Aquatic Centres throughout the Barwon South West (Victoria) District which our club is affiliated with as a border club. This has occurred the past two years at Warrnambool and Geelong at the All Junior District Championships, another event that our club could look at hosting in the future.*
- *Should the pool be built to the correct specifications, there would also be the potential for us to host the Victorian Country Short Course Championships, which attracts swimmers from all of regional Victoria.*

Blue Lake Sports Medicine

- *This stakeholder did not complete the questionnaire but provided a detailed statement of inclusions that were desirable from the point of view of other users of the proposed centre. Perspectives about physical spaces included disability access, site access in terms of ease of parking and building design and youth access. Comments relating to the needs of other users included:*
  - *disability, rehabilitation, those with chronic conditions requiring exercise therapies*
  - *use by those who play sport for recovery and injury management*
  - *the facility would be a 'fabulous' social asset.*

Mid South East Netball Association

- *The facility will benefit the region in different ways, MSENA may not use it directly but with the opportunity to attract events will increase the chance to run clinics with visiting top athletes whilst they are here for events.*

Mount Gambier Royal Life Saving Club

- *We are hugely disadvantaged for not having a pool all year round.*
- *To be able to swim all year round will benefit mental health, obesity, recovery of injury.*

Beachport Surf Life Saving Club

- *Pool lifesaving would add an extra dimension to Surf Life Saving during the winter months, enabling members to be rescue ready for the start of the patrol season. Currently if the club were to consider the winter training, the only time available would be restricted to lap swimming on Tuesday evenings and even then the pool is not deep enough to meet the Surf Life Saving pool criteria.*
- *Pool Lifesaving competitions would give the opportunity for our elite lifesavers to display the skills that keep them actively fit and work with other clubs.*
- *Beachport Surf Life Saving Club have unofficially adopted Portland Surf Life Saving Club as their sister club and have worked very closely together this year to provide training opportunities for both in Beachport and at Cape Bridgewater. With an Indoor Pool facility in Mount Gambier, this could provide our clubs to look towards the future with pool training and friendly interclub or border competitions to include South-West Victorian Surf Life Saving Clubs as well as Robe/Beachport Surf Life Saving Clubs in South-East SA.*

Blue Lake Y Swim Club

- *With increased facilities at Olympic Park, this would open up the possibilities for Blue Lake Y and Mount Gambier Swim Clubs to host more events without the pool complex being closed to the general public. While the outdoor facility may be closed to the general public during main swimming meets, patrons would be able to access an indoor facility, thus generating more income and increased patronage for the Aquatic Centre.*
- *This currently occurs at many Aquatic Centres throughout the Barwon South West (Victoria) District which our club is affiliated with as a border club. This has also occurred the past two years at Warrnambool and Geelong at the All Junior District Championships, another event that our club could look at hosting in the future.*
- *Should the pool be built to the correct specifications, there would also be the potential for us to host the Victorian Country Short Course Championships, which attracts swimmers from all of regional Victoria.*

4. Key Stakeholders that addressed the Working Party:

Key Stakeholders that addressed the Council Working Party are as follows:

- Mid South East Football League
- Western Border Netball League
- Blue Lake Y Amateur Swimming Club
- Mount Gambier Swimming Club
- Pioneers Basketball
- Basketball Mount Gambier
- Mount Gambier and District Tennis Association
- Mount Gambier Aquatic Centre
- Rowan Williamson - New Tennis Club
- Mount Gambier Netball Association
- Blue Lake Sports Medicine

Council staff also met with representatives from Tennis SA to discuss the initial proposal.

5. Letters of Support

Letters of support were sought and received from a variety of organisations including:

- Member for Mount Gambier, Mr Troy Bell MP
- Netball SA
- Mount Gambier Netball Association
- Amazons Netball Club
- Intruders Netball Club
- Lakes Netball
- Saints Netball Club
- Zodiacs Netball Club
- Tenison Woods College
- Tenison Woods College, Student Representatives
- Mid South East Football League
- Boandik Aged Care
- St Martins Lutheran College
- Mount Gambier Swimming Club
- Mid South East Netball Association
- Limestone Coast Local Government Association
- Julie Moran – Swimming Club President
- Beachport Surf Life Saving Club
- Janine Milsop, A/Education Director, Department for Education

A community working party has coordinated a petition in support of the proposed Sport and recreation centre using various means of promoting, distributing and management of the campaign. The petition was presented to Council on 24th April with 10,036 signatures at a Special Meeting convened to finalise the Expression of Interest for the Federal Government funding opportunity under the Regional Growth Fund.

6. Stage 2 Regional Growth Fund

Timelines required to prepare and consolidate all the documentation required to submit a full business case, should the Expression of Interest be successful would be very limited if Council waited to receive outcomes. Council endorsed a pathway forward in anticipation of a favourable outcome and continued with development work.

A Community Reference Group was formed on 18 July 2018 made up of members of the community representing a number of sectors including health, education, disability, sport and other community groups. This group contributed to the project by participating in discussions regarding its design to consider future use and needs, and to provide a local perspective on the impact of the facility in terms of use and access.

To provide an opportunity to those groups not represented on the Community Reference Group, Council's Community Development and Engagement team also undertook broader engagement with the community to obtain further input into the design, use and functionality of the centre. This included kindergarten services, primary and secondary school children, service clubs and focus groups such as music and performance.

Council staff and the Mayor also met with state and local sporting groups to ensure that all relevant stakeholders were both informed and had an opportunity to understand what was being proposed and receive any feedback they wished to offer.

In October the Federal Government advised that $15 million had been earmarked form the Regional Growth Fund for the Community Sport and Recreation Centre. The work required to complete the necessary documentation coincided with some challenging timeframes, not the least concerning a Council Election.

After all relevant design, costing and financial information had been received and collated, an intensive community engagement program was undertaken. The focus of the community engagement campaign has been to inform the City of Mount Gambier community and electors about the Community and Recreation Hub, the intermediate design elements including possible functions and uses, the costs and to provide the opportunity for questions to enable the community to make an informed decision when surveyed.

Formal engagement commenced on Saturday, 10 November 2018 with a door knock throughout the residential area south of the proposed complex and the businesses north of the proposed complex along Margaret Street. The community engagement campaign has included an extensive calendar of daily activities from the 10 November 2018 to 7 December 2018 period that include:

Residential door knock (immediate area)	Library Markets
Probus presentations x 2	Mount Gambier Central (1 week)
Soroptimist presentation	Main Street Businesses
Rotary presentation x 3	Permanent presence in Commercial St (old BUPA)
Men's Shed	Coles Supermarket
CRG member groups	Market Place (1 wk)
Basketball Association (Icehouse)	Woolworths Supermarket
Party in the Park	Bunnings
Park Run	Valley Lakes
Library	Farmers Market
Truck Show	Blue Lake Fun Run/Main Corner
Aquatic Centre	City Hall public meeting
Boandik Lodge Inc, Crouch Street	

City of
Mount Gambier

Mount Gambier
Regional Sport and Recreation Centre
(Community and Recreation Hub)

S48 Prudential Report

January 2019

Executive Summary

The City of Mount Gambier owns the Mount Gambier Aquatic Centre (an outdoor pool centre) with current seasonal operations conducted under a Management Agreement arrangement with Council remaining responsible for certain maintenance and operational matters associated with the pool and heating.

The broader community have made calls for an indoor aquatic facility over several decades virtually since the construction of the current outdoor centre some 30 years ago. Various options for an indoor aquatic facility have been explored in the past with no progression mainly due to cost and competing major capital works programs.

Community interest in pursuing an indoor aquatic facility increased significantly early in 2018 with the announcement by the Federal Government of its Regional Growth Fund targeted toward major transformational projects which support long term economic growth, community benefit and create jobs in regions. This community interest was demonstrated in a 10,000 signature petition and some 300 attendees at a community meeting on March 24th calling for an indoor aquatics and recreation facility.

Taking the lead from this groundswell of community interest Council progressed a successful Expression of Interest to the Regional Growth Fund securing a conditional $15 Million grant (subject to submission of a satisfactory business case) as well as co-funding from the South Australian Government of $10 Million and funding from the District Council of Grant of $350,000.

Council also conducted a community survey of all electors, the largest known consultative process ever undertaken in the history of Mount Gambier, which saw 45% of electors participate of which 72% voted in favour of progressing the project.

This Prudential Report serves a dual purpose of:

1. providing a summary for the newly elected City of Mount Gambier Council of the activities surrounding the grant application and community engagement processes for the Regional Sport and Recreation Centre ("Recreation and Community Hub")
2. addressing the prudential requirements of Section 48 of the Local Government Act 1999.

Section 48 requires the assessment of projects to ensure that the Council:

- acts with due care, diligence and foresight; and
- identifies and manages risks associated with a project; and
- makes informed decisions; and
- is accountable for the use of Council and other public resources.

Before the Council engages in any project where the expected operating expenses or capital cost over the ensuing five years are likely to exceed certain prescribed amounts, as is the case with the proposed Recreation and Community Hub, it must obtain and consider a report that addresses the following prudential issues:

(a) the relationship between the project and relevant strategic management plans;

(b) the objectives of the Development Plan in the area where the project is to occur;

(c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the

proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;

(d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

(e) if the project is intended to produce revenue, revenue projections and potential financial risks;

(f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

(h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

(i) the most appropriate mechanisms or arrangements for carrying out the project;

(j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

This report does not debate the merit of the proposed Mount Gambier Recreation and Community Hub project, merely to provide facts and commentary on the risks, prudential issues and due diligence activities associated with the project to assist Council in its informed decision making process.

It is worth noting the significant and less than ideal timing associated with project activities and decision making influenced by the Federal Government's Regional Growth Fund timeframes and complicated by the Local Government Election caretaker period operating from early September to early/mid November 2018.

Notwithstanding the contracted timeframes and looming business case deadline, in considering this report Council must determine whether it is satisfied that prudential/due diligence issues associated with the project have been adequately addressed (or require additional information) before making a final determination to progress the Community and Recreation Hub project.

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Introduction

Background

The community of Mount Gambier and surrounding district have raised the issue of an indoor aquatic facility over several decades since the construction of the existing outdoor pool facilities at Olympic Park in Margaret Street, Mount Gambier.

Following receipt of a petition for an Indoor Aquatics Centre in June 2013 and consideration of information contained in Operational Service Report No. 12/2013 (Attachment 1) on the development of such a centre, the City of Mount Gambier Council resolved the following at its meeting held on 20 August 2013:

> *Council, having regard to the research that has been undertaken and documented in this report, and the adopted Long Term Financial Plan defer any further discussion or consideration of an Indoor Aquatic Centre until at least 2017/2018, unless an opportunity arises to access a majority percentage of capital funding for this project.*

This resolution had the effect of shelving further consideration of an indoor aquatic facility until the 2017/2018 financial year.

In March 2018 the Federal Government announced the Regional Growth Fund targeted toward transformational projects which support long term economic growth, community benefit and regional job creation which due to both the timing and potential funding triggered renewed community and Council interest in pursuing an indoor aquatic and recreation facility.

Resulting activities included the lodgment by the City of Mount Gambier of a Stage 1 Expression of Interest to the Regional Growth Fund for an eligible project and the conduct of significant work and documentation to support a Stage 2 Business Case in the event the Expression of Interest was successful.

The design for the Expression of Interest was informed by stakeholder input from potential users and occupiers of the facility and resulted in the proposal for an indoor aquatic centre being expanded to a multi-use sport and recreation centre to meet the identified needs and expectations of the community into the future and the scale and scope of the grant application requirements.

By letter dated 25 October 2018 the City of Mount Gambier was formally notified that it had been shortlisted and invited to lodge a Stage 2 Business Case by 25 January 2019. Prior to the 2018 local government election period[1] the former Council endorsed the progression of the development of supporting plans and documentation for the proposed project to place the incoming Council in a position to make a decision on whether or not to proceed.

In late 2018 alternative naming for the project arose as a result of the progression of the design and proposed uses, being the Mount Gambier Community and Recreation Hub. As a result both the former and current project names are used interchangeably within the community and various documentation and in this report.

[1] City of Mount Gambier 2018 local government election caretaker period operated from 4 September 2018 to 19 November 2018.

Due Diligence Obligations

As part of its assessment and decision making process for certain projects and activities Council must ensure that that it:

- acts with due care, diligence and foresight; and
- identifies and manages risks associated with a project; and
- makes informed decisions; and
- is accountable for the use of Council and other public resources.

The purpose of this prudential report is to present Council with information in relation to the above and other issues Council is required to consider in accordance with Section 48 of the Local Government Act 1999, prior to engaging in such a project.

It should be noted that this report does not debate the merit of the proposed project. It is merely to provide facts and summary commentary on the risks, due diligence activities, and other prudential issues to assist Council in its decision making process.

The primary author of this report is the Council's Manager Executive Administration with career experience in state and local government across a broad range of financial administration, property and project management, governance, risk and compliance activities.

The Manager Executive Administration was purposefully separated from activities associated with the proposed project during the 2018 calendar year to enable an objective assessment to be made and presented in this report.

The Project

The Mount Gambier Community and Recreation Hub project involves the construction of a multi-purpose indoor sport, recreation centre and events/functions consisting of:

<u>Aquatics</u>

- 25 metre lap pool;
- Recreation/learners/water play pool with water features and beach entry;
- Warm water pool with ramp access;
- Concourse around the pool that would also include ramped seating on one side for spectators;
- The 50 metre outdoor pool remains and all the other smaller recreation/babies pools are removed; and
- Change rooms and toilets.

<u>Dry areas</u>

- Six multi use courts with one being a show court with extensive retractable seating;
- Health and Fitness;
- Administration and support areas;
- Storage;
- Change rooms and toilets;
- Café; and
- Crèche.

<u>Conferences and events</u>

- Capacity to hold conferences and events in the main court area and on the first floor meeting and functions area, to be serviced from the café and commercial kitchen.

The location of the proposed project is Olympic Park on Margaret Street adjacent the existing 50 metre outdoor pool which is to be retained and overlaying some of the outdoor netball courts and a community building[2] currently located at O'Halloran Terrace.

The Concept Plan for the project is provided as a weblink to this report (refer References and Attachments).

Legal Framework and Prudential Issues

This report has been prepared in accordance with Section 48 of the Local Government Act 1999 (Act). The development of the Mount Gambier Community and Recreation Hub meets certain criteria specified in Section 48 (1)(b)(ii) which states:

(1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council –

(b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)-

where the expected capital cost of the project over the ensuing five years is likely to exceed $4,000,000 (indexed);

The prudential issues identified in Section 48 are:

(a) The relationship between the project and relevant strategic management plans;

(b) The objectives of the Development Plan in the area where the project is to occur;

(c) The expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market;

(d) The level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

(e) If the project is intended to produce revenue, revenue projections and potential financial risks;

(f) The recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) The financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

(h) Any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

(i) The most appropriate mechanisms or arrangements for carrying out the project;

(j) If the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

The Local Government Act 1999 is provided as a weblink to this report (refer References and Attachments).

[2] Currently occupied by the Open Door Baptist Church under licence arrangements with Council.

Relationship with relevant Strategic Management Plans

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

(a) The relationship between the project and relevant strategic management plans;

Relevant Strategic Management Plans

Section 122 of the Act requires Council to develop and adopt strategic management plans. These are required to incorporate the extent to which Council's objectives are related to regional, State and National objectives.

For the purposes of this report, the relationship between the Mount Gambier Community and Recreation Hub and the following plans are considered relevant.

City of Mount Gambier Plans

- A Futures Paper for City Development - Council's Long Term Development Framework
- The Community Plan - The Futures Paper 2016-2020
- Annual Business Plan and Budget 2018-2019 and 2019-2020
- Long Term Financial Plan 2018/2019 to 2027/2028
- Infrastructure and Asset Management Plan 2016/2017 - 2026/2027
- Mount Gambier City Growth Strategy 2017-2027
- Building a Connected Regional City: A Digital Strategy and Action Plan for the City of Mount Gambier
- Changing the Tourism Culture: An Industry Plan to Grow Mount Gambier's Tourism Economy
- MyMTG - A Youth Engagement Strategy for Mount Gambier

Regional Plans and Strategies

- Limestone Coast Region Plan - A Volume of the South Australian Planning Strategy
- Limestone Coast Regional Growth Strategy - June 2018

South Australian Plans

- South Australian Strategic Plan
- Strategic Infrastructure Plan for South Australia 2005/2006-2014/2015 (currently under review)
- Office for Recreation and Sport Strategic Plan 2017-2021

National Plans

- National Sport and Active Recreation Policy Framework
- Regions 2030 Plan: Unlocking Opportunity in Regional Australia

The City of Mount Gambier and other regional, state and national strategic plans are provided as weblinks to this report (refer References and Attachments).

A Futures Paper for City Development

The Futures Paper has been developed as a Long Term Strategic Plan with an envisaged horizon over a period of 30 to 40 years. The Futures Paper is the guiding document for the development of Council's Strategic Plans.

The Futures paper has been prepared after extensive consultation with the Mount Gambier City Council and its community on what matters for the future development of the City. The paper provides a rationale for the City in terms of four characteristics:

- Developing and supporting our people
- Building on the advantages of our location
- Sustaining our diverse economy; and
- Valuing our climate, natural resources, heritage, arts and culture.

The importance of ensuring a prosperous Mount Gambier was reflected in all of the consultations in the preparation of the Futures Paper. Unless the City has a platform of economic success it will be challenging to realise aspirations related to health, wellbeing, community connectedness and economic prosperity.

City of Mount Gambier - Community Plan - The Futures paper 2016-2020

The Community Plan represents the vision, aspirations and priorities of the community now and into the future. It describes our values, how we work together and outlines the strategic initiatives to achieve ongoing sustainability and prosperity,

The Community Plan is based on the aspirations identified in the Futures Paper, with the actions featured in the plan guiding Council over the next four years.

The Council's stated vision is:

> "An inclusive city where people lead fulfilling lives".

The vision is supported by 4 goals which identify what is important to the community and how the community would like to see the City develop and grow. These 4 goals are:

> Goal 1 - Our People - A safe, inclusive city where access to quality services and facilities supports a socially connected, vibrant and healthy community.
>
> Goal 2 - Our Location - A perfectly centered place where people aspire to live, work, visit and invest.
>
> Goal 3 - Our Diverse Economy - A diversified, innovative and resilient economy that generates jobs and services.
>
> Goal 4 - Our Climate, Natural Resources, Arts, Culture and Heritage - A culturally inspired city that strives to minimise its ecological footprint.

The relevance of the Mount Gambier Regional, Sport and Recreation Centre to specific objectives and strategies in the City of Mount Gambier Community Plan - The Futures Paper 2016-2020 is illustrated in Table 1.

Table 1: The City of Mount Gambier Community Plan 2016 - 2020 Alignment with the Project

Goal	Strategies	The Project
1. Our People	1. Encourage the relevant service providers to support the wellbeing of the community	The project offers a number of diverse recreational activities that offers all community members an opportunity to interact in state of the art facilities
	3. Create opportunities for all citizens to be involved in community life.	Forge partnerships and continue to support and develop community and cultural events that foster social inclusion.
	4. Support social awareness and inclusion in society, business and cultural activities.	The project will significant improve Leisure, cultural and event facilities within the City.
	6. Develop opportunities for young people to live a rewarding life.	The project will improve social outcomes and provide additional and enhanced community and recreation facilities.
		The project will contribute to reducing obesity rates, improve activity rates and contribute to an improvement in the health outcomes.
Goal 2. Our Location	1. Provide and advocate for appropriate and accessible services and facilities.	The project will form part of Council's program to improve active spaces to promote good health and social inclusion.
	2. Provide infrastructure and services that are well planned, accessible, efficient, financially sound and sustainable.	The project will develop a new state of the art facility for both the community within the City and the Region of the Limestone Coast and South West Victoria.
		The project will help to create a vibrant and well maintained City.
		The project will help to create a destination for people to live, work, visit and invest.
		The project will reinforce Mount Gambier as a City where people come for health, education and social interaction.
Goal 3 - Our Diverse Economy	1. Build a diverse and resilient economy through collaboration and partnerships.	It is anticipated that the project will be developed as a partnership with the Federal, State and Local Governments.
	3. Encourage and attract appropriate investment opportunities to support business growth and diversification.	The project will provide a number of investment opportunities to support growth in organized sports, informal recreational pursuits, special and cultural events, catering and tourism providing a year round facility and destination.

	6. Partner with local tourism industry to grow Mount Gambier as a “year round’ tourism destination.	The project is to contain state of the art technology and new digital opportunities.
Goal 4 - Our Climate, Natural Resources, Arts, Culture and Heritage	1. Strive to make Mount Gambier a sustainable place where all citizens are proud to call home.	The project will provide an alternative venue for cultural and artistic performances.
	4. Celebrate cultural diversity through awareness and participation.	The project will help to enliven and create a vibrant City.

There is material strategic alignment between the Strategic Objectives of the Community Plan - The Futures Paper 2016-2020 and the Mount Gambier Community and Recreation Hub.

The Limestone Coast Region Plan - A volume of the South Australian Planning Strategy

The Limestone Coast Region Plan is a volume of the South Australian Planning Strategy and was developed to guide the growth, future land use and development within the Limestone Coast region.

Within this plan the following issues were identified as critical to the region’s future and are groups under four themes:

- Environment and culture
- Economic development
- Population and settlements
- Infrastructure and services provision

Within this plan some key elements which this project relates to includes:

- Strengthen the role of Mount Gambier as the major regional centre.
- Strengthen the tourism industry by building on the region’s natural and cultural assets.

The Principles within the Limestone Coast Regional Plan that relate specifically to this project include:

- Protection and build on the region’s strategic infrastructure
- Reinforce the region as a preferred tourism destination
- Reinforce the desired roles of various towns in the Limestone Coast tourist experience;
  i. Mount Gambier as the region’s principle business and retail hub; gateway to South Australia from south western Victoria and home of the Blue Lake.
- Mount Gambier will continue to be the focus for major commercial activities servicing the region and western Victoria.
- Reinforce the primary commercial and services role of Mount Gambier as the focus of major retail, commercial, administrative, education, health, justice and recreational developments in the region (in accordance with the Greater Mount Gambier Master Plan).

The Limestone Coast Regional Plan further reinforces that population growth in the region has chiefly occurred in the larger towns and urban area, particularly Mount Gambier. Planned economic expansion in Mount Gambier is likely to be accompanied by continued interest in housing development in the lower Limestone Coast.

As the main city for the region and western Victoria, Mount Gambier will experience significant growth in the future.

The development of the Mount Gambier Community and Recreation Hub will reinforce the City of Mount Gambier as the major regional centre within the Limestone Coast Region.

South Australia's first infrastructure plan, released in 2005, has guided significant progress in tackling the challenges identified at that time. Recognising the importance of integrating land use and infrastructure planning, a review of state infrastructure priorities is now timely, guided by the new volumes of the South Australian Planning Strategy. The proposed new Community and Recreation Hub development being driven by the City of Mount Gambier is focused on providing state of the art facilities and new infrastructure to meet the needs of the community and to maximize sport, recreational and events opportunities. The proposed Community and Recreation Hub supports the goals and strategies identified within the State Planning Strategies and is likely to support future infrastructure planning objectives.

The vision of the Office for Recreation, Sport and Racing of South Australia is "An Active State", which is supported by the following belief "Sport and active recreation develops stronger, healthier, happier and safer communities". Four priorities that the Community and Recreation Hub meet are:

Places and Spaces	South Australians have access to sport and recreation places and spaces that support participation at all levels.
Capacity and Capability	The people and organisations delivering sport and active recreation have the capability and capacity to deliver quality opportunities for participation and performance.
Access and Opportunity	it is easy and enjoyable for all South Australians to participate at all levels and in all facets of recreation and sport.
Sporting Excellence	South Australian athletes winning on the international stage.
Investment	Investment in sport and recreation delivers value for the South Australian economy and community.

The Community and Recreation Hub will provide increased and enhanced opportunities to progress the Office for Recreation and Sport vision.

Limestone Coast Regional Growth Strategy - June 2018

The Limestone Coast Regional Growth Strategy will enable the Limestone Coast region to prioritise key strategic projects that can both drive and achieve future growth supported by:

- The Limestone Coast Regional Growth Action Plan
- The Limestone Coast Infrastructure Audit (to be developed)
- The Limestone Coast Regional Investment Prospectus (to be developed)

The Regional Growth Strategy identifies sports and recreation facilities (including the Mount Gambier Indoor Aquatic and Recreation Centre project), activities and programs as a priority area to:

- secure investment and infrastructure enabling growth
- increase the working age population (by targeting population migration)

The Mount Gambier Community and Recreation Hub also contributes to climate adaptation objectives by providing all weather indoor facilities for sport and recreation activities.

National Objectives

The National Sport and Active Recreation Policy Framework (the Framework) provides a guide for the development and alignment of policies, strategies and programs by governments in pursuit of a high performing sport and active recreation system that delivers:

- Increased participation;
- Success in international competition;
- Strong national sporting competition.

and contributes to whole of government objectives including improved health and education outcomes (including sports in schools and higher education institutions), enhanced social inclusion and community development.

The Framework identifies the expected roles and responsibilities of Commonwealth, State and Territory Governments, Local Governments and other organisations within the Sport and Active Recreation system and includes:

- Facilitating a strategic approach to the provision of sporting and active recreation infrastructure including open space and other needs
- Investing in sport and active recreation infrastructure
- Supporting and coordinating local and regional service providers
- Liaising and partnering will all levels of government on targeted program delivery

The Mount Gambier Community and Recreation Hub can be considered to support the Framework through improved and increased sports and recreation facilities and infrastructure in a collaborative manner by all tiers of government.

The Australian Federal Government Regions 2030 Plan: Unlocking Opportunity in Regional Australia promotes decentralisation as a means of creating jobs and driving economic development in rural Australia. Development of start-of-the-art community facilities is one approach to support decentralisation and increase the attractiveness of the region to skilled workers.

Further commentary on the project's contribution to economic development is provided below under that heading.

Objectives of the Development Plan

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(b) The objectives of the Development Plan in the area where the project is to occur;*

City of Mount Gambier Development Plan

Development in the City of Mount Gambier is governed by the Development Plan - Mount Gambier (City), pursuant to Section 33 of the Development Act 1993.

The Development Plan covers matters including zoning issues, building appearance and neighborhood character, siting and setbacks and environmental guidelines.

The Development Plan is structured as follows:

- General Containing general policy that applies across the council area and relates to a range of social, environmental, and economic development issues.
- Zones These provisions give greater certainty and direction about where certain forms of development should be located and identifies generally envisaged forms of development. The objectives and design requirements for development in the particular area are also expressed.
- Tables These list the conditions which are applicable to complying development, numeric values for setbacks from road boundaries and car parking rates for certain types of developments.
- Mapping Showing the broad distribution of land uses and movement patterns throughout the council area.

The current version of the Development Plan was consolidated on 21 April, 2016. This will be the relevant version of the Development Plan applying to the Development Application once submitted for this proposal.

The relevant policies within the General Section of the Development Plan that will apply to any Development Application for the Mount Gambier Regional, Sport and Recreation Centre are:

- Centres and Shops
- Crime Prevention
- Design and Appearance
- Energy Efficiency
- Hazard Minimisation
- Heritage
- Infrastructure
- Interface Between Land Uses
- Natural Resources
- Open Space and Recreation
- Orderly and Sustainable Development
- Transportation and Access

The City of Mount Gambier Development Plan is provided as a weblink to this report (refer References and Attachments).

Development Zone

The Mount Gambier Community and Recreation Hub will be sited on land within the Recreation Zone.

The primary objectives of the Recreation Zone are:

Objective 1: A zone primarily comprising open space and providing for a range of appropriate active and passive recreational pursuits.

Objective 2: A zone accommodating recreation, conservation and institutional uses which preserve and enhance the open character and amenity of the land.

Objective 3: A zone in which active recreational facilities and buildings are screened from adjoining roads and residential areas by screen landscaping.

The application will be assessed on its merits.

Approving Authority

The Development Act enables Council or its Council Assessment Panel to be the relevant authority for development assessment (planning consent) for this proposal.

Contribution to Economic Development

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(c) The expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;*

Contribution to Economic Development

Construction phase and ongoing economic benefits to the region have been modelled using Economic iD tools.

For construction, the total direct and indirect benefits to the local economy is $83.01 million output and value added of $24.30 million with an estimate of benefits that may flow from operational and sporting club employment providing an additional $4.56 million output and $2.19 million value added benefits.

Potential benefits from events that may be attracted to the facility are estimated at $0.59 million with flow on consequences for consumption.

Economic modelling also provides details of local jobs (impacts outside the region have not been included) that are likely to be created during construction and for ongoing employment that are both direct and indirect. The modelling predicts the following FTE values;

Using $40 million for the build costs:

	FTE Direct				FTE Indirect				FTE
	Indigenous	Youth	Other	Total	Indigenous.	Youth	Other	Total	TOTAL
Construction	1.0	21.5	98.5	121	1.5	32.9	150.6	185	306
On going		15.8	5.2	21		8.2	2.8	11	32

The creation of jobs will be both direct and indirect in the following area:

1. Construction – both direct and indirect through building works, associated industries and consumption
2. Predicted on going staffing 21 FTE as follows:
   - Pool will require additional staff for year round pool attendants and instructors currently 45 x .22 FTE (6 months) or 10 FTE (Summary of Initial Community Engagement) For 12 months = 10 new FTE.
   - Staff required to run administration, manage the centre and kiosk will be a mix of full time and fractional staff = 6 FTE staff
   - ongoing coaching that would take place to maintain fitness over winter and the ability to attract new higher level coaches if quality facilities are in place (as per sporting club feedback) = 2 FTE
   - events staffing = 1 FTE (estimate)
   - new allied health facilities coupled with NDIS needs = 2 FTE with significant growth potential
   - clubs have all indicated that there would be significant volunteering opportunities for youth to assist with tournaments and events as a means of building employability skills.

Impact on Businesses in Proximity

Businesses potentially impacted by the development are considered to be limited to those that provide (indoor) swimming facilities, other indoor fitness/health services, large scale event venues and proximate cafés and business providing competing premises for these uses.

Proximity of businesses to the Community and Recreation Hub can be viewed in several context:

- businesses in the immediate vicinity that are not in competition with any business aspects of the facility (e.g. neighbouring businesses that may be impacted by on-street car parking or noise arising from the facility in use).
- competing businesses in the immediate vicinity that share a small customer catchment area with the facility (e.g. café/deli/)
- competing businesses in the wider area that share a larger customer catchment area with the facility (e.g. fitness, event hosting)

Mount Gambier and the surrounding region has only limited private indoor swimming facilities. The provision of a public indoor aquatic centre was the initial driver of the Community and Recreation Hub. Whilst some business impact on other indoor pool facilities could be anticipated, this may be considered alongside the broader community benefit of a public all-year round pool facility.

The pool related business likely to experience the most impact as a result of the development of the facility is the current aquatic centre operator whose business is likely to be impacted during the construction period and may (or may not) be successful in securing the operation of the newly developed facility.

Mount Gambier has several fitness and health providers that provide certain facilities and services similar to those proposed to be accommodated within the Community and Recreation Hub. Whilst the business model and business participants (service providers) are yet to be determined, to fulfill Competition Policy (as set out in the next section) and procurement obligations it is most likely that the occupation/operation of business aspects of the new facility would be offered to the market on commercial terms, including to local operators.

Mount Gambier has few indoor event venues of the scale anticipated by the Community and Recreation Hub. The proposed facility offers differing facilities to other commercial outdoor, temporary and/or venues such as the Old Gaol or The Barn[3]. Demand for the new facility will be shared with other community and sporting uses, and when otherwise available may compliment the business activities of these host venues for privately managed events.

Similarly, whilst some smaller scale event hosting venues may be impacted by a new larger scale and purpose built venue, the demand for competing uses and the ability for management/hosting of private events provide alternative business opportunities for competing and new entrepreneurial business.

With the exception of the existing aquatic centre kiosk there are limited existing café or kiosk businesses in immediate proximity to the proposed Community and Recreation Hub that would be considered as being detrimentally affected by the new development. The existence of the new centre and attraction of users and events has potential to create opportunity and improved viability for the provision of such service activities in the Margaret Street and Railway Lands precinct.

[3] The Barn is utilised as a temporary location for a large scale 'Big Top' tent for Generations in Jazz

Indirect impact might be experienced by businesses associated with the ownership and management of properties that accommodate the abovementioned types of business that may consider relocation to, or resulting from, the Community and Recreation Hub development.

The availability of competing fit-for-purpose business accommodation is an ordinary business risk in any market and generally considered to be a favourable stimulant of further property and economic development.

Importantly, Council is unlikely to subsidise rental, fitout or operational aspects of any business tenant/operator of the proposed facility, such that no greater benefit would arise than a similar competitor who relocated to other newly developed commercial premises.

Any negative aspects of business impacts should be considered and balanced with the broader community benefits of the overall project.

Competition

As noted in the preceding section aspects of the Community and Recreation Hub may provide competition to local market providers to the extent that some services and facilities replicate those available currently (or in the future) within their respective catchment areas.

As a local government entity the *Government Business Enterprises (Competition) Act 1996* and the revised *Clause 7 Statement on the Application of Competition Principles to Local Government under the Competition Principles Agreement* apply to the business activities of the City of Mount Gambier. The Clause 7 Statement is provided as a weblink to this report (refer References and Attachments).

The Clause 7 Statement provides three major mechanisms available to implement competitive neutrality:

- Corporatisation (a separate legal entity)
- Commercialisation (application of 'commercial practices')
- Cost Reflective Pricing

Whilst the ongoing management model for the Community and Recreation Hub is yet to be determined and could potentially include corporatisation and/or commercialisation aspects, the third mechanism of 'Cost Reflective Pricing' is a most likely solution taking into account:

- The actual costs of providing the goods and services on a full-cost basis
- The cost advantages of local government ownership (e.g. non-payment of taxes, lower cost of finance, mix of commercial and non-commercial activities, exemptions from the operation of certain legislation)
- The cost disadvantages of local government ownership (e.g. increased accountability and administration, higher award rates or costs associated with enterprise agreements, higher superannuation contributions)
- Return on investment and dividend payments to local government owners

Council's Risk Management Plan and Risk Register for the Regional Sport & Recreation Centre (Attachments 2 & 3) includes the following risk control consistent with the 'Cost Reflective Pricing' methodology:

> *Comply with revised Clause 7 Statement on the application of competition principles to local government under the competition principles agreement (i.e. apply market based pricing to any services/arrangements)*

In addition to addressing competitive neutrality with other private market participants, commercialisation and cost reflective pricing also contribute to minimising community funded subsidies to users and business tenant/operators.

The Clause 7 Statement includes reference to The Hilmer report, which at page xvi states

> *Competition Policy is not about the pursuit of competition per se. Rather It seeks to facilitate effective competition to promote efficiency and economic growth while accommodating situations where competition does not achieve efficiency or conflicts with social objectives.*

Accordingly, decision making in this regard may determine arrangements with respect to the various aspects of the Community and Recreation Hub operations in a transparent and accountable manner, with consideration to the broader community objectives of the project and facilities and competitive neutrality principles.

It would be appropriate to determine a Council Policy position on subsidies for any operational aspects of the resulting facility to provide transparent and accountable allocation of community resources to targeted beneficiaries.

Note: as a Community Sporting and Recreation facility the centre is not considered to be a competitor with other community and sporting facilities and groups, but rather an additional complimentary asset as part of Council's and the wider community's social assets.

Whilst in some cases the proposed new facility may make some existing aged sporting and community facilities redundant, this is not considered competition, but rather a consolidation and renewal of existing aging assets which otherwise require further maintenance and upgrade to meet required standards, or may alternatively become available for occupation by other users providing broader access to highly sought after community facilities.

Community Consultation

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(d) The level of consultation with the local community, including contact with persons who may be affected by the project and representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*

Prior to the current project proposal that originated in March 2018, the matter of an indoor aquatics centre has been on the Council agenda over several decades.

A document entitled 'Mount Gambier Regional Sport and Recreation Centre – Summary of Initial Community Engagement' prepared for the Federal Government Expression of Interest provides a summary of significant actions from 1994/95 – 2017. A copy of this document is attached to this report (Attachment 4).

Consultation - Background

The City of Mount Gambier has a Community Consultation and Engagement Policy P195 adopted in 19 November 2013. Council Policy P195 is provided as a weblink to this report (refer References and Attachments).

The purpose of the Community Consultation and Engagement Policy is to underpin Council's commitment to the highest level of community engagement with the following policy objectives:

- To promote positive relationships between Council and the community.
- To provide the framework for appropriately structured, targeted and delivered community engagement as part of Council's decision making.
- To provide effective communication and engagement between Council and the community.
- To encourage, enhance and provide the opportunity for community participation in the decision making processes of Council.
- To achieve a greater level of community input, understanding and ownership of decisions made by Council.
- To support Council decision making that is open, transparent, responsive, inclusive and accountable to the community.

The Community Consultation and Engagement Policy acknowledges that different sections of the community will have different levels of interest in individual issues and will tailor its engagement strategies accordingly. Further, that Council will define the parameters of the community engagement process for each specific topic, using best practice principles that incorporate all legislative requirements.

At its meeting held on 20 March 2018 Council resolved:

> *(a) That Council allocates $30,000 this financial year for the preparation of documentation for a proposed multifunctional indoor recreation and aquatics centre, including a feasibility study, concept plans including initial engagement with stakeholder groups, facility management options and a ratepayer impact report.*

(b) That documentation to be tabled at the Strategic Standing Committee meeting by or prior to July 2018.

(c) That the documentation will form the basis of an extensive community and stakeholder engagement process to be determined after the completion of the above reports.

Council subsequently on 19 June 2018 resolved to establish a Community Reference Group of stakeholders and community representatives to participate in the design process.

The abovementioned resolutions and Community Reference Group formed the basis for preliminary engagement in the development of interim project documentation that would enable the anticipated extensive community and stakeholder engagement to occur.

Meetings of the Community Reference Group were treated as designated informal gatherings and were generally open to the public with prior notice of the meetings given on the Council website. Meetings of Council's formal Section 41 Committee, the Regional Sport and Recreation Centre Committee were also open to the public for most agenda items. Public attendances at these meetings was similar to other meetings of Council and its Committees.

A dedicated section of Council's "Have Your Say" website was developed to enable community members to become informed on the proposed project and to provide feedback and engage with Council. Council's website also contained Frequently Asked Questions and along with Councils social media channels was periodically updated with relevant information as it became available.

Council resolved on 17 July 2018 that consistent communication and community engagement be undertaken for the duration of the project to ensure the community are appropriately informed of the process.

Commencement of an extensive community engagement program necessitated both the preparation of all relevant documentation and information and finalisation of the 2018 Local Government Elections and associated election caretaker period that operated from the first week of September until the second week of November 2018.

Prior to the commencement of the election period Council considered Report No. AR18/32703 noting that Council's Caretaker Policy C305 provides direction on certain activities that should not occur during the election caretaker period. Accordingly, community consultation and engagement was minimised during the election period whilst work to develop design, costings and financial analysis for the project continued.

Council Policy C305 is provided as a weblink to this report (refer References and Attachments).

Extensive community engagement on the Community and Recreation Hub commenced in the second week of November 2018 following the completion and receipt of relevant documentation and the end of the election period. This post-election engagement included a community survey of electors as proposed during the project's development.

Extent of Consultation

As the Consultation Background suggests, community engagement for this project was separated into two components, preliminary engagement prior to the November 2018 elections and all relevant information being available and subsequent formal engagement that commenced after the voting for the elections closed at 5pm on Friday 9 November 2018.

Preliminary engagement (prior to November 2018 local government election)
Preliminary engagement comprised mostly of information sharing on reasons for the project and its progression, the process being followed and information being sought to help design the project and inform the community and subsequent decision making processes.

This process was triggered by a Community Forum attended by 300 members of the community with preliminary information provided and a question/answer session.

Preliminary engagement also included:

- A questionnaire circulated to key stakeholders to inform the Federal Government Expression of Interest
- Establishment of Community Reference Group of key stakeholders and community representatives
- Frequently Asked Questions (FAQ's) and answers and media releases on Council and Have Your Say Websites, Council social media platforms and local media.
- Face-to-face discussions and presentations with significant stakeholder and proposed/potential user groups including for example:
    - Netball SA (and local association and club representatives)
    - Basketball SA (and local association and club representatives)
    - Swimming SA (and local clubs and Aquatic Centre operator)
    - Tennis SA (and local association and club representatives)
    - Community Service Groups such as Probus

A summary of social media and traditional media generated in relation to the Community and Recreation Hub for the period 21 March 2018 to 29 October 2018 is attached to this report (Attachment 5) provides an overview of the reach of the preliminary engagement with significant number of page and video views.

The Frequently Asked Questions (FAQ's) and Have Your Say Mount Gambier website are provided as weblinks to this report (refer References and Attachments).

The number of 'Likes, Comments and Shares' on Facebook whilst not overwhelming, should be considered in the context that engagement exercises undertaken by Councils have traditionally resulted in very few active engagements, generally limited to those passionately for or against the subject matter or Council in general.

Formal engagement (post November 2018 local government election)
Formal engagement comprised information sharing and significant engagement to disseminate the final plans and reports prepared in support of the project, to assist the community to understand the project and to encourage participation in the community survey.

Post-election engagement activities included an extensive daily calendar of face-to-face activities from 10 November to 7 December 2018 including:

Residential door knock (immediate area)	Library Markets
Probus presentations x 2	Mount Gambier Central (1 week)
Soroptimist presentation	Main Street Businesses
Rotary presentation x 3	Permanent presence in Commercial St (old BUPA)

Men's Shed	Coles Supermarket
CRG member groups	Market Place (1 wk)
Basketball Association (Icehouse)	Woolworths Supermarket
Party in the Park	Bunnings
Park Run	Valley Lakes
Library	Farmers Market
Truck Show	Blue Lake Fun Run/Main Corner
Aquatic Centre	City Hall public meeting
Boandik Lodge Inc, Crouch Street	

Face-to-face activities were supported by a comprehensive communication and advertising campaign on the Council and Have Your Say websites, social media platforms (including Facebook, Twitter and Instagram) and regular exposure on traditional media (Triple M, ABC South East, Hit96.1, 5GTR-FM and Lime FM radio stations, The Border Watch newspaper, Lifestyle1 magazine, and WIN Television) between 12 November and 20 December 2018.

The placement of material across traditional and social mediums was supported by the Community Reference Group, Elected Members and supportive members of the community.

The community reach and interaction with the formal engagement process was significantly higher than the preliminary engagement process, possibly due to the informative content not previously available and momentum triggered by the public support for a community survey.

The highest recorded engagement from these activities was for a fly through video on the City of Mount Gambier Facebook page with the following statistics:

15,135 reached
5,489 engagements
Comments: 47
Shares: 103
Likes/Loves: 97
7.6k views

Other social media posts consistently had a reach of several thousand and several hundred engagements and in excess of 1,000 views for each uploaded video. Only a small number of negative engagements and comments were recorded.

A summary of media, communications and advertising activities is attached to this report (Attachment 6).

Community (Elector) Survey

The formal engagement process concluded with the community survey which consisted of some 19,332 survey question envelopes being distributed to all registered electors within the City of Mount Gambier local area and a closing date of last post 21 December 2018.

45% of eligible voters participated in the community survey, exceeding the participation rate in the November 2018 Local Government Elections[4] and far exceeding the participation of any known prior consultation undertaken by the City of Mount Gambier. The community survey result was a 71.6% 'Yes' vote in favor of the proposal moving forward. Only 0.13% of returned envelopes contained invalid responses.

It is envisaged that community and stakeholder engagement will continue to occur should this project commence.

[4] The participation rate in the 2018 City of Mount Gambier elections was 43%

Community Influence

As set out in the consultation summaries provided in the previous section, the community have been provided opportunity through multiple feedback channels to give input on the design and decision making associated with the proposed Community and Recreation Hub.

The feedback channels including the Community Reference Group of stakeholders assisted Council in developing the final scope and project design/plans which enabled the preparation and release of several independently prepared plans, reports and other supporting documentation assessing the demand/feasibility and financial aspects of the proposal.

Beyond the total control of the Council the traditional and social media also assisted with the dissemination of information on the project more broadly than Council could achieve alone.

The extensive formal community engagement process conducted in November/December 2018 (arguably exceeding the previous most extensive engagement exercise undertaken by Council[5]) culminated in the penultimate form of consultation, a Community Survey which gave all enrolled ratepayers and residents of the City of Mount Gambier the opportunity to cast a simple 'Yes' or 'No' vote to indicate their support of the project proposal as presented.

The Community Survey return rate of 45% of 19,322 surveys issued indicates a very significant participation rate in excess of that recorded at the recent Mayoral/Area Councillor elections[6] and far exceeding the participation rate of any previous City of Mount Gambier engagement exercise.

On 21 August 2018 in relation to the community survey Council resolved:

> *(g) Proceeding with the full grant funding submission to both Federal and State Government agencies will be dependent on Council's confirmation of the project's readiness, business case, and the majority of community support as determined by the community survey. Alternatively Council may consider applying for any subsequent rounds of Federal (and State) funding.*

Whilst not binding on Council, the above resolution gives a materially strong indication to the community that the former Council sought the mandate of a favourable Community Survey result before progressing the project to the next stage of securing government funding. This provides the community a significance influence in the decision making process.

The challenge for the Council will be in determining the appropriate application of the above resolution to the actual Community Survey results and participation statistics, balanced with its decision making responsibilities and the Objects of the Act, Principal Role of the Council, Functions of a Council and Principles to be observed by a Council as set out in Sections 3, 6, 7 and 8 of the Local Government Act 1999.

[5] Futures Paper Consultation

[6] 2018 City of Mount Gambier election participation rate - 43%

Financial Assessment

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(e) If the project is intended to produce revenue, revenue projections and potential financial risks;*
> *(f) The recurrent and whole of life costs associated with the project including any costs arising out of proposed financial arrangements;*
> *(g) The financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council.*

The following documents contribute to the financial assessment of the project:

- SGL City of Mount Gambier Indoor Recreation Centre Feasibility Study (August 2018)
- BRM Holdich Report - Mount Gambier Community and Recreation Hub (updated January 2019 to include whole of life cost assessment)
- City of Mount Gambier Long Term Financial Plan (adjusted for project – FY2021/22)

The SGL Study (Attachment 7) and BRM Holdich report (weblinks) are provided with this report (refer References and Attachments)

Revenue Production, Revenue Projections and Potential Financial Risks

Anticipated revenue sources for the Community and Recreation Hub include:

- Casual/Seasonal swimming
- School swimming
- 'Learn to Swim'
- Court Hire
- Fitness/Wellbeing Area (commercial)
- Café & Catering (Council operated)
- Other major uses (events, conferences, functions etc.)

The August 2018 SGL '*City of Mount Gambier Indoor Recreation Centre Feasibility Study'* provides detailed independent market analysis, demand assessment and financial projections based on preliminary project design inclusions, cost estimates and income/expenditure assumptions for several scenarios for sensitivity analysis purposes.

The SGL market and demand analysis is based on a primary regional catchment population of approximately 46,000 (including City of Mount Gambier, District Council of Grant and Wattle Range Council) for the courts and fitness facilities and a broader catchment including Naracoorte for the indoor aquatic facilities.

The demand assessment includes an estimate of 79,569-132,361 swims per annum for aquatic facilities in Mount Gambier across several market segments, compared to current attendance at existing pools in Mount Gambier averaging around 90,000-95,000 per annum. Court usage assumptions include peak, off-peak and shoulder usage and hire rates for weekends and weekdays to determine a base case scenario projected income of $1,094,347.

Usage of court and other indoor facilities based upon local market investigations undertaken by SGL are expected to include training, competition and meetings for Basketball, Netball, Futsal, Cricket, wellbeing and group fitness, other elite junior sports, as well as other community groups and occasional commercial purposes.

The BRM Holdich Report (Mount Gambier Community and Recreation Hub - November 2018) provides a further independent professional assessment of the indicative revenues inflated to the full 2021/2022 financial year. This more detailed assessment has been informed by the SGL Feasibility Study, further assessment of expected court utilisation, swimming patronage and entry/hire fees including benchmarking of other comparable centres in South Australia.

The BRM Holdich base case scenario projects income of $1,563,461. BRM Holdich analysis is based on a high, medium high, medium low and low case scenarios project revenue ranging from $1,317,974 - $1,781,407 (2021/22 inflated figures).

Noted variances between revenue projections in the SGL Feasibility Study and BRM Holdich can be attributed to the purpose and focus of the SGL report being on demand analysis, and the development of differing assumptions and more detailed financial information between the publication of the 2 reports in August (SGL) and November 2018 (BRM Holdich).

Further variances in financial projections (and mitigation of risk) may be anticipated if/as the project progresses, Federal and State funding are approved, as more detailed and refined information becomes available, and if any variations occur in the design and specification.

The potential financial risks associated with the project include:

- Revenue not meeting business case/projected forecasts
- Operating costs exceeding business case/projected forecasts
- Inadequate staffing levels/professional expertise/commercial operator operate centre
- Grant funding not received
- Funding shortfall
- Project costs/budget inadequate to achieve objectives (build phase)
- Unbudgeted variations
- Financial modelling and user pays proposals not accepted by proposed users/stakeholders
- Profit component for 3rd party commercial operator(s) – operating model dependent
- Insurance requirements inadequate during construction and after completion
- Opportunity cost (finance cost) of other projects/expenditure foregone
- Procurement, Project and Contract Management

The Community and Recreation Hub Risk Register has identified risk controls to mitigate the likelihood and consequence of these financial risks associated with the project.

Recurrent and Whole-of-Life Costs, Financial Arrangements

The major recurring costs in the BRM Holdich report inflated to FY2021/2022 are:

- Depreciation $807,086 (27%)
- Salaries and on-costs $645,191 (22%)
- Utilities $519,241 (17.5%)
- Swimming Operations and Lessons (combined) $403,628 (13.6%)

These expenditures assume Council retains a level of operational control, management and staffing associated with the café/kiosk, pool and court hire/usage.

As can be noted from the refinement between the SGL and BRM Holdich reports these recurring costs have been determined by independent specialists with comparison to similar council facilities.

Ongoing maintenance for the facility is to be funded from the depreciation provisions which have been calculated on a straight line basis for the useful life of the asset components.

The final BRM Holdich report (including whole of life cost assessment – Attachment 8) includes modelling of whole-of-life operating costs for the Community and Recreation Hub over a 60 year useful life with the following assumptions:

- 2.3% long term inflation of revenue and operating costs
- straight line depreciation for the expected lifespan of each asset class (building structures – 60 years, services and pool – 40 years, fittings – 20 years)
- asset replacement throughout the 60 year period
- discount (time value of money) rate of 2.3%
- no allowance for refurbishment
- no allowance for decommissioning
- excludes capital cost of $39.1m (funded by Federal, State and Council contributions)
- excludes financial (interest) cost of Council capital contribution

	Whole of Life Cost ($million)
Revenue	198.03
Expenses	(333.91)
Nominal Whole of Life Cost	(135.87)
Nominal Whole of Life Cost (ex depreciation)	(74.42)
Discounted Whole of Life Cost	(65.31)
Discounted Whole of Life Cost (ex depreciation)	(35.06)

Council currently has low borrowings with financing options available through a blend of cash, CAD and loans to fund its $12.725 million cash and cash equivalent capital contribution (noting an additional $1.391 million proposed in internally funded works from existing forward budget provisions).

While Council is likely to utilise existing cash reserves to finance a significant portion of its capital contribution to the Hub, for the purpose of meeting the requirements of Section 48 and considering the whole of life costs associated with the proposed financial arrangements, it is not unreasonable to calculate an indicative finance cost assuming that Council's contribution is entirely funded by debt.

The indicative cost of finance will be impacted by the prevailing interest rate at the time the finance is sought and the length of time the investment is financed over. Table Five illustrates some potential whole of life cost scenarios of financing $12.725 million of debt.

Loan Term	**3.0% ($million)**	**3.6% (current CAD rate) ($million)**	**4.0% ($million)**
5 years	0.99	1.20	1.34
10 years	2.02	2.45	2.73
15 years	3.09	3.76	4.22

It is anticipated that costs over the whole-of-life of the Community and Recreation Hub, including asset replacement, would be funded from Council's annual budgets.

Financial Viability

The annual operating forecast for Community and Recreation Hub is an (approximate) $1.5M loss over the initial 10 year (and subsequent) period of operation. This loss will equate to a $1.5M Council subsidy of the community activities and benefits associated with the facility.

Sensitivity analysis on the Low, Medium Low, Medium High and High scenarios put the annual operating loss (subsidy) in the range of $1.2 – 1.9M over the initial 10 year horizon.

Council is currently operating with favourable Operating Surplus Ratio (OSR) and Net Financial Liabilities Ratio (NFLR) and with no major projects committed in its current Long Term (10 year) Financial Plan.

Accordingly, the Community and Recreation Hub may be progressed with only marginal impact on Council's strong financial position whilst retaining capacity to consider and implement other moderate projects over the short, medium and longer term.

Project Risks and Mitigation Strategies

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(h) Any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including the provision of periodic reports to the chief executive officer and to the council);*

Risk Management

In addition to the prudential issues identified for the purpose of this report, Council has, in accordance with the requirements of the Local Government Act 1999, adopted a Prudential Management Policy P415 and Risk Framework Policy R305.

These two policies are provided as weblinks to this report (refer References and Attachments)

Together with several other related policies these document Council's commitment to due diligence and risk management and provide guidance for the documentation and recording of these processes and associated decisions.

In accordance with the principles set out in these policies a Draft Risk Management and Evaluation Plan was prepared for the Sport and Recreation Centre project in April 2018 for submission with the Regional Growth Fund Expression of Interest.

A Project Risk Register has been developed by a project team of Council Officers identifying and recording the key project risks including likelihood and consequence ratings.

Both the Risk Management and Evaluation Plan and Project Risk Register are provided as attachments to this report (Attachments 2 & 3).

The purpose of the Risk Management and Evaluation Plan is

- for use by the Project Manager in the project planning and initial preparation processes;
- to be monitored and updated throughout the implementation, delivery, review and evaluation of the project.

52 identified risks have been categorised under the following headings:

- Financial (7)
- Strategic Management (7)
- Political (2)
- Public Relations (4)
- Project Management (13)
- Procurement (5)
- Future Operations (8)
- Compliance and Legal (1)
- Human Resources in Operation (4)
- Delivery (1)

Prior to the application of risk mitigation controls the following eight identified risks had an Extreme rating:

- Funding Shortfall,
- Unbudgeted variations,

- Unmet grant funding milestones,
- Ongoing management and governance arrangements,
- Mismanagement of facility operations,
- Management of community organisation users/stakeholders,
- Balance between commercial vs community,
- Insufficient resourcing of project team etc to deliver project and other business activities

Each of these risks achieved a rating of High or lower with the application of proposed risk mitigation controls.

The project risks will develop and change over the course and different stages of the project and accordingly the Risk Management and Evaluation Plan should span the period of several years until the project is delivered and outcomes can be evaluated.

The Risk Management and Evaluation Plan notes that another officer (presumably not directly involved in the delivery of the project) may be appointed to assist, oversight or manage the Project Evaluation Plan and the preparation and presentation of Project Evaluation Reports and the implementation of any recommendations.

Further consideration should be given to the administration of the Risk Management and Evaluation Plan where the project proceeds including assessment and adherence to the standard AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

Risk Mitigation

As noted above, each identified project risk contained in the Project Risk Register have been assessed and applied a likelihood and consequence rating, before and after application of risk controls.

In reality, a no-control environment is merely hypothetical. Notwithstanding this it is still necessary that risks and controls are identified, recorded and actively managed to ensure compliance and performance as planned.

In many cases Council's policies and internal controls apply to project activities to ensure consistency, efficiency and compliance with local government and organisational expectations.

As a large project, beyond the scale and experience of existing staff (and Elected Members) it is imperative that the identified (and emerging) project risks are continuously managed and mitigated.

The risk controls set out in the Project Risk Register are a combination of existing and new systems, processes and actions that will need to be further developed/implemented as a result of this projects progression.

A target performance for risk mitigation is to maintain a satisfactory assessment of the effectiveness of controls. Ratings of 'Some Weakness' or 'Weak' may be considered acceptable for certain risks or at certain stages of the project, noting that risks rated as such (particularly any risks with higher overall risk ratings) would warrant greater and more frequent assessment to minimise the likelihood and subsequent consequence of these risks if they should eventuate.

Project Delivery and Operational Model

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

> *(i) The most appropriate mechanisms or arrangements for carrying out the project;*

Project Management

A Project Schedule (Attachment 9) has been developed to assist with carrying out the construction aspects of the project. The schedule identifies the following major project steps:

- Project Scope and Brief (April 2018)
- Expression of Interest and engagement of architectural firm for design and project management (May – August 2018)
- Design, documentation and detailed estimating (October 2018 – April 2019)
- Public tendering, engagement of building contractor (April – July 2019)
- Site construction works in accordance with approved plans (July 2019 to August 2021)

Each major project construction step includes specific tasks with each supported by administrative processes utilised by Council in the performance of similar tasks associated with other projects and business activities.

A detailed Project Plan is understood to be under preparation at the time of writing and relevant aspects of project management and delivery are set out in the Project Risk and Evaluation Plan and Risk Register.

The significant nature and multi-use of the resulting facility and operations demand that the commissioning (handover/activation) of the constructed form and associated service plant and equipment to the relevant occupiers, managers and users not be underestimated as being imperative to the immediate and continuing success of the facility.

It is understood that a Project Manager(s) and associated support resources would be allocated for the duration of the project for the construction in accordance with the approved design plans and specification, and subsequent commissioning of the resulting facility.

The construction Project Manager may be engaged as a Council Officer (employee) or external project management consultancy. The Expression of Interest for the detailed design included an option for project management should Council determine to do so.

It would be anticipated that a separate Project Manager might be engaged for commissioning and initial operation of the facility. This will be somewhat dependent upon the operational model(s) determined by the Council for the facility and its component parts.

The allocation of specific resources focused solely toward such a large and significant project would be considered appropriate to ensure that the project meets its objectives and with appropriate oversight to ensure alignment with Council's broader strategies and processes.

It will become imperative that the project management and oversight be addressed as a matter of urgency in the event that the project is funded and progressed due to the tight Federal grant funding timeframes associated with project commencement.

Project Procurement Plan

This project is captured by Council's Procurement and Disposal of Assets Policy P420 which sets out the policy provisions for procurement, which for the value associated with the project will be primarily by open or select tender process. Policy P420 is provided as a weblink to this report (refer References and Attachments)

A detailed Procurement Plan is understood to be under preparation at the time of writing and relevant aspects are set out in the Project Risk and Evaluation Plan and Risk Register.

It is anticipated that the construction tender process will capture the entire building construction and fitout including plant and equipment, with the exception of fittings and chattels for specific areas/use proposed to be by commercial occupants responsible for their own fitout.

Subsequent procurement of goods and services (and subcontracting arrangements) would be in accordance with the successful tenderers own policies and procedures, subject to any contractual arrangements imposed by Council with regard to its own procurement policy objectives and principles, including local employment, servicing and content opportunities, environmental considerations and compliance with Work Health and Safety obligations.

It is proposed that Council will undertake a component of the external landscaping and associated works, which would be conducted using Council's own workforce and policies, practices and procedures and/or under separate contract arrangements. It is anticipated that this will be driven by the works program and resource availability in the relevant budget year.

Operational Model

The BRM Holdich report (Section 2 - Management of the Hub) sets out potential management models for the Community and Recreation Hub which can be summarised as insourced, outsourced, or a hybrid model.

The various insource options (direct management, section 41 committee or section 42 subsidiary) and outsource options (Joint Venture or external manager) all have merits and shortfalls.

The Guidelines for Sustainable Management of Community Recreation Facilities (provided as a weblink to this report - refer References and Attachments) provides a detailed analysis and case studies of other similar South Australian facilities and a valuable reference for consideration in determining the preferred management model for the Mount Gambier facility.

The preferred management model as presented in the BRM Holdich report is a hybrid comprising direct management of the with certain elements such as gym and café outsourced to the private sector. This initial model would allow Council to understand the strengths and weaknesses of the facility and its operations and retain control to ensure that community needs and expectations are met in the activation of the facility.

Evaluation of initial business activities may enable the management model to be reviewed and potentially altered to incorporate more insourced components or more outsourced components (including potentially the entire facility) based on known operational information including usage figures and revenue/expenses, in contrast to hypothetical assumptions.

As a primary objective of the Community and Recreation Hub is to provide community facilities it is considered appropriate that Council retain appropriate control of the community funded facility in the initial period of operation and to impose appropriate controls on any future private sector operation.

Sale or Disposition of Land

This report section addresses the following prudential issues set out in Section 48(2) of Local Government Act 1999:

(j) *If the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.*

No sale or disposition of land is proposed with regard to this project which is located partially on Crown (Community) Land under the care, control and management of the Council and accordingly Council has insufficient interest in the land to effect a sale or disposal.

In the event that it is necessary to grant a lesser interest in the land associated with the project (e.g. service easements) then a process will need to be undertaken with the Department of Environment, Water and Natural Resources (Crown Lands) in this regard.

Should any alienation of land (e.g. by lease or licence) arise associated with the project the legislative requirements are set out in Section 202 of the Local Government Act 1999.

Business or community use of community land cannot be approved contrary to the provisions of the relevant Community Land Management Plan which must set out, amongst other things, the purpose, objectives and performance targets and measures for the land.

The Community Land Management Plan for Olympic Park is attached and in light of such a significant development it is recommended that the Management Plan be reviewed and updated to specifically reflect the proposed development and use.

The Community Land Management Plan for Olympic Park is provided as an attachment to this report (Attachment 10).

List of References and Attachments

No.	Document Title	AR Reference
	Have Your Say Mount Gambier – Community and Recreation Hub Website	
1	Operational Service Report No. 12/2013 Attached	AR13/20912
	Regional Sport and Recreation Centre Concept Plans Accessible online – refer page 30-31	
	Local Government Act 1999 Accessible online – refer Section 48	
	City of Mount Gambier (Strategic) Plans Accessible online Futures Paper Community Plan – The Futures Paper 2016-2020	
	Regional, State and National Strategic Plans Accessible online: Limestone Coast Region Plan Limestone Coast Regional Growth Strategy South Australian Strategic Plan Strategic Infrastructure Plan for South Australia Office for Recreation and Sport Strategic Plan 2017-2021 National Sport and Active Recreation Policy Framework Regions 2030 Plan: Unlocking Opportunity in Regional Australia	
	City of Mount Gambier Development Plan Accessible online	
	Application of Competition Principles to Local Government under the Competition Principles Agreement – Revised Clause 7 Statement Accessible online	
2	Regional Sport and Recreation Centre – Risk Management and Evaluation Plan Attached	AR18/15039
3	Regional Sport and Recreation Centre - Risk Register Attached	AR18/45303
4	Mount Gambier Regional Sport and Recreation Centre - Summary of Initial Community Engagement Attached	AR19/1842
	Community Consultation and Engagement Policy P195 Accessible online	
	Caretaker Policy C305 Accessible online	

5	Media generated by City of Mount Gambier – Mount Gambier Regional Sport and Recreation Centre – Summary Attached	AR19/2582
	Mount Gambier Regional Sport and Recreation Centre – Frequently Asked Questions / Have Your Say Mount Gambier Accessible online	
6	Community and Recreation Hub media, Communications and Advertising Attached	AR19/2583
7	SGL Report 2018 – City of Mount Gambier Indoor Recreation Centre Feasibility Study Attached	AR18/33365
	BRM Holdich November 2018 Report – Mount Gambier Community and Recreation Hub Accessible online - refer page 35	
	Rider Levett Bucknall October 2018 Order of Cost Estimates - Mount Gambier Regional Sport and Recreation Centre – Elements Summary Accessible online – refer page 32	
8	BRM Holdich November 2018 Report – Mount Gambier Community and Recreation Hub (updated January 2019 to include whole of life cost assessment) Update attached	AR19/2581
	Prudential Management Policy P415 Accessible online	
	Risk Management Policy R305 Accessible online	
	Procurement, & Disposal of Land and Assets Policy P420 Accessible online	
9	Project Schedule Attached	AR19/2584
	Guidelines for Sustainable Management of Community Recreation Facilties Accessible online	
10	Community Land Management Plan – Olympic Park Attached	AR11/2204

This was supported by high profile placement of marketing material, including a media campaign consisting of traditional and social mediums, and an extensive face to face component. The campaign was a collaborative effort with between Council staff, representatives of the Community Reference Group and Councillors.

The community engagement process was followed by a survey of all persons on the Mount Gambier electoral roll to provide evidence of the level of community endorsement supporting the Community and Recreation Hub Concept.

7. Elector Survey

A survey of 19,332 electors for the City of Mount Gambier was held in late 2018 using an independent agency to both deliver and receive all voting material. Results of the survey were received by Council on 8 January 2019. A total 8,722 (45.1%) of eligible votes responded to the survey with 6,230 responders (71.6%) voting 'yes' in support of the project. The outcome provides a strong mandate in support of the project.

OPERATIONAL SERVICES REPORT NO. 12/2013

SUBJECT: PROPERTY MANAGEMENT - Public Reaction - Petition - Indoor Aquatic Centre - Ref. AF11/1576

Goal: *Building Communities*
Strategic Objective: *(i) Strive for an increase in services and facilities to ensure the community has equitable access and that the identified needs of the community are met*

Goal: *Securing Economic prosperity*
Strategic Objective: *(i) Provide infrastructure and facilities that contribute to Mount Gambier being able to enhance its economic base and quality of life*

BACKGROUND

Council, at its meeting of 18th June 2013 received a petition containing 1,782 signatures relating to an Indoor Aquatic Centre in Mount Gambier.

The petition read:

"IF YOU WANT OUR CITY COUNCIL TO BUILD A YEAR ROUND SWIMMING FACILITY AT THE MARGARET STREET SITE (I.E. A 25 METRE INDOOR HEATED POOL), THEN PLEASE SHOW YOUR SUPPORT BY SIGNING THIS PETITION."

DISCUSSION

The purpose of this report is to summarise recent research undertaken by Council that addresses a number of issues relating to an Indoor Aquatic Centre including:

- site configuration and specification;
- capital and operational costs;
- Council's Long Term Financial Plan.

A group of local community representatives have been actively campaigning for Council to consider an Indoor Aquatic Centre and the petition suggests that the proposal has some community support, although it has to be noted that this petition was circulating within Mount Gambier prior to the investigation into the detailed design and associated costings for the facility.

The number of people seeking an Indoor Aquatic Centre may alter once the details of the proposal are known - in particular the financial implications to the community for both the cost of the initial build and the ongoing capital costs.

Attached to this report, as Appendix 1, is the technical details of the investigations undertaken in 2012/2013 by Council staff and others in relation to an Indoor Aquatic Centre for the City.

Appendix 1 is an excellent resource which can be updated at any future time.

Interestingly, the layout indicated in Appendix 1 for the new water areas is very similar to a proposal developed in 1995.

Irrespective of the merits of the Indoor Aquatic Centre proposal, the reality is that Council simply cannot afford this facility at this time.

Operational Services Report No. 12/2013 Cont'd…

As can be seen from Appendix 1, the anticipated capital cost to build a reasonable facility is in the order of $10 million, and it is highly possible, based on experiences elsewhere in Australia in recent times, that this cost could be closer to $12 million.

The annual costs to operate the facility, meet depreciation costs, loan borrowing (principal repayments and interest repayments) is in the order of $1.5 million per annum. In simple terms, at 2013 values this equates to a rate increase of 9.19%.

At the time of preparing this report, there is no indication whatsoever that either the State or Federal Government will be forthcoming with any funding for this project. All financial modelling assumes Council will have to fund 100% of the facility (both capital and operating), noting that external funds will not fund operating costs.

The 2013/2014 Budget has significant loan borrowings to undertake major works (namely the Former Hospital Site Redevelopment, Rail Lands Development, City Centre upgrade and Caroline Landfill expansion).

The Long Term Financial Plan clearly indicates that Council does not have the capacity, for at least five (5) years, to consider a project of this scale and of such significant ongoing operational costs.

This proposal has been fully investigated and all the issues are fully understood. There is little value proceeding with any further refinement of the proposal or community discussion / consultation until such time Council is in the financial position to seriously consider the project.

It is the conclusion of this report, that irrespective of the merits and benefits of the proposal, Council cannot afford the project. The Long Term Financial Plan indicates that further consideration will be reasonable in say 2017/2018 and hopefully, in the meantime, the political landscape in South Australia may change such that significant funding is available for such projects (i.e. in the order of 50% to 75% of capital funding is available).

RECOMMENDATION

(a) Operational Service Report No. 12/2013 be received;

(b) Council, having regard to the research that has been undertaken and documented in this report, and the adopted Long Term Financial Plan defer any further discussion or consideration of an Indoor Aquatic Centre until at least 2017/2018, unless an opportunity arises to access a significant percentage of capital funding for this project.

Daryl SEXTON
DIRECTOR - OPERATIONAL SERVICES

sighted:

Mark McSHANE
CHIEF EXECUTIVE OFFICER

5 August 2013
SW

Attachment: Appendix 1 – Technical Details and Investigations undertaken in 2012/2013 for an Indoor Aquatic Centre

(Refer Item of Operational Services Committee Minutes)

APPENDIX 1

TECHNICAL DETAILS AND INVESTIGATIONS UNDERTAKEN IN 2012/2013 FOR AN INDOOR AQUATIC CENTRE

This report has been prepared as a follow up to Operational Services Report No. 4/2011 that discussed the concept of an Indoor Recreation Centre for the City of mount Gambier.

The concept has been in the public arena for nearly 20 years (since 1995).

On December 4th and 5th 2012, Council's Manager Regulatory Services, Michael Silvy, and the Mount Gambier Aquatic Centre Manager, Peter Collins, travelled to four (4) regional Victoria indoor Aquatic Centres to better understand the design features, users, initial and operating costs and any ongoing issues with such facilities.

- Both Warrnambool (2002) and Horsham (2006) were developed as extensions to (50+ year old) existing outdoor 50m facilities,
- Ballarat redeveloped their existing 18 year indoor facility in 2010 which did not include outdoor aquatics.
- Hamilton decided not to build a new indoor facility adjacent to their existing outdoor swimming pool, choosing to extend their existing indoor basketball facility in 2006.

COMMON FEATURES BETWEEN FACILITIES

Based on feedback from the operators of each facility, the following is a list of common features noted;

- Gym & dry program (cycling or group training) area
- Indoor 25m lap pool
- Indoor program/leisure/hydro pool with beach entry
- Tiered seating
- Cafe/kiosk
- Crèche

PAID VISITATIONS FOR GYM/AQUATICS – PER ANNUM

Location	**Approximate Population**	**Visitations**	**Visits per capita**
Hamilton	10,000	79,000*	7.9
Warrnambool	32,500	145,000	4.5
Ballarat	93,500	247,000	2.6
Horsham	13,500	61,500	4.5
Mount Gambier (pool only)	***26,000***	***50,000 (half year)***	***1.9 (half year)***

**NOTE: Includes an estimate for membership visits of 44,000/year for 500 members.*

POSSIBLE CONFIGURATION OF FUTURE FACILITY – MOUNT GAMBIER

Based on the above 'Common Features' and focussing on the Warrnambool/Horsham model as the 'ideal' design solution, a proposed Indoor Recreation Centre for Mount Gambier could be sited at the existing Aquatic Centre site because of the existing 50m outdoor pool and available site area.

The location of the facility could be adjacent to the existing administration/changerooms and covering the area where the existing toddlers pool currently resides. The facility could house

an indoor 25m pool, indoor leisure/program/hydro pool with beach entry, new cafe and crèche, additional change rooms, pool deck storage areas, gym/dry program area (500m2 approx.) and plant room (150m2 approx) with access to the car park off O'Halloran Terrace for service deliveries.

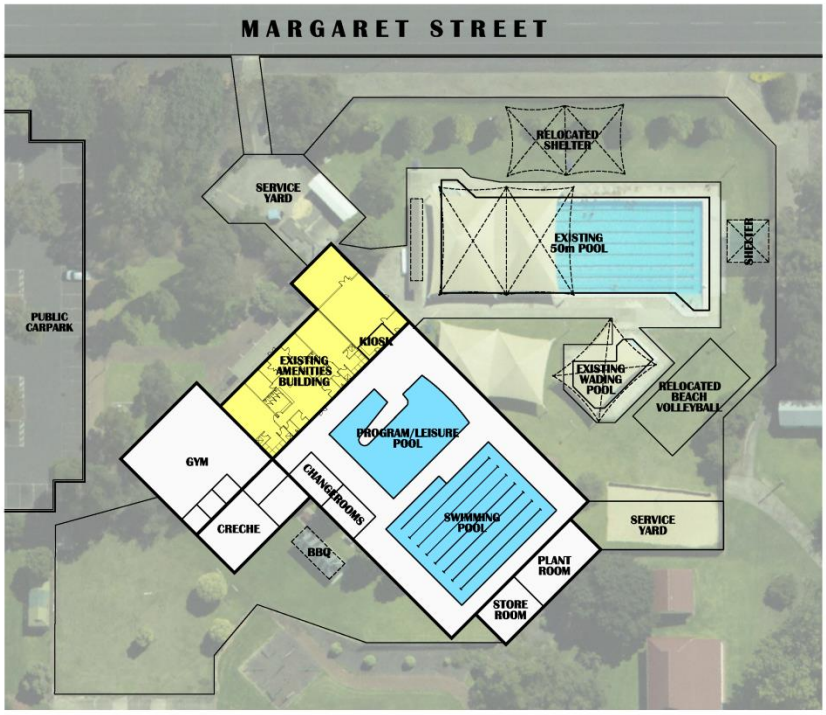

Fig. 1 – Possible configuration of future facility at Olympic Park

The existing building could undergo a main entrance upgrade that retains the 'turnstile' entry but removes the existing kiosk (similar to Ballarat) and reconfiguring the resulting space for additional administration areas.
Given these requirements it is anticipated the new works would cover some 2,200-2,500m2 without compromising the existing 50m pool, wading pool and existing shade structures. If tiered seating within the new facility was deemed necessary additional space would be required.

APPROXIMATE CAPITAL COST OF FUTURE FACILITY

For a building of this size, and taking into consideration the cost of other similar sized facilities (Horsham is 3,000m2+ and cost $9.2m in 2006), it is anticipated that a figure of $10-12 million would be an appropriate estimate.

Feature	**Area (m2)**	**Rate ($/m2)***	**Cost**
Gym (Dry Program)	400	$2,640	$1,056,000
Creche	200	$2,640	$528,000
Main Pool Enclosure	1,700	$2,990	$5,083,000
Pools, Balance Tanks & Plant		$450,000ea	$900,000
Kiosk (Fit out only)	(20)	$1,800	$36,000
Changerooms	(100)	$2,050	$205,000
Plant Room	120	$990	$118,800
Storage	80	$990	$79,200

Existing Building Upgrades		$350,000ea	$350,000
Site Preparation & Establishment	60	$3,000	$180,000
Fees (12%) & Contingencies (5%)			$1,464,000
TOTAL	***2,500m2***		***$10,000,000***

**NOTE: Rates are formed using Rawlinson's Construction Industry Cost Guide (2013) including regional loading and compensation factors for specific areas of anticipated additional building cost.*

***NOTE: This is only an opinion of probable cost – a detailed brief and further design work is required. Figure excludes Financing, Council Human resources, car park modifications, landscaping, Service Yard and loose furniture.*

INFORMAL WORKSHOPS

On April 3rd 2013 Council Members were presented with the above information in an informal workshop where possible capital and operating costs were discussed at length following a presentation made by Members of the community, to the Council Members and staff.

The workshop raised a number of issues, including:-

- Configuration of the Facility, e.g. 25 metre lap pool only or lap pool and leisure / children's pool?
- Closer analysis of the costs of a new facility needed,
- Car Parking requirements,
- Facility management options,
- Impact on rates.

Further refinements were made to the initial financial analysis before another informal workshop was held involving Councillors and staff on 12th June 2013. The following points were clarified;

- General standard configuration of Indoor Recreation Centres studied includes 25 metre pool, leisure pool (children, learners) plus "dry" facilities including gym and crèche (plus kiosk),
- Financially gyms provide income that support the operational costs of the pool/s,
- Figures and costings applied in modelling are best estimates, actual costs would depend on final design tendering and project management,
- Data and figures are based on experience elsewhere and extrapolated to the Mount Gambier situation,
- The complexity of this type of project is clearly evident in current studies for the Fleurieu Regional Aquatic Centre with an extremely large amount of variables,
- Estimated costs for pools and dry area approximately $10-12 million. Note cost, extremely variable dependent on many factors, e.g. Plant/equipment, finishes,
- Financial modelling noted operating cash flow deficit of approximately $1.8m per annum to run the total facility indoor and outdoor pools (Note current facility including depreciation approximately $300,000 per annum),
- Estimate of rates income necessary on "average" amount is approximately $135 per annum ongoing (total complex).

LONG TERM FINANCIAL PLAN IMPLICATIONS

The following points were made regarding the implications of the possible capital and operating costs of a new facility on the long term financial plan;

- Capital cost of project vicinity of $12 million (unknown grant funding),
- Project build will disrupt current facility and management agreement,
- LTFP potential for borrowing from 17/18 ($7.7 million to 2021/22) shortfall in amount required,
- Note loan amount outstanding by 21/22,
- Impact on operating costs of approximately $1.6 - $2 million per annum.

The following financial analysis was prepared for two possible options:

APPENDIX 1

$12,000,000 FACILITY INCLUDING WET & DRY AREAS PROJECTED PROFIT & LOSS

INCOME				**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**		**Project Life**
										(35 Years)
Memberships				600,000	615,000	630,375	646,134	662,288		32,956,924
Casual swim				100,000	102,500	105,063	107,689	110,381		5,492,821
Casual gym				40,000	41,000	42,025	43,076	44,153		2,197,128
Dry program - classes				60,000	61,500	63,038	64,613	66,229		3,295,692
Swim school				100,000	102,500	105,063	107,689	110,381		5,492,821
School swimming program				60,000	61,500	63,038	64,613	66,229		3,295,692
Cafe				50,000	51,250	52,531	53,845	55,191		2,746,410
				1,010,000	**1,035,250**	**1,061,131**	**1,087,660**	**1,114,851**		**55,477,490**
EXPENSES										
Depreciation	(New + existing facility)			339,286	339,286	339,286	339,286	339,286		11,875,010
Interest - 15 Years				712,433	681,251	648,169	613,073	575,839		6,366,933
Operating costs	(New + existing facility)			1,950,000	1,998,750	2,048,719	2,099,937	2,152,435		107,110,005
				3,001,719	**3,019,287**	**3,036,174**	**3,052,295**	**3,067,560**		**125,351,948**
Surplus/Deficiency				**-1,991,719**	**-1,984,037**	**-1,975,042**	**-1,964,636**	**-1,952,709**		**-69,874,458**

APPENDIX 1

ESTIMATED COMPREHENSIVE INCOME STATEMENT - LTFP ($12,000,000 FACILITY)

Year Ended 30 June	**2013 Plan Year 1** $('000)	**2014 Plan Year 2** $('000)	**2015 Plan Year 3** $('000)	**2016 Plan Year 4** $('000)	**2017 Plan Year 5** $('000)	**2018 Plan Year 6** $('000)	**2019 Plan Year 7** $('000)	**2020 Plan Year 8** $('000)	**2021 Plan Year 9** $('000)	**2022 Plan Year 10** $('000)
INCOME										
Rates	15,327	16,379	17,504	18,706	19,991	21,364	22,832	24,401	26,077	27,869
Statutory Charges	319	327	335	343	351	359	367	376	385	394
User Charges	2,753	2,822	2,893	2,966	3,042	3,120	3,200	3,281	3,365	3,450
Grants, subsidies, contributions	2,799	2,869	2,940	3,013	1,734	1,777	1,821	1,867	1,914	1,962
Investment income	10	613	615	606	602	547	517	512	539	610
Reimbursements	379	388	398	408	418	428	438	448	459	470
Indoor Aquatic Centre						1,010	1,035	1,061	1,088	1,115
Total Receipts	**21,587**	**23,398**	**24,685**	**26,042**	**26,138**	**28,605**	**30,210**	**31,946**	**33,827**	**35,870**
EXPENSES										
Employee costs	8,398	8,734	9,082	9,446	9,824	10,216	10,625	11,049	11,491	11,951
Materials, contracts & other expenses	8,915	9,158	9,407	9,664	9,927	10,199	10,480	10,768	11,065	11,371
Depreciation	3,850	4,024	4,739	4,949	5,121	5,319	5,547	6,343	6,605	6,854
Finance Costs	415	714	1,056	1,187	1,160	1,132	1,033	998	1,042	1,079
Indoor Aquatic Centre						3,002	3,019	3,036	3,052	3,068
Total Payments	**21,578**	**22,630**	**24,284**	**25,246**	**26,032**	**29,868**	**30,704**	**32,194**	**33,255**	**34,323**
OPERATING SURPLUS/(DEFICIT)	**9**	**768**	**401**	**796**	**106**	**-1,263**	**-494**	**-248**	**572**	**1,547**
Borrowing Schedule										
Current Planned Borrowings	1,450	6,420	3,250	900	1,000	2,000	1,000	2,000	1,000	2,000
Indoor Aquatic Centre					12,000					
Cumulative Borrowings Balance	11,703	17,153	19,240	18,841	18,422	30,359	29,083	29,146	28,056	27,792

$10,000,000 FACILITY INCLUDING WET AREAS ONLY PROJECTED PROFIT & LOSS

INCOME				**Yr 1**	**Yr 2**	**Yr 3**	**Yr 4**	**Yr 5**		**Project Life**
										(35 Years)
Memberships				175,000	179,375	183,859	188,456	193,167		9,612,436
Casual swim				100,000	102,500	105,063	107,689	110,381		5,492,821
Casual gym				0	0	0	0	0		0
Dry program - classes				0	0	0	0	0		0
Swim school				100,000	102,500	105,063	107,689	110,381		5,492,821
School swimming program				60,000	61,500	63,038	64,613	66,229		3,295,692
Cafe				50,000	51,250	52,531	53,845	55,191		2,746,410
				485,000	**497,125**	**509,553**	**522,292**	**535,349**		**26,640,181**
EXPENSES										
Depreciation	(New + existing facility)					291,786	291,786	291,786	291,786	291,786
Interest - 15 Years				593,694	567,709	540,141	510,894	479,866		5,305,778
Operating costs	(New + existing facility)					1,650,000	1,691,250	1,733,531	1,776,870	1,821,291
				2,535,480	**2,550,745**	**2,565,458**	**2,579,549**	**2,592,943**		**106,149,830**
Surplus/Deficiency				**-2,050,480**	**-2,053,620**	**-2,055,905**	**-2,057,257**	**-2,057,594**		**-79,509,649**

APPENDIX 1

ESTIMATED COMPREHENSIVE INCOME STATEMENT - LTFP ($10,000,000 FACILITY)

Year Ended 30 June	**2013 Plan Year 1** $('000)	**2014 Plan Year 2** $('000)	**2015 Plan Year 3** $('000)	**2016 Plan Year 4** $('000)	**2017 Plan Year 5** $('000)	**2018 Plan Year 6** $('000)	**2019 Plan Year 7** $('000)	**2020 Plan Year 8** $('000)	**2021 Plan Year 9** $('000)	**2022 Plan Year 10** $('000)
INCOME										
Rates	15,327	16,379	17,504	18,706	19,991	21,364	22,832	24,401	26,077	27,869
Statutory Charges	319	327	335	343	351	359	367	376	385	394
User Charges	2,753	2,822	2,893	2,966	3,042	3,120	3,200	3,281	3,365	3,450
Grants, subsidies, contributions	2,799	2,869	2,940	3,013	1,734	1,777	1,821	1,867	1,914	1,962
Investment income	10	613	615	606	602	547	517	512	539	610
Reimbursements	379	388	398	408	418	428	438	448	459	470
Indoor Aquatic Centre						485	497	510	522	535
Total Receipts	**21,587**	**23,398**	**24,685**	**26,042**	**26,138**	**28,080**	**29,672**	**31,395**	**33,261**	**35,290**
EXPENSES										
Employee costs	8,398	8,734	9,082	9,446	9,824	10,216	10,625	11,049	11,491	11,951
Materials, contracts & other expenses	8,915	9,158	9,407	9,664	9,927	10,199	10,480	10,768	11,065	11,371
Depreciation	3,850	4,024	4,739	4,949	5,121	5,319	5,547	6,343	6,605	6,854
Finance Costs	415	714	1,056	1,187	1,160	1,132	1,033	998	1,042	1,079
Indoor Aquatic Centre						2,535	2,551	2,565	2,580	2,593
Total Payments	**21,578**	**22,630**	**24,284**	**25,246**	**26,032**	**29,401**	**30,236**	**31,723**	**32,783**	**33,848**
OPERATING SURPLUS/(DEFICIT)	**9**	**768**	**401**	**796**	**106**	**-1,321**	**-564**	**-328**	**478**	**1,442**
Borrowing Schedule										
Current Planned Borrowings	1,450	6,420	3,250	900	1,000	2,000	1,000	2,000	1,000	2,000
Indoor Aquatic Centre					10,000					
Cumulative Borrowings Balance	11,703	17,153	19,240	18,841	18,422	28,444	27,259	27,418	26,430	26,274

The financial implications of this project include, but are not limited to;

- Capital cost of project vicinity of $12 million (minus unknown grant funding).
- Project build will disrupt current facility and management agreement.
- LTFP potential for borrowing from 17/18 ($7.7 million to 2021/22) shortfall in amount required,
- Loan amount outstanding by 21/22 approximately $28m,
- Operating costs of approximately $1.6 - $2 million per annum,
- Project has many variables that may significantly increase the current estimates,
- To seriously progress the concept significant work, dollars and staff time are necessary (Victor Harbour ~ K60 for reports plus significant staff time).

City of Mount Gambier

Mount Gambier Regional, Sport and Recreation Centre

Risk Management & Evaluation Plan

(DRAFT v1.1 - 17/4/2018)

VERSION HISTORY

This Draft Risk Management Plan for the Mount Gambier Regional, Sport and Recreation Centre has been prepared for the purpose of inclusion in an Expression of Interest for the Australian Government Regional Growth Fund.

Final drafting, approval and implementation of the ***Risk Management Plan*** *will be subject to successful funding and Council resolution to endorse the progression of the Regional Sport and Recreation Centre Project.*

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason
1.0	*Michael McCarthy*	*16/04/2018*			*Draft Risk Management Plan for EOI purposes*
1.1	*Michael McCarthy*	*17/04/2018*			*Editing and Inclusion of Project Evaluation Plan*
1.2	*Danielle Leckie*	*10/12/2018*			*Reference to Risk Assessment document added. Removed inclusion of outdated Risk Log.*

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INTRODUCTION

Purpose of the Risk Management Plan

A risk is an event or condition that, if it occurs, could have a positive or negative effect on a project's objectives. Risk Management is the process of identifying, assessing, responding to, monitoring, and reporting risks. This Risk Management Plan defines how risks associated with the Mount Gambier Regional, Sport and Recreation Centre project will be identified, analysed, and managed. It outlines how risk management activities will be performed, recorded, and monitored throughout the lifecycle of the project and provides templates and practices for recording and prioritising risks.

The City of Mount Gambier has a Risk Management Framework (Policy) and Risk Register to guide and record the identification and management of organisational risks encountered in the activities of Council.

This Risk Management Plan has been created for use by the project manager in the project planning and initial preparation processes and is then to be monitored and updated throughout the implementation, delivery, review and evaluation of the project.

The intended audience of this document is the project team, project sponsor, management, Council and key stakeholders.

Risk Management Framework

The City of Mount Gambier Risk Management Framework documents the commitment to Risk Management tools, systems, procedures and practices and developing a culture of continuous improvement that includes embedding risk management into all Council decisions and activities.

The Risk Management Framework does this by applying the following steps to managing risk:

- IDENTIFY
- EVALUATE
- ANALYSE
- TREAT
- MONITOR
- COMMUNICATE
- REVIEW
- IMPLEMENTATION

RISK MANAGEMENT PROCEDURE

Process

The project manager working with the project team and key stakeholders will ensure that risks are actively identified, analysed, and managed throughout the life of the project. Risks will be identified as early as possible in the project so as to minimize their impact.

This will be undertaken within the City of Mount Gambier Risk Management Framework and existing organisational processes.

The project manager will serve as the Risk Manager for this project.

The steps for accomplishing this are outlined in the following sections.

Risk Identification

Risk identification will involve the project team and relevant stakeholders, and will include an evaluation of organisational and project specific factors based on the elements of the project management plan including the project objectives scope.

Consideration will be given to Council's organisational risk categories and cross-organisational business and project risks, with careful attention to the project deliverables, assumptions, constraints, cost estimates, project plan, and other key project plans and documents.

Risk Categories

Council's Risk Management Framework identifies the following organisational risk categories:

- Safety & Welfare
- Information services
- Procurement
- Project management
- Strategic management
- Environment
- Public relations
- Asset management
- Business development
- Compliance & Legal
- Financial
- Governance
- Human resources
- Political
- Interruption to Business

A Project Risk Log will be generated and updated as needed and will be stored electronically as an appendix to this document in Council's Electronic Document Records Management System in File AF18/112.

The Project Risk Log will form a component of Council's organisational Risk Register for the duration of the project. Top project risks and controls will be recorded in Council's Risk reporting system (ControlTrack) and allocated to the Project Manager/Project Team for recording and reporting purposes throughout the project.

Risk Evaluation, Analysis and Treatment

All risks identified will be evaluated to identify the range of possible project outcomes.

Qualification will be used to determine which risks are the top risks for mitigation and contingency plans, and which risks can be managed, accepted and/or ignored.

Qualitative Risk Analysis

The likelihood and consequence of occurrence will be assessed for each identified risk by the project manager using Council's Risk Rating Matrix, with input from the project team using the following approach:

Likelihood

- Almost Certain – Expected to occur in most circumstances during normal operations. Greater than *90%* probability of occurrence
- Likely – In the circumstances will likely occur at some stage based on previous evidence.
  Between *60%* and *90%* probability of occurrence
- Possible – Not generally expected but might occur at some time under specific circumstances.
  Between *30%* and *60%* probability of occurrence
- Unlikely – Conceivable that it could occur but not likely under normal operations.
  Between 10% and *30%* probability of occurrence
- Rare – Only ever occurs under exceptional circumstances.
  Below *10%* probability of occurrence

Consequence

- Catastrophic – Death, toxic release off-site with detrimental effect, huge financial loss, potential to severely jeopardise project costs, schedule or outcomes.
- Major – Extensive injuries, loss of production capability, off-site release with no detrimental effects, major financial loss, potential for major impact on project cost, schedule or outcomes
- Moderate – Medical treatment required, on site release contained with outside assistance, high financial loss, potential to moderately impact on project cost, schedule or outcomes
- Minor – First aid treatment, on-site release immediately contained, medium financial loss, potential for minor impact on project cost, schedule or outcomes
- Insignificant – No injuries, low financial loss, has relatively little impact on project cost, schedule or outcomes

Quantitative Risk Analysis

Analysis of risk events that have been assessed using the qualitative risk analysis process and their effect on project activities. Assessed risks will have a level rating applied based on the following Risk Rating Matrix and will be documented as an Appendix of the risk management plan.

Risk Rating Matrix

	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	MED	HIGH	HIGH	EXTR	EXTR
Likely	LOW	MED	HIGH	EXTR	EXTR
Possible	LOW	LOW	MED	HIGH	EXTR
Unlikely	LOW	LOW	LOW	MED	HIGH
Rare	LOW	LOW	LOW	MED	HIGH

Risks will be ranked using the following risk level ratings:

- Low (GREEN)
- Medium (YELLOW)
- High (ORANGE)
- Extreme (RED)

Risks that fall in the RED (Extreme) and ORANGE (High) levels will necessitate treatment with a control which may include both a risk mitigation and a risk contingency plan, with a view to reducing the risk to a lower and more acceptable level for continued management throughout the project.

Risks that fall in the YELLOW (Medium) and GREEN (Low) levels should also be treated to reduce the risk to an acceptable level where they may be monitored or ignored.

Risk Treatment (Actions & Controls)

Each extreme and high risk (those rated at the Red & Orange levels) will be assigned to a project team member to monitor and manage for the duration of the project to ensure that the risk will not "fall through the cracks".

For each extreme and high risk, one of the following approaches will be selected to address it:

- Avoid – eliminate the threat by eliminating the cause
- Mitigate – Identify ways to reduce the probability or the impact of the risk
- Accept – Nothing will be done
- Manage – Manage risk (buy insurance, outsourcing, implement controls etc.)

For each risk that will be mitigated, the project team will identify ways to prevent the risk from occurring or reduce its consequence or likelihood of occurring. This may include prototyping, adding tasks to the project schedule, adding resources, etc.

For each risk a course of action, or a control, will be outlined in order to minimise the impact of the risk should it occur.

Risk Monitoring, Communication and Review

A Project Evaluation Plan will be developed specifying the project risk/evaluation reporting process and frequency of reports to be provided to Management.

Reporting will be by Project Evaluation Reports provided periodically to Management to notify the status of each extreme and high level risk, and other identified risks and project evaluation matters that affect the project risk profile and project outcomes.

Project Evaluation Reports will be accompanied by recommendations on proposed actions/controls to manage the changing risk profile, and any other proposed changes or improvements identified from the assessment/evaluation of the project.

The level of each identified project risk and evaluation criteria will be tracked, monitored and reported to Management throughout the project lifecycle.

A list of "Top Project Risks" and the status of each will be maintained by the project team and included in Project Evaluation Reports. The Top Project Risks will include extreme and high level risks, and any other identified by Management.

All project change requests will be analysed for their possible impact to project risks/outcomes, and findings contained in a Project Evaluation Report.

TOOLS AND PRACTICES

Project Risk Log

A Project Risk Log will be maintained by the project manager and will be reviewed as a standing agenda item for project team meetings.

The Project Risk Log will be maintained as an attachment to this document

Organisational Risk Register

The project and highest level (extreme/high) project risks will be entered in Council's Risk Register and ControlTrack, together with any other project risks as identified by Management, for recording and reporting purposes throughout the project.

Project Risk/Evaluation Reporting

The Project Manager will provide Project Evaluation Reports to Management on a frequency as determined by the Project Evaluation Plan and/or Management (whichever is the more frequent).

Project Evaluation Reports shall include the following risk reporting:

- Status report on highest level (and management identified) risks/evaluation criteria
- Risk evaluation and analysis of any project change requests
- Changes to risk status/risk levels
- Recommended actions/controls to manage the changing risk profile of the project
- Any other recommended project or organisational management changes arising from project risk management and project evaluation.

The Project Evaluation Plan will be developed and maintained as Appendix C to this document.

A Pro-Forma Project Evaluation Report template will be developed for Project Risk/Project Evaluation Reporting and maintained as Appendix D to this document.

Management may appoint another Council Officer or consultant to assist, oversight or manage the Project Evaluation Plan and the preparation and presentation of Project Evaluation Reports and the implementation of any recommendations as it sees fit.

RISK MANAGEMENT PLAN APPROVAL

The undersigned acknowledge they have reviewed the Risk Management Plan for the Mount Gambier Regional, Sport and Recreation Centre project.

Changes to this Risk Management Plan will be coordinated with and approved by the undersigned or their designated representatives.

Signature:		Date:	
Print Name:			
Title:			
Role:	Project Sponsor		

Signature:		Date:	
Print Name:			
Title:			
Role:	Project Manager		

Signature:		Date:	
Print Name:			
Title:			
Role:			

Signature:		Date:	
Print Name:			
Title:			
Role:	On behalf of city of Mount Gambier Management Executive Team (MET)		

APPENDIX A: REFERENCES

The following table summarizes the documents referenced in this document.

Document Name and Version	Description	Location
R205 Risk Management Framework	*Councils Risk Management Policy*	*AR14/37631[v4]*

APPENDIX B: PROJECT EVALUATION PLAN

This Project Evaluation Plan is to provide for continuing evaluation and reporting to ensure the accountability of the Regional Sporting and Recreation Centre project and that it remains consistent and within agreed project objectives and parameters.

Evaluation Principles

The Project Evaluation Plan is underpinned by the following principles:

- Strengths-based approach – builds on existing organisational systems and processes
- User-focused/outcomes orientation – Delivers agreed stakeholder outcomes

What do we want to evaluate?

- Implementation – is project following planned process?
- Financial Performance – are project costs/resources as budgeted?
- Risk – what challenges have affected project?
- Engagement – Are we communicating the right message to the right people?
- Outcomes – is the project meeting its objectives?

What do we want to achieve from evaluation?

- Monitor/Tracking of project
- Respond to changes, variances and other project complexities
- Identification/Implementation of improvements and solutions

- Manage Risk
- Improve Decision-making

Adaptation of Project Evaluation Plan over Life of Project

The Regional Sporting and Recreation Centre project, to be undertaken over several years and at least 2 Council terms is expected to require the Project Evaluation Plan and accompanying (Pro-Forma) Project Evaluation Report to to evolve as the project progresses through its various stages to completion.

The abovementioned bullet-points indicate what is sought from the Evaluation/Reporting as at the pre-concept stage of the project. Detailed inclusions are to be contained within the Pro-Forma Project Evaluation Report and based on risk identification and analysis and stakeholder engagement including changing Management, Council Member, community, contractor and operational expectations over the life of the project.

Changes to the Evaluation Plan and Reporting arrangements are to be reported and approved by Management and changes to this document are to be version controlled.

Periodical Reporting

The Project Manager/Project Team is to report in accordance with the following table:

Reporting From/To	Reporting Method	Reporting to:
April 2018 -	Pro-Forma Project Evaluation Report	Management Executive Team

Decision-Making

Decisions associated with any recommendations arising from periodical evaluation reporting are to be made by the Management Executive Team, Chief Executive Officer, General Manager(s), other relevant Council Officers and/or by resolution of Council in accordance with Council's scheme of (sub)delegations and any power, authority or constraints imposed by Council with regard to the project.

APPENDIX C: PRO-FORMA PROJECT EVALUATION REPORT

Project Evaluation Report (PER) is to address the following:

- Strengths-based approach – how project builds on existing organisational systems and processes
- User-focused/outcomes orientation – Is project delivering agreed outcomes

- Implementation – is project following planned process?
- Financial Performance – are project costs/resources as budgeted?
- Risk – what challenges have affected project?
- Engagement – Are we communicating the right message to the right people?
- Outcomes – is the project meeting its objectives?

- Monitor/Tracking of project
- Respond to changes, variances and other project complexities
- Identification/Implementation of improvements and solutions
- Manage Risk
- Improve Decision-making

Project Evaluation Report is to include:

- Extract from Project Risk Log / ControlTrack with extreme/high level project risks
- Status report on extreme/high level project risks
- Other risks/evaluation criteria identified by Management
- Risk evaluation and analysis of any project change requests
- Changes to risk status/risk levels
- Recommended actions/controls to manage the changing risk profile of the project
- Any other recommended project or organisational management changes arising from project risk management and project evaluation.

PRO-FORMA PROJECT EVALUATION REPORT

Implementation – is project following planned process?
Financial Performance – are project costs/resources as budgeted?
Risk – what challenges have affected project?
Engagement – Are we communicating the right message to the right people?
Outcomes – is the project meeting its objectives?
Status report on extreme/high level project risks (as per Project Risk Log)
Changes to risk status/risk levels
Other Risks/Evaluation Criteria identified by Management (to be developed)

Project Change Requests
Risk Evaluation and Analysis of Project Change Requests
Recommended actions/controls to manage the changing risk profile of the project

Some sample questions to assist with completing/developing the Project Evaluation Report

What is going right on the project?
What is going wrong?
What problems are emerging?
What opportunities are emerging?
Where is the project with respect to schedule, cost, and technical performance objectives?
Does the project continue to align with the strategic objectives?
Is there anything that should be done that is not being done?
Are available resources sufficient to achieve project outcomes?
Are the project "stakeholders" comfortable with the way the project is going?
Is the customer happy with the way things are going?

RISK REGISTER Please use Council's Risk Rating Table to rate the Consequence, Likelihood, Effectiveness of Controls and Overall Risk Rating

Risk number	Date Identified	RISK (anything which can prevent City of Mount Gambier from achieving its objectives)	POTENTIAL CAUSES (the factors that may cause the risk to occur)	POTENTIAL CONSEQUENCE (the worst case scenario consequence to Council if the risk were to occur)	POTENTIAL CONSEQUENCE RATING (before any controls are applied): Minor, Moderate, Significant or Major	LIKELIHOOD RATING (before any controls are applied): Unlikely, Possible, Likely, Almost Certain	OVERALL RISK RATING (before any controls are applied): e.g. Low, Moderate, High, Extreme	RISK CONTROLS (the systems, processes or current actions that will reduce the level of risk)	REVISED POTENTIAL CONSEQUENCE RATING (after applying controls): Minor, Moderate, Significant or Major	REVISED LIKELIHOOD RATING (after applying controls): Unlikely, Possible, Likely, Almost Certain	REVISED OVERALL RISK RATING (after applying controls): Low, Moderate, High or Extreme	EFFECTIVENESS of CONTROLS RATING Satisfactory, Some Weakness or Weak
Financial												
1	16/04/2018	Grant funding not received	External	Project underfunded	Major	Possible	High	Lobbying State and Federal Stage 2 application. Negotiate where/if possible.	Major	Possible	High	Weak
2	16/04/2018	Funding shortfall	Federal and/or State governmentshave other priorities for their funds/grants.	Council may need to consider alternative funding options, including funding shortfall itself OR not proceed with the project.	Major	Likely	Extreme	Contingency plan should funding fall short of expectations/plans. Obtain quotes from LGFA for CAD facility and T&Cs, lead time required to establish facility. In the event the Community Survey returns a majority YES vote, not proceeding with the project may not be an option for Council due to the mandate provided by the Community. May need to consider a rate increase to fund additional borrowings. Negotiate.	Major	Possible	High	Some weakness
3	16/04/2018	Capital and operating budget forecasts inaccurate (ongoing operating)	Modelling and data errors. Underlying assumptions flawed / inaccurate.	- Capital and operating costs blowout defecit - Underfunded - Rate increases (fixed, variable or project specific levy) - Inaccurate information provided to the Council, Community and stakeholders. - Utilisation and opex assumptions are based on best avaialble information and experience however not actual utilisation and opex.	Moderate	Likely	High	External professional service provider engaged to provide a financial model including: modelling, assumptions, inuts and outputs. External modelling with internal oversight and checks of relevant inputs, outputs and assumptions.	Moderate	Possible	Medium	Some weakness

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4	16/04/2018	Project costs/budget inadequate to achieve objectives (build phase)	Underlying assumptions flawed/inaccurate. Cost estimators/quantity surveyors assumptions flawed/inaccurate. Materials and other build phase components actual cost(s) is greater than budgeted.	Budget inadequate and project cannot be build for the costs estimated/budgeted. Compromises need to be made regarding planned construction materials.	Moderate	Possible	Medium	Ensure contingency in project costs/budget are adequate/aligned to benchmark/guidelines for project of this size. Budgeted costs have been reviewed by Quantity Surveyor , BRm Holdich, Architects, Council Staff. Consideration of other CaRH like projects and their budgets and actual cost to build and post build lessons learnt.			#N/A	
5	16/04/2018	Unbudgeted Variations	Scope and specifications not defined acurately / correctly. Variations not envisaged or not planned and budgeted for. Scope management / creep. Build time exceeds schedule with resulting additional costs. Material / infrstructure / expertise not available locally and need to be sourced outside local region resulting in additional cost to what was estimated.	Project cost overrun with held Council responsible. Council's reputation on the line. Additional borrowings to cover unbudgeted variations.	Major	Likely	Extreme	Continegncy 8% ($3m). Assess weather, location/distance and other drivers/causes of variations. Strong, robust, quality project management including reporting and oversight. Engage a qualifed professional project/program manager with experience with projects of the CaRH complexity, size, budget and potentially in a regional setting. Regular oversight by the project steering group.	Moderate	Unlikely	Low	

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6	16/04/2018	Financial modelling and user pays proposals not accepted by proposed users/stakeholders.	Sub optimal engagement with proposed users/stakeholders. Actual costs exceed modelled cost. Underlying assumptions flawed. No actual CaRH operating expenses and revenue to model on.	CaRH not supported by proposed users / stakeholder / interest groups and aRH runs at a loss; and draws on Council's limited financial resources. Possible upward pressure on rates.	Major	Possible	High	Engage external professional to model user pay scenarios with upper, lower and mid range utilisation. Internally review and scrutinise modelling and assumptions. Communicate transarently with proposed users/stakeholders regarding financial modelling. Be open to users/stakeholders feedback. Review fiancial modelling regularly post CaRH opening. Ensure fit for purpose financial reporting tools are in operation to produce timely accurate reporting.	Moderate	Possible	Medium	
7	5/11/2018	Insurance requirements inadequate, poorly articulated during construction and after completion	Sub optimal insurance advice obtained and/or provided. Insurance requirements change between discussions, quotes and the various phased of the project including construction and completion.	Inadequate consultation / discussion with insurance advisors.	Moderate	Possible	Medium	Comprehensive discussion and advise from LGRS/insurance advisor/broker. Competitive quotes and comparison of cover, terms and condition.	Minor	Unlikely	Low	
Strategic Management												
8	19/11/2018	Does not meet / align with the Community Plan	CaRH concept, scope and plans developed in isolation to the Community Plan and themed strategies.	CaRH is not supported by the Community / stakeholder groups.	Minor	Possible	Low	CaRH project has been reconciled / developed in line with the Community Plan and its themed strategies, initiatives and objectives. Community plan reviewed in light of the CaRH project. Ensure checks and balances ar in place so all eements of CaRH are carried forward. Ensure policies in Council's Development Plan enable CaRH to proceed as planned and in a timely manner.	Minor	Unlikely	Low	Satisfactory

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9	19/11/2018	Non meeting of primary objectives / fit for purpose.	Poor or suboptimal design. Feedback not taken on board/into account.	Stakeholders not engaged earlier enough in the concept/design phase. Stakeholders not kepted informed / updated. Stakeholder feedback not received/heard/taken into account by architects.	Moderate	Possible		Project specifications and scope signed off by delegated approvers. Professional advisors. Stakeholder engagement plan documented and implemented.	Minor	Unlikely	Low	Satisfactory
10	16/04/2018	State and Federal Government business case is insufficient	Lack / inadequate professional advice and review. Lack of / poor engagement and input from external parties/stakeholders. Quality of underlying assumptions (e.g. utilisation, revenue, expenses, etc). Not strong enough or articulated business case. Community Engagement vote not statistically in favour. Competition for grant funding. Political priorities/reasons/causes.	Limestone coast council region not able to contribute via Community Engagement survey. Negative media coverage by select few is picked up by state and federal business case evaluators. Set up for failure (e.g. funding options limited / not met / not available. Lack of or poor support. Project maybe flawed or fail.	Major	Possible	High	Have Your Say' site updated 29/11/2018 to include non City of Mount Gambier voters views. Consistency of business case; quality of assumptions and modelling; strength of written submission/business case and alignment with the Community Plan and themed strategies and other indicators of community wellbeing. State and Federal government and key decision makers / influencers lobbied.	Minor	Unlikely	Low	Satisfactory
11	16/04/2018	Determining level of Council control and involvement (decision-making and financial) over facility design, use, management etc (multi-faceted risk exposure/management)	Project plan doesn't address/document sufficient/adequate/robust decision making and financial delegation and risk management	Decisions not made correctly and efficiently or not in accordance with Project Plan. Decisions are of a poor/substandard or not commensurant with the project plans intended decision making and financil structure.	Major	Likely	Extreme	Determine, document and implement division of duties and decision making structures. Log all decisions and verify they meet the Council approved project decision making structure.	Moderate	Possible	Medium	
12.1	16/04/2018	Pre Handover Inability for Council decision making timeframes to meet strict grant/commencement timeframes	Other political priorities/ distractions/announcements/timeframes not aligned or consistent or suited to Council/CaRH project. Council resources stretched.	Sumissions/reports to funding bodies not submitted in time. Funding bodies don't accept Council's submissions or treat them as non complying.	Moderate	Possible	Medium	Foresight and planning for various timelines including political announcements. Council resources for submissions given priority.	Moderate	Unlikely	Low	

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12.2	9/11/2018	Post Handover Inability for Council decision making timeframes to meet strict grant/commencement timeframes	Inadequate number and/or calibre of resourcing. Other organisational priorities. Other political announcements/timeframes not suited to Council/CaRH project.	Pressure placed on Council internally and externally. Council spontaneous / unplanned reaction / response.	Moderate	Possible	Medium	Establish internal steering group to oversee project. Confirm and schedule timeline for acquitals and milestones. Foresight and planning for various timelines including political announcements. Nick / Daryl to document schedule of Council works to align / dove tail in with turning the 1st sod of soil i.e. within 12 weeks of gavernment announcement/decision. Maintain vigilant oversight of internal and external timelines and milestones. Engage / use project management governance, tools and reporting commensurante with the size and complexity of the project.	Minor	Possible	Low	Satifactory
NEW	16/04/2018	Internal influences (competing projects)	Lack of oversight and/or appreciation for the size, complexity and resoucing of potentially competing projects.	Project definition, documentation and overview is inadequate to oversee / see all competing projects, timelines and resoucing.	Moderate	Possible	Medium	Clear and unambiguious line of sight and priorities. Clarity of budget allocation and accountability. Whole of organisational project oversight. Program management office established.	Minor	Unlikely	Low	Satisfactfory
Political												
13	16/04/2018	Member/community expectations. Project does not meet community expectations	- Inadequate community input - Unrealistic community wants and needs	- lower than expected use - major users reject facility	Moderate	Unlikely	Low	- Community Reference Group - Strong Design - Experience from elsewhere	Minor	Unlikely	Low	Satisfactory
14	16/04/2018	Insufficient information to enable informed decision making (level of information, consultation and engagement, response rates etc)	- Insufficient taff resources - Too short a time scale - insufficient collateral	Community vote based on poor information leading to a NO Vote	Moderate	Possible	Medium	- Extensive engagement - Strong media and social media - Comprehensive Councillor understanding - CRG involvement	Minor	Possible	Low	Satisfactory
Public Relations												

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15	16/04/2018	Ineffective communication and engagement with key stakeholders and community	Inadequate community input	Lower than expected use Major users reject facility	Moderate	Unlikely	Low	Community Reference Group Strong Design Experience from Elsewhere	Minor	Unlikely	Low	Satisfactory
16	16/04/2018	Negative press or community sentiment regarding project	Insufficent staff resources Too short a time scale Insufficient Collateral	Community vote based on poor information leading to a NO Vote	Moderate	Possible	Medium	Extensive Engagement Strong media & social media Comprehensive Councillor Understanding CRG Involvement			#N/A	
17	16/04/2018	Manage existing users (aquatic, netball & other) for duration of project and beyond	Poor communication. Lack of clarity regarding negotiables and agreed terms.	User/stakeholders disengage. PR/Crisis management	Major	Possible	High	Skilled management with stakeholder engagement and dispute resolution. Comprehensive community/stakholder communication strategy and action plan.	Moderate	Unlikely	Low	
18	5/11/2018	Post opening stakeholder management	Communication and collaboration breakdown.	User/stakeholders disengage. PR/Crisis management	Major	Possible	High	Clearly designed and implemented MOU. Skilled management experienced with stakeholder engagement, mediation and dispute resolution. Comprehensive community/stakholder communication strategy and action plan.	Moderate	Unlikely	Low	
Project Management												
19	16/04/2018	Inadequate capacity of services (eg electricity)	Inadequate capacity of existing services/not identifying additional load/not planning early enough for augmentation if required.	Delayed opening or opening with limited capacity	Major	Unlikely	Medium	Detailed designs and DA include assessments of utility / service requirements including; Water, Waste Water, Storm Water, Electricity, Gas	Major	Rare	Medium	Satisfactory
20	16/04/2018	Inadequate Project Supervision/Quality Assurance/Contract Management	Lack of required skills to perform duties / Supplier ceases trading	Project delays / budget over runs / agreed scope not delivered	Major	Possible	High	Council procurement policy P420 / clear scope of work. Ensure quality experienced project manager engaged to oversee project and report to Council's internal Project Stearing Group. Engage qualified QA professional.	Major	Unlikely	Medium	Satisfactory

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21	16/04/2018	Injury to public or damage to site	Inadequate securing of site (safety)	Legal action / Council reputation damage	Major	Possible	High	Include site security in contract and ensure the contractor has a WHS management system with demontrsated compliance	Major	Unlikely	Medium	Satisfactory
22	17/08/2018	Crown Land Condition of $10 million - public liability?	No public liability policy held by council	Legal action / Council reputation damage	Moderate	Possible	Medium	Council MUST hold Public Liability insurance	Insignificant	Rare	Low	Satisfactory
23	16/04/2018	Contractual disputes	Inadequate project supervision / quality assurance / contract management / poorly defined scope	Project delays / budget over runs / agreed scope not delivered	Major	Possible	High	Council procurement policy P420 / clear scope of work and administrative procedure.	Major	Unlikely	Medium	Satisfactory
24	16/04/2018	Delays in sign-offs/approvals development	Compressed timeframe	Project delays / budget over runs	Moderate	Possible	Medium	DA process / Project Management process / regular progress reporting. Utilities, Telecommunications.	Moderate	Unlikely	Low	Satisfactory
25	16/04/2018	Project/Construction Scheduling	Delays external to Council (ie. Approvals) / Resourcing not adequate or consumed on other tasks	Project delays / budget over runs / agreed scope not delivered	Major	Possible	High	Dedicated project team / Council procurement policy P240 / clear scope of work / regular reporting. High quality professionally qualified Project Manager.	Major	Unlikely	Medium	Satisfactory
26	16/04/2018	Integration of Council works	Lack of communication at interface / agreed scope not delivered / delyed delivery	Project delays / budget over runs / agreed scope not delivered	Moderate	Possible	Medium	Project Management process / regular progress reporting / Council works form part of overall project plan and schedule	Moderate	Unlikely	Low	Satisfactory
27	16/04/2018	Succession planning (key project staff) over project duration	Staff turnover during project	Project delays / budget over runs / agreed scope not delivered	Moderate	Possible	Medium	Dedicated project team / Council procurement policy P240, administrative procedure / requirement for selected supplier and Council to have contingency plans for key staff.	Moderate	Unlikely	Low	Satisfactory
28	16/04/2018	Construction, program scheduling and cost variations	Inadequate project supervision / quality assurance / contract management / poorly defined scope	Project delays / budget over runs / agreed scope not delivered	Major	Possible	High	Project Management process / regular progress reporting / Council procuremnt policy P240 and administrative procedure. Overseen by Project Stearing Group.	Major	Unlikely	Medium	Satisfactory

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29	16/04/2018	Unmet grant funding milestones	Project delays	Grant funding not delivered which casues a budget over run or project cannot be completed	Catastrophic	Possible	Extreme	Project Management process / regular progress reporting / Council procuremnt policy P240 and administrative procedure. Overseen by Project Stearing Group.	Catastrophic	Unlikely	High	Satisfactory
30	5/11/2018	Consideration of alternative arrangements for current sporting clubs	Long period of construction / disruption to Olympic Park	Legal action / Council reputation damage	Minor	Possible	Low	Review existing leases / enagage early with stakeholders to identify alternatives. Stakeholder Communication Plan documented and implemented.	Minor	Unlikely	Low	Satisfactory
31	5/11/2018	Software and records management needs during construction and post operational needs	Lack of resources	Legal action / Council reputation damage / inability to operater and maintain facilities	Moderate	Possible	Medium	Project Management process / regular progress reporting / Council records policy. Overseen by Project Stearing Group.	Moderate	Unlikely	Low	Satisfactory
Procurement												
32	16/04/2018	Incomplete, inadequate or insufficiently detailed scope and/or specifications.	Scope and specification not prepared by appropriately skills, experiences person(s).	Cost over runs from variations experienced and/or scope of project not delivered.	Major	Possible	High	Ensure appropriately skilled and experienced person(s) prepare and review the scope and specification.	Major	Unlikely	Medium	Satisfactory
33	16/04/2018	Contract management/supervision, milestone monitoring and reporting is not delivered or not met.	Tasks not adequately and/or appropriately resourced.	Project reporting to Council is suboptimal resulting in schedule or budget overruns and government funding milestones not met. Reputational damage to Council.	Moderate	Possible	Medium	Ensure suitably skilled council staff are involved in project management OR engaage an external project manager to act on behalf of council. Council has a multi disciplined steering group overseeing the project. Variations from from the plan are raised early with the steering group, considered and acted upon.	Minor	Unlikely	Low	Satisfactory

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34	16/04/2018	Failure of contractor to meet strict grant commencement timeframes and milestones.	1. Unrealtistic timeframes 2. Selected contractor not capable of delivering project outcome. 3. Unforeeseen or uncontrollable circumstances (e.g. weather).	Failure of project to meet strict grant terms and conditions.	Major	Possible	High	Council policy P240 and Adminstrative Procedures are complied with. Ensure selection process of contractor assesses their ability to undertake the project in accordance with the set timeframes. Thorough reference check is undertaken.	Major	Unlikely	Medium	Satisfactory
NEW	3/12/2018	Council's procurement resources are overcommitted.	Council's one procurement officer is over committeed.	Procurement is suboptimal (e.g. quality, timeline, value for money, reputation, scope not met) due to non availability / over commitment of Council's procurement subject matter expert/resource. Procurement scope and specifications are sub optimal/flawed.	Major	Likely		Forward plan all procurement i.e. consider and populate the Procurmenet Forward Plan. Ensure consultation for all procurement occurs with procurement officer and procurement leadership overseers being the Management Accountant and GM CBS.	Moderate	Unlikely		
35	16/04/2018	External influences (competing projects, weather, politics, other externalities)	Lack of oversight and/or appreciation for the size, complexity and resoucing of potentially competing projects. Contractor overcommits themselves / their sub contractors.	Overbudget and time overrunns, governement grant milestones not met. Reputational damage to Council.	Major	Possible	High	Clear and unambiguious line of sight and priorities. Clarity of budget allocation, schedule, resourcing and accountability. Whole of organisational project oversight. Multi disciplined project steering group oversight and program management office estabished.	Moderate	Unlikely	Low	Satisfactory

Future Operations

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CaRHp	16/04/2018	Identify ongoing management and governance arrangements (lease, management agreement, s42 subsidiary)	CaRH project plan didn't include identifying management and governance arrangements.	Sub optimal / poor / in adequate management and governance arrangements; or nil arrangements in place.	Major	Almost Certain	Extreme	CaRH Project plan to include check list of pre opening / commisioning requirements including management and governance arrangements e.g. operating model, comprehensive budget, asset register, asset management plan for the CaRH, etc. Canvas other like facilities operating models, management and governance arrangements. Review BRM Holdich report including assumptions.	Moderate	Possible	Medium	
37	16/04/2018	Mismanagement of facility operations	Poor / lack of Council Administration oversight. Poor / lack of Council Administration oversight, KPIs, performance review, reporting, etc. Recruitment practices and approach. Lack of skilled and experienced staff. Poor / inadequate reference checking of apointed staff including casuals/part timers.	CaRHmanagement / operations in whole or part fails, or performance is below expectations / plans. Opex to operate is great than planned and financially modelled (BRM Holdich report and LTFP).	Catastrophic	Possible	Extreme	Governance structure, management plan and operating model and thorough comprehensive budget established, reviewed and approved as a minimum by MET / CaRH Internal Steering Group in advance of commissioning and opening the HUB. Operating including expenditure and staff time is regulary reviewed and approved. Timely accurate comprehensive reports are set up, reviewed and a acted upon where needed to adjust / query where operations of the CaRH fall outside the KPIs/upper and lower control limits set by MET/operating model and budget. BRM Holdich to review the operating model, budget and core KPIs/limits at key milestones e.g. 1, 3, 6 and 12 months. Adjustments	Major	Possible	High	

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38	16/04/2018	Inability to appoint/implement operating model	Ineffective planning, poor communication.	Inoperable facility. Considerable cost incurred by Council and the community. PR/Crisis management.	Major	Unlikely	Medium	Engage skilled, specialist management and staff with clearly demonstrated success with managing a complex, multipurpose, community integrated facility. Research and implement an unambiguous policy and operating framework based on best practice.	Moderate	Possible	Medium	
39	16/04/2018	Management of community organisation users/stakeholders	Communication and collaboration breakdown.	User/stakeholders disengage	Major	Likely	Extreme	Clearly designed and implemented MOU. Skilled management experienced with stakeholder engagement, mediation and dispute resolution. Comprehensive community/stakholder communication strategy and action plan.	Moderate	Possible	Medium	
40	16/04/2018	Usage scheduling / managing conflicting uses	T&Cs for utilisation unclear / unworkable. CaRH management not skilled to manage the complexity of the multi purpose facility.	Utilisation falls below or doesn't meet operating modelled / expectations.	Major	Possible	High	Skilled and experienced CaRH manager and staff. IT systems scoped and procuremented to meet CaRH complexity and needs. Regular monitoring and responding to utilisation and scheduling issues. Key CaRH staff skilled and trainined in Conflict resolution, negotiation and mediation. Position descriptions, recruitment, selection and reference include key experiences e.g. Sound demonstrated experience and qualification/training in conflict management, negotiation, mediation.	Moderate	Possible	Medium	
41	16/04/2018	Balance between commercial vs community	Imbalance between commercial and community when setting operating model and budget.	Unrealistic expectations. Poor / sub optimal research and advice.	Major	Likely	Extreme	Expert advice and research when setting the operating model and budget including utilisation.	Moderate	Possible	Medium	

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42	16/04/2018	Competition (Activ8 or similar, not constrained by Council management, decision-making 'overheads')	Competition. Other facilities are more attractive e.g. hire / access fees, T&Cs, etc	Competition. Loss of stakeholder / user support / utilisation. Financial targets / modelling not met. Financial loss. One user leaving may influence other users to leave.	Moderate	Possible	Medium	Maintain intellegence and environmental scan of stakeholders/users for potential / actual competition. MOUs in place. Regular meetings with key stakeholders/users to identify issues/concerns as early as possible. Relationship management framework implemented. Transparency around reporting between Council / CaRH and the stekaholders/users re. CaRH performance, stkaholders/usres performance, membership, etc. Need relationships to be based on trust, mutual respect, openness.	Moderate	Possible	Medium	
43	16/04/2018	Non-committal/withdrawal of key stakeholders/users	Poor / lack of engagement with stakeholders / users. Expectations other Council, stakeholders and users not identified and articulated. Unforeseen change(s) in circumstance for stakeholders / users e.g. drop in membership makes operation not viable.	Poor or lack of alignment of expectations between Council's/CaRH and stakeholders/users. Longer term plans of stakeholders/users not known up front / prior to Council commitment to CaRH.	Major	Possible	High	MOUs in place. Regular meetings with key stakeholders/users to identify issues/concerns as early as possible. Relationship management framework implemented. Transparency around reporting between Council / CaRH and the stekaholders/users re. CaRH performance, stkaholders/usres performance, membership, etc. Need relationships to be based on trust, mutual respect, openness.	Moderate	Possible	Medium	

Compliance and Legal

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44	16/04/2018	Anti-competition, subsidised competition with private open market competitors	Council or tenants commercial activities in competition with other facilities/business on non-market based terms	Accusation, finding of infringement of principles of competitive neutrality. Declaration of GBE (Government Business Ernterprise) price oversight and pricing recommendation	Moderate	Possible	Medium	Comply with revised Clause 7 Statement on the application of competition principles to local government under the competition principles agreement (i.e. apply market based pricing to any services/arrangements)	Minor	Possible	Low	Satisfactory
Human Resources in Operation												
45	16/04/2018	Industrial relations issues (during project and operation of facility)	- Site IR - Power site supervisor - WHS & site control	- time extension - Reputational damage	Moderate	Unlikely	Low	- Strong WHS controls - Strong culture and values - Strong recruitment and contracts of engagement based on legal advice/review.	Moderate	Unlikely	Low	Satisfactory
46	16/04/2018	Insufficient resourcing of Project Team, Project Manager, Project Sponsor etc to deliver project and any other business activities	- Council budget & Human Resources - Replacement of key staff that cease	- Project delays cost overruns - Loss of corporate knowledge	Major	Likely	Extreme	- full understanding by Council - Budget allocation - Research from other similar projects - Est. Project Stearing Group (key internal stakeholders and Project Manager) to oversee project regularly.	Moderate	Possible	Medium	Satisfactory
47	5/11/2018	Work Health and Safety during construction	Poor contractor and sub contactor	- Site closed/bans - project delays	Major	Possible	High	- Strong WHS tender specifications - Project management	Moderate	Possible	Medium	Satisfactory
48	14/11/2018	Operational Work Health and Safety issues	Lack of or poor system power supervisions	- Injury or death of contractor	Moderate	Possible	Medium	- Strong tender policies and checks	Moderate	Possible	Medium	Satisfactory
Delivery												
49	16/04/2018	Failure of project/business model	- Poor inadequate modelling - Poor contract management - Poor Council centre management	- Poor utilisation of centre - Incurred cost to Council	Moderate	Unlikely	Low	- Detailed modelling - Knowledge and system from elsewhere - Project staff employed - Professional specialist advisors (BRM Holdich, Architects, Quantity Surveyor) - site visits to other similar projects/facilities.	Minor	Unlikely	Low	Satisfactory

City of Mount Gambier

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

SUMMARY OF COMMUNITY ENGAGEMENT

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1. Executive Summary

A proposal for an indoor sport and recreation centre is a recurring issue that surfaces regularly within the community and in Council discussions. For reasons associated with:

- the significant capital and operational costs;
- the potential financial consequences for Council and the community;
- the time and expense required to develop proposals for major regional infrastructure;

no previous applications for funding have been undertaken.

However, significant work has been done over a number of years that has allowed both the public and Council to have a better understanding of the likely capital costs, the potential impost on ratepayers and the significant social and community benefits that may accrue from an indoor sport and recreation centre. These are summarised with outcomes noted for each investigation.

This document sets out the historical and more recent community and Council involvement in promoting, preparing and submitting a detailed proposal for a Community Sport and Recreation Centre. The stages included:

- Previous call by the community for indoor sporting facilities over decades prior to 2018.
- Engagement with community stakeholders prior to the submission of a grant application under the Federal Government's Regional Growth Fund.
- Additional development works anticipating an invitation to progress to stage 2 of the Regional Growth Fund.
- Active community involvement with concepts and design.
- Meetings with state sporting bodies to garner support.
- Community engagement to inform stakeholders about the design, costs and funding implications.
- Results from a community survey providing a strong mandate from the community for the project.

2. Background

The matter of an indoor aquatics centre and more recently an indoor sport and recreation centre has been 'on the agenda' for decades. With each re-emergence of the issue the depth of knowledge has increased and more voices have contributed to the debate. The following provides a summary of some of the more significant actions that have occurred over time.

1994/95

- Council formed a working party to investigate the proposal that an indoor aquatic centre would be a desirable facility for the City, with the working party including a number of community representatives with knowledge/experience in various aspects of aquatics.
- Public opinion in 1995 was that the community were keen to have access to indoor facilities and Council concluded that the most viable option at that time was a new indoor pool facility (including a 25 metre pool, beach entry, and learner's pool) could potentially be built immediately adjacent to the outdoor pool.
- A number of solutions were proposed by an entity known as 'Anti Wave' with each of the options escalating in cost. The proposal included some modelling of income and expenditure. The investigations were not progressed.

2006/07

- Council allocated funding to Simply Great Leisure Consulting Group (SGL) to prepare a high level concept plan and feasibility study to gain a detailed understanding of current design standards and the type of facilities/activities typically provided in a modern Indoor Recreation Centre. The work included
    - A Demand Analysis Report that included:
        - 300 random households to complete a survey
        - Recreation Facility Users Survey
        - School Survey
        - Recreation and Sport Focus Group.
    - Design Cost and Location Report - where community feedback identified the existing outdoor pool zone as the preferred site for any new facilities.
    - Feasibility Analysis with modelling of projected revenues and expenses for different types of recreation activities that may be undertaken in the proposed facility.
- These reports provided a good indication of community views and the likely financial impacts of providing such a centre in Mount Gambier.
- The reports were received by Council and no decision to proceed was made due to other pending major capital projects.

2012/13 December - August

- In December 2012, indoor pool and recreation facilities in Warrnambool, Ballarat and Horsham in Victoria were visited by Council staff to obtain direct information about design, operating costs and ongoing issues. During this same period Council acknowledged receipt of a community petition with 1782 signatures requesting that council build 25 meter swimming pool next to the outdoor pool.
    - 2 workshops were held to discuss the reports prepared from the site visit. The reports included projected capital and operating costs for an indoor aquatic facility adjacent to the existing 50 meter pool.
    - Council resolved to defer any consideration of an Indoor Aquatic Centre until at least 2017/18.

2014/15 October - March

- Council discussed the possibility of preparing a submission for National Stronger Regions Fund for a Community Recreation Centre. Discussion considered the number of capital projects that Council already had in progress at that time, together with supportable debt levels and funding was not pursued. However Council was mindful that additional rounds/stages of funding may emerge which may better suit this form of infrastructure and the issue remained of continued interest.

Over time, emphasis moved from an indoor aquatic centre to an indoor recreation centre. This shift in thinking acknowledged that an indoor aquatics centre, when operating alone, would be financially challenging and a desire for a high quality indoor facility allowing for more flexible programming would be a better option for the community. This logic informed a second program of site visits.

2016

- In November of 2016, a number of Elected Members and staff visited the Victor Harbor Alexandrina Recreation Centre, Immanuel College indoor sporting facility, Barossa Recreation Facility and the Campbelltown Aquatic Facility to provide further knowledge about content, costs and operations of indoor recreation facilities.

2017

- Ongoing and more frequent community voices continued to be critical of the lack of indoor aquatics and other recreational facilities with Council discussions responding to the representations.

The greater frequency of discussions and community representations over the timelines noted above have been tempered by;

- Council knowledge of the significant previous works identifying the capital costs which are beyond the affordability of Council on it's own;
- a strong sense of social responsibility for ongoing operational costs which will necessarily flow through as rate increases to the community, and
- a stronger appreciation of the broader non quantifiable social benefits on health, community resilience and wellbeing.

3. Consultation and Community Engagement 2018

The notion of an indoor sport and recreation centre has benefitted from community voices at various stages in previous years as noted above and in the process of preparing the Regional Growth Fund Expression of Interest. Initial community consultation included the following;

- participation by the Mayor and CEO in a Community Forum attended by 350 members of the community. Preliminary information about the proposed centre was provided and audience questions answered. A community interest group was formed.
- key stakeholders were asked to complete a questionnaire and also invited to meet with the Council working party to provide input into the proposal.
- letters of support have also been requested from schools, sporting groups, health entities and Members of Parliament. Both State and Federal ministers have been very proactive in promoting and supporting the submission of this Expression of Interest to secure funding.

Questionnaire

A questionnaire requesting information to specifically inform the EOI included the following topics:

- What new events might clubs be able to hold or secure in the new centre?
- How would the new centre impact sport participation rates?
- What additional employment opportunities may be available?
- Could extensions of employment (currently seasonal) be required?
- What new volunteering opportunities may arise from events or additional programs?

The Questionnaire was provided to the following key stakeholders:

- Western Border Football League
- Western Border Netball League
- Limestone Coast Football Association
- Mount Gambier Netball Association
- Mount Gambier and Districts Tennis Association
- Mount Gambier Basketball Association
- Mid South East Football League
- Mid South East Netball League

- Mount Gambier Aquatic Centre
- Mount Gambier Swimming Club Inc.
- Blue Lake Y Amateur Swimming Club
- Mount Gambier Royal Lifesaving Club
- Beachport Surf Lifesaving Club
- Blue Lake Sports Medicine

Summary of questionnaire responses

The following provides a summary of the questionnaires completed by key stakeholders and notes answers when provided.

Number of Members

Mount Gambier Netball Club	8 Clubs
Mount Gambier Aquatic Centre	500
Mid South East Football League	9 Member Clubs
Basketball Mount Gambier	750
Mount Gambier and District Tennis Association	11 Member Clubs
Mount Gambier Swimming Club	38
Blue Lake Y Swim Club	70
Mid South East Netball Association	1,000
Mount Gambier Surf Lifesaving Club	15
Beachport Surf Lifesaving Club	100

Number of Players

Mount Gambier Netball Association	600
Mount Gambier Aquatic Centre	Up to 350 between 9.00am & 3.00pm each day/week & 1100 afterschool per week do lessons. Overall approximately 66,000 visits from mid-October through to end of March each season.
Mid South East Football League	1100
Basketball Mount Gambier	600
Mount Gambier and District Tennis Association	500
Mount Gambier Swimming Club	23
Blue Lake Y Swim Club	45
Mid South East Netball Association	810
Mount Gambier Surf Lifesaving Club	15
Beachport Surf Lifesaving Club	62

Attraction of Events

Mount Gambier already hosts an impressive array of outdoor sporting events that bring significant economic benefits to the region through tourism. Recent investments in more sophisticated online resources that encourage visitors to stay longer have already paid dividends. The potential for the Mount Gambier Regional Sport and Recreation Centre to extend such economic opportunities for the whole year and for a new range of events will provide important direct and indirect employment opportunities that are difficult to measure.

Suggestions of events that could be attracted to the region by key stakeholders (additions from a diverse group of other sporting groups will form part of stage 2 community consultations) and by Council event staff (based on previous inquiries) could be regarded as aspirational. Where events suggested may be in competition with the income earning capacities of an existing club, they have not been included in the table below. However, often the community has insufficient facilities and partnerships with clubs will bring benefits to the community.

Tourism Research Australia 2016 data identifies that domestic visitors to a region spend on average $136 per person per night and this compares with figures from Sports Marketing Australia who suggest that sports tourism visitors spend $265 per person per night. Taking a conservative view and estimating a 25% success rate in attracting the events noted below, this represents a significant economic benefit per annum of $563,752 with multiplier effects on employment and consumption.

Of the questionnaires received an indication of new events that could be attracted to the region utilizing the proposed facilities included:

Event	Month	Local Participants	Visitors to the region	Total	Days	Domestic $136 per night
Southern Regionals Ultimate Frisbee	February	320	416	736	2 days	56,576
Adelaide 36's visits	August	100	800	900	3 days	217,600
Indoor Bowls SA-	August	450	1186	1636	3 days	322,592
Bocce Nationals - provision to include 8-10 indoor	January-Nationals	120	400	520	4 days	163,200
Bocce Nationals Host with Italian Club.	June-Aust National RAFFA Opens	150	400	550	3 days	108,800
Red Bull Neymar Jr's 5 A Side Football – played on hard courts	March/April/May	260	800	1060	1 day	108,800
National Calisthenics	November	250	1000	1250	3 days	272,000
Triathlon/Duathlon – using pool as one part of the leg in the race	Summer event	120	400	520	2 days	54,800
Gymnastics	all year round	120	300	420	1	40,800
Table tennis	all year round	200	150	350	1	20,400
Badminton	all year round	300	300	600	1	40,800
Handball	new sport to start up All year round	400	250	650	1	34,000
Martial Arts		600	200	800	1	27,200
Indoor concerts with enough seating for over 1000 people as grandstand around outside or retractable seating		1000	1000	2000	1	136,000
Questacon/SciWorld		3000	2000	5000		272,000
State Swimming Championships		200	800	200 com 800 vis	3	217,600
Adelaide Thunderbirds - Exhibition Game		100	150	20 com 250 spec	1	20,400
Regional Netball Academy	February	120	60	180	3 x 1mth	24,480
Super Series Netball preseason	May-Sept	100	100	200	1-2 days	27,200

Regional Swimming Country Championships	March	200	250	450	2-3 days	68,000
Regional Swimming Training Camps	All year	100	40	140	2-3 days	10,880
Combined Coaching Sessions with SW Victorian Swim Clubs	Winter	70	80	150	1 day	10,880
Combined SA/Vic Pool Surf Lifesaving Championships		400-600	500	600	2 days	
Combined SA/Vic Pool Royal Lifesaving Championships		200-300	250	250	2 days	
		8280	11,082			2,255,008

Increased Participation

In relation to increased participation rates in a chosen sport approximately 85 per cent of key stakeholders indicated a possible 20% to 25% increase.

15% saw no change as the multipurpose facility was not suitable for their sport, for example football, however for player training recovery the new centre would be very useful.

1. How Many New Jobs

- Mount Gambier (outdoor) Aquatic Centre - currently has 45 to 50 staff with a FTE loading of about 0.22. This would probably remain constant, however shift from 6 months to 12 months (Note: with an additional 1 pool for training and a splash pool to supervise increases in FTE adopts a conservative approach 45 x .22 = 9.9 for 6 months and 19.8 FTE for 12 months. As a popular tourist destination Mount Gambier has many families visiting the region during school holidays and pool utilsation is unlikely to decline over school holidays).
- Mount Gambier and District Tennis Association - Potential for coaching staff to be drawn to the region if an all weather facility is available. 1 FTE
- Mount Gambier Swimming Club / Blue Lake Y Swim Club - Potential to offer a paid position to a higher qualified coaches. 1 FTE to facilitate both clubs.

What percentage of jobs are likely to be for persons under 25 years of age:

Some key stakeholders have indicated an estimated 75% of jobs are likely to be for persons under 25 years of age. The consensus is that with a new facility and increased employment opportunities this may encourage young persons to stay in the region rather than move away. Students interested in pursuing a career in physical education may seek employment/work experience if an all weather facility was available.

2. How many jobs may be extended in time because the option for 12 month employment?

With the option of an all year / all weather facility, those Key Stakeholders able to use the facility for their chosen sport indicated jobs would be extended in time because of the option for 12 month employment. Seasonal sports would be able to utilize the facility all year round which would allow for additional training sessions/competitions.

3. How many volunteering opportunities may be created?

All Key Stakeholders acknowledged that there would be an increase in volunteering

opportunities per season ranging from 10 - 50 and occasional for events from 1 to 100.

With a new facility attracting more events/tournaments volunteers will be a necessity to be successful. Typically upwards of 10 - 15 volunteers would be required for the running of a tournament with national competitions easily increasing to 50 or more.

4. Other Comments:

Mount Gambier Netball Association

- *Current running of the Association is voluntary based. Any growth of our sport would need more volunteers not paid employment.*

Basketball Mount Gambier

- *Current facility was built in 1968/69 and third court in 1973. Urgent need for upgrade and addition of at least a fourth court.*

Mount Gambier and District Tennis

- *Firstly, country sport is about community building and social interaction. Creating a centre for sport and recreation not only facilitates individual participation in healthy sporting activities but also provides an avenue for parents, friends and relatives to either participate in sporting activities together, or simply enjoy each-other's company while watching and/ or supporting participants.*
- *Secondly, whilst it reeks of trying to have our cake and eat it, it would be highly desirable for there to be some sort of contingency for the re-development of the existing tennis courts at Olympic Park under this proposed development umbrella. MGDTA has been working for many years to get the facilities at Olympic Park upgraded and is deep into the application process of obtaining funding as its own entity with the greatly appreciated conditional support of Mount Gambier City Council. We all know there is no such thing as a sure bet and it would be soul-destroying should we be unsuccessful in our own efforts to then see a major development, such as the one proposed, occur 'metres' away and for us to be playing tennis on the dilapidated courts we currently have.*

Mount Gambier Aquatic Centre

- *This is an amazing opportunity that Council has to have a real impact on the significant number of young people leaving their families and the community to seek work elsewhere. As an employer in my position it would really allow me to offer better conditions, engage with more professional development opportunities for staff and probably significantly increase the level of our offerings in both quality and quantity.*

Mount Gambier Swimming Club

- *With increased facilities at Olympic Park, this would open up the possibilities for Mount Gambier and Blue Lake Y Swim Clubs to host more events, without the pool complex being closed to the general public. While the outdoor facility may be closed to the general public during main swimming meets, patrons would be able to access an indoor facility, thus generating more income and increased patronage for the Aquatic Centre. This currently occurs at many Aquatic Centres throughout the Barwon South West (Victoria) District which our club is affiliated with as a border club. This has occurred the past two years at Warrnambool and Geelong at the All Junior District Championships, another event that our club could look at hosting in the future.*
- *Should the pool be built to the correct specifications, there would also be the potential for us to host the Victorian Country Short Course Championships, which attracts swimmers from all of regional Victoria.*

Blue Lake Sports Medicine

- *This stakeholder did not complete the questionnaire but provided a detailed statement of inclusions that were desirable from the point of view of other users of the proposed centre. Perspectives about physical spaces included disability access, site access in terms of ease of parking and building design and youth access. Comments relating to the needs of other users included:*
  - *disability, rehabilitation, those with chronic conditions requiring exercise therapies*
  - *use by those who play sport for recovery and injury management*
  - *the facility would be a 'fabulous' social asset.*

Mid South East Netball Association

- *The facility will benefit the region in different ways, MSENA may not use it directly but with the opportunity to attract events will increase the chance to run clinics with visiting top athletes whilst they are here for events.*

Mount Gambier Royal Life Saving Club

- *We are hugely disadvantaged for not having a pool all year round.*
- *To be able to swim all year round will benefit mental health, obesity, recovery of injury.*

Beachport Surf Life Saving Club

- *Pool lifesaving would add an extra dimension to Surf Life Saving during the winter months, enabling members to be rescue ready for the start of the patrol season. Currently if the club were to consider the winter training, the only time available would be restricted to lap swimming on Tuesday evenings and even then the pool is not deep enough to meet the Surf Life Saving pool criteria.*
- *Pool Lifesaving competitions would give the opportunity for our elite lifesavers to display the skills that keep them actively fit and work with other clubs.*
- *Beachport Surf Life Saving Club have unofficially adopted Portland Surf Life Saving Club as their sister club and have worked very closely together this year to provide training opportunities for both in Beachport and at Cape Bridgewater. With an Indoor Pool facility in Mount Gambier, this could provide our clubs to look towards the future with pool training and friendly interclub or border competitions to include South-West Victorian Surf Life Saving Clubs as well as Robe/Beachport Surf Life Saving Clubs in South-East SA.*

Blue Lake Y Swim Club

- *With increased facilities at Olympic Park, this would open up the possibilities for Blue Lake Y and Mount Gambier Swim Clubs to host more events without the pool complex being closed to the general public. While the outdoor facility may be closed to the general public during main swimming meets, patrons would be able to access an indoor facility, thus generating more income and increased patronage for the Aquatic Centre.*
- *This currently occurs at many Aquatic Centres throughout the Barwon South West (Victoria) District which our club is affiliated with as a border club. This has also occurred the past two years at Warrnambool and Geelong at the All Junior District Championships, another event that our club could look at hosting in the future.*
- *Should the pool be built to the correct specifications, there would also be the potential for us to host the Victorian Country Short Course Championships, which attracts swimmers from all of regional Victoria.*

4. Key Stakeholders that addressed the Working Party:

Key Stakeholders that addressed the Council Working Party are as follows:

- Mid South East Football League
- Western Border Netball League
- Blue Lake Y Amateur Swimming Club
- Mount Gambier Swimming Club
- Pioneers Basketball
- Basketball Mount Gambier
- Mount Gambier and District Tennis Association
- Mount Gambier Aquatic Centre
- Rowan Williamson - New Tennis Club
- Mount Gambier Netball Association
- Blue Lake Sports Medicine

Council staff also met with representatives from Tennis SA to discuss the initial proposal.

5. Letters of Support

Letters of support were sought and received from a variety of organisations including:

- Member for Mount Gambier, Mr Troy Bell MP
- Netball SA
- Mount Gambier Netball Association
- Amazons Netball Club
- Intruders Netball Club
- Lakes Netball
- Saints Netball Club
- Zodiacs Netball Club
- Tenison Woods College
- Tenison Woods College, Student Representatives
- Mid South East Football League
- Boandik Aged Care
- St Martins Lutheran College
- Mount Gambier Swimming Club
- Mid South East Netball Association
- Limestone Coast Local Government Association
- Julie Moran – Swimming Club President
- Beachport Surf Life Saving Club
- Janine Milsop, A/Education Director, Department for Education

A community working party has coordinated a petition in support of the proposed Sport and recreation centre using various means of promoting, distributing and management of the campaign. The petition was presented to Council on 24th April with 10,036 signatures at a Special Meeting convened to finalise the Expression of Interest for the Federal Government funding opportunity under the Regional Growth Fund.

6. Stage 2 Regional Growth Fund

Timelines required to prepare and consolidate all the documentation required to submit a full business case, should the Expression of Interest be successful would be very limited if Council waited to receive outcomes. Council endorsed a pathway forward in anticipation of a favourable outcome and continued with development work.

A Community Reference Group was formed on 18 July 2018 made up of members of the community representing a number of sectors including health, education, disability, sport and other community groups. This group contributed to the project by participating in discussions regarding its design to consider future use and needs, and to provide a local perspective on the impact of the facility in terms of use and access.

To provide an opportunity to those groups not represented on the Community Reference Group, Council's Community Development and Engagement team also undertook broader engagement with the community to obtain further input into the design, use and functionality of the centre. This included kindergarten services, primary and secondary school children, service clubs and focus groups such as music and performance.

Council staff and the Mayor also met with state and local sporting groups to ensure that all relevant stakeholders were both informed and had an opportunity to understand what was being proposed and receive any feedback they wished to offer.

In October the Federal Government advised that $15 million had been earmarked form the Regional Growth Fund for the Community Sport and Recreation Centre. The work required to complete the necessary documentation coincided with some challenging timeframes, not the least concerning a Council Election.

After all relevant design, costing and financial information had been received and collated, an intensive community engagement program was undertaken. The focus of the community engagement campaign has been to inform the City of Mount Gambier community and electors about the Community and Recreation Hub, the intermediate design elements including possible functions and uses, the costs and to provide the opportunity for questions to enable the community to make an informed decision when surveyed.

Formal engagement commenced on Saturday, 10 November 2018 with a door knock throughout the residential area south of the proposed complex and the businesses north of the proposed complex along Margaret Street. The community engagement campaign has included an extensive calendar of daily activities from the 10 November 2018 to 7 December 2018 period that include:

Residential door knock (immediate area)	Library Markets
Probus presentations x 2	Mount Gambier Central (1 week)
Soroptimist presentation	Main Street Businesses
Rotary presentation x 3	Permanent presence in Commercial St (old BUPA)
Men's Shed	Coles Supermarket
CRG member groups	Market Place (1 wk)
Basketball Association (Icehouse)	Woolworths Supermarket
Party in the Park	Bunnings
Park Run	Valley Lakes
Library	Farmers Market
Truck Show	Blue Lake Fun Run/Main Corner
Aquatic Centre	City Hall public meeting
Boandik Lodge Inc, Crouch Street	

This was supported by high profile placement of marketing material, including a media campaign consisting of traditional and social mediums, and an extensive face to face component. The campaign was a collaborative effort with between Council staff, representatives of the Community Reference Group and Councillors.

The community engagement process was followed by a survey of all persons on the Mount Gambier electoral roll to provide evidence of the level of community endorsement supporting the Community and Recreation Hub Concept.

7. Elector Survey

A survey of 19,332 electors for the City of Mount Gambier was held in late 2018 using an independent agency to both deliver and receive all voting material. Results of the survey were received by Council on 8 January 2019. A total 8,722 (45.1%) of eligible votes responded to the survey with 6,230 responders (71.6%) voting 'yes' in support of the project. The outcome provides a strong mandate in support of the project.

Media generated by City of Mount Gambier - Mount Gambier Regional Sport and Recreation Centre

Date	Media	Page visits	Subject	Social Media Reach	Published	Elected Member Notice
21 March 2018	Media Release in newsroom (new-entry-4)	*Page views: 11* *Unique views: 9*	*Council to revisit feasibility study for recreation facility*		- The Border Watch, 22/03/2018 - ABC, 23 March 2018	- Email
20 April 2018	Media Release in newsroom	*Page views: 13* *Unique views: 12*	*Council to consider EOI for Sport and Rec Centre*		- ABC, 23 April 2018 - The Border Watch, 24 April 2018	- Email
24 April 2018	Media Release in newsroom	*Page views: 117* *Unique views: 104*	*Council seeks funds for Sport and Rec Centre* *City of Mount Gambier accepted a petition signed by more than 10,000 community members in favour of the proposed Mount Gambier Regional Sport and Recreation Centre*		- ABC, 26 April 2018 - Sunday Mail, 29 April 2018	- Email
22 June 2018	Facebook, linked to newsroom	*Page views: 162* *Unique views: 150*	*Council calls for CRG applications*	Facebook: 8698 Shares: 15 Likes: 14	- The Border Watch, 26 June 2018 - Triple M, 29 June 2018	
22 June – 5 July 2018	Public Notices		*CRG applications now open*		- The Border Watch, 22 June, 26 June, 28 June, 4 July 2018 - Lifestyle1, 27 June 2018 - Penola Pennant, 27 June, 4 July 2018 - Naracoorte Herald, 28 June 2018	

Media generated by City of Mount Gambier - Mount Gambier Regional Sport and Recreation Centre

					- South Eastern Times, 26 June, 28 June, 3 July, 5 July 2018	
2 July 2018	Media Release in newsroom	*Page views: 41* *Unique views: 33*	*SGL to undertake demand analysis*		-	- Email
3 July 2018	Boosted Facebook post & Instagram linked to Haveyoursaymountgambier.com.au		*CRG applications close soon*	Facebook: 4496 Likes: 23 Comments: 7 Shares: 16 Instagram: 124		
12 July 2018	Media Release in newsroom	*Page views: 121* *Unique views: 102*	*CRG selection to be considered by Council*		- The Border Watch, 17 July 2018	- Email
13 July 2018	Facebook		*Infographic – 'What is the process'*	Facebook: 1514 Likes: 13 Shares: 3		
19 July 2018	Facebook		*Inaugural CRG meeting*	Facebook: 3365 Likes: 18 Comments: 1 Shares: 7	- The Border Watch, 20 July 2018 - ABC, 19 July 2018 - Triple M, 20 July 2018 - Win TV, 20 July 2018	- Email
19 July 2018	Media invite opportunity, Media Release and Infographics in newsroom	*Page views: 300* *Unique views: 257*	*Inaugural Community Reference Group meeting*		- Lifestyle1, 23 July 2018 - The Border Watch, 20 July 2018 - ABC, 20 July 2018	- Email
20 July 2018	Media invite opportunity, Media Release in newsroom and Facebook	*Page views: 349* *Unique views: 323*	*Architects appointed for Sport and Rec Centre*	Facebook: 3648 Comments: 2 Shares: 3 Likes: 11 Angry reaction: 2	- The Border Watch, 20 & 24 July 2018 - ABC, 23 July 2018	- Email

Media generated by City of Mount Gambier - Mount Gambier Regional Sport and Recreation Centre

27 July 2018	Facebook		*Conversation Infographic*	Facebook: 1103 Likes: 6 Shares: 6		
31 July 2018	Facebook and Mayor's Letter to the Editor/statement posted in newsroom	*Page views: 246*	*Mayor responds to Sport and Rec Centre comments*	Facebook: 1860 Likes: 15 Angry reaction: 1 Shares: 9 Comments: 3	- The Border Watch, 31 July 2018	
2 August 2018	Media Release in newsroom and Facebook	*Page views: 180* *Unique views: 140*	*Swimmers cross fingers and toes for indoor pool*	Facebook: 1029 Likes: 13 Shares: 7	- The Border Watch, 3 August 2018	- Email
3 August 2018	Full page infographic		*Full page community information notice outlining MGRSRC process, proposed funding and frequently asked questions*		- The Border Watch, 3 August 2018 - Lifestyle 1, 9 – 15 August 2018	- Email
3 August 2018	Radio interviews		*Mayor responds to confusion around 'poll' and 'survey' definitions*		- Triple M radio – Ewan Grant - ABC South East – Selina Green	
3 August 2018	Short video for social media - Nick Watson (CRG)	*Views: 1.4K*	*Video with CRG member*	Facebook: 2847 Likes: 47 Shares: 15	- Facebook	
3 August 2018	Text message simulator video – Frequent Asked Questions	*Views: 439*		Facebook: 1238 Likes: 9 Angry reaction: 1 Shares: 4 Comments: 5	- Facebook	
7 August 2018	Media Release in newsroom and Facebook	*Page views: 408* *Unique views: 390*	*Mayor responds to Graham Greenwood comments*	Facebook: 5476 Likes: 30 Angry reaction: 1 Shares: 10 Comments: 50	- Facebook - The Border Watch, 8 August	- Email
8 August 2018	Media Release in newsroom	*Page views: 109* *Unique views: 99*	*Council and CRG meet with architects*		- Facebook (as below) - The Border Watch, 9 August	- Email
9 August 2018	Short video for social media - Hazel Grant (CRG)	*Views: 1000*	*Video with CRG member*	Facebook: 2467 Likes: 22	- Facebook	

Media generated by City of Mount Gambier - Mount Gambier Regional Sport and Recreation Centre

				Shares:2 Comments: 0		
10 August 2018	Short video for social media CRG met with architects (linked to media release in newsroom)	*Views: 612*	*Video footage from round table discussions between CRG members and architects*	Facebook: 1811 Likes: 21 Angry reaction: 1 Shares: 6 Comments: 4	- Facebook	
11 August 2018	Short video for social media - Lisa Thomas (CRG)	*Views: 650*	*Video with CRG member*	Facebook: 1474 Likes: 19 Angry reaction: 1 Shares: 4 Comments: 7	- Facebook	
12 August 2018	Short video for social media - Ethan Hopgood (CRG)	*Views: 1.2K*	*Video with the youngest CRG member*	Facebook: 2366 Likes: 43 Angry reaction: 1 Shares: 9 Comments: 5	- Facebook	
15 August 2018	Media Release in newsroom	*Page views: 185* *Unique views: 155*	*Have your say on the sport and rec centre design*	Facebook: as below	- Facebook - The Border Watch, 16 August - Triple M, 16 August	- Email
15 August 2018	Full page infographic		Full page community update outlining MGRSRC process, demonstrating engagement process to date and inviting the community to have their say on design	Facebook: 2261 Likes: 10 Angry reaction: 1 Shares: 12 Comments: 4	- Facebook - The Border Watch, 16 August - Lifestyle1, 23-29 August	
16 August 2018	Short video for social media - Arts and culture think tank	*Views: 5153*	Andy Alison and Louise Adams discuss their ideas for arts/music	Facebook: 5153 Likes: 45 Shares:17 Comments: 7	- Facebook	
17 August 2018	Short video for social media - Community members	*Views: 998*	Video with community members discussing their ideas for the use of the facility	Facebook: 2674 Likes: 19 Angry reaction: 1 Shares: 5 Comments: 7	- Facebook	

Media generated by City of Mount Gambier - Mount Gambier Regional Sport and Recreation Centre

22 August 2018	Media Release in newsroom and Facebook	*Page views: 140* *Unique views: 121*	*Sport and Rec survey to be held after elections*	Facebook: 1982 Likes: 9 Angry reaction: 1 Shares: 3 Comments:7	- Facebook - The Border Watch, 23 August 2018 - WIN Television, 23 August	- Email
23 August 2018	Radio Interviews		*Mayor Andrew Lee and Acting CEO Judy Nagy discuss survey*		- TripleM, 23 August - ABC South East – Selina Green,	
24 August 2018	Media Release in newsroom and Facebook	*Page views: 268* *Unique views: 258*	*Mayor responds to survey comments*	Facebook: 6,171 Likes: 12 Angry reaction: 2 Shares: 7 Comments: 5	- Facebook - The Border Watch, 31 August 2018	- Email
29 August 2018	Media release in newsroom and Facebook (31 August 2018)	*Page views: 77* *Unique views: 69*	*CRG and architects revise rec centre plans*	Facebook: 2,044 Likes: 7 Angry reaction: 1 Shares: 5 Comments: 2	- Facebook - The Border Watch, 30 August 2018	- Email
7 September 2018	Radio interview		*Judy Nagy discusses concept plans*		- ABC South East	
18 October 2018	Media release in newsroom and Facebook	*Page views: 796* *Unique views: 687*	*Community and Recreation Hub planning progresses*	Facebook: 929 Likes: 29 Loves: 3 Angry reaction: 1 Shares: 2 Comments: 3	- The Border Watch, 19 October 2018 - ABC South East	- Email
19 October 2018	Media release in newsroom and Facebook	*Page views: 168* *Unique views: 147*	*$15million Federal Funding announcement*	Facebook: 2,135 Likes: 31 Loves: 2 Shares: 6 Comments: 2	- The Border Watch, 19 October 2018 - ABC South East	- Email
20 October 2018 22 October 2018	Radio interviews		*Community and Recreation Hub & $15million Federal Funding announcement*		- ABC South East, Scott Dickson, 20 October and Selina Green, 22 October	

Media generated by City of Mount Gambier - Mount Gambier Regional Sport and Recreation Centre

					- Triple M, Ewan Grant, 22 October - Lime FM, Bron, 22 October	
29 October 2018	Interview with Erin Jones – Newscorp, The Advertiser		*Community and Recreation Hub & $15million Federal Funding announcement*		- Newscorp, The Advertiser	

Community and Recreation Hub Media, Communications and Advertising

November 2018

1	Th	
2	Fr	
3	**Sa**	
4	**Su**	
5	Mo	• **Overall CaRH fact sheet and high resolution building/architect image** released to CoMG Facebook page, Instagram, Twitter, Have your say. • **Aquatics fact sheet and image** released to CoMG Facebook page, Instagram, Twitter, Have your say. 2,167 reached 477 engagements Comments: 9 Shares: 8 Likes/Love: 37 Angry: 1
6	Tu	• **Courts fact sheet and image** released to CoMG Facebook page, Instagram, Twitter, Have your say. 3,019 reached 766 engagements Comments: 7 Shares: 7 Likes/Love: 43 Angry: 2
7	We	• **Entertainment fact sheet and image** released to CoMG Facebook page, Instagram, Twitter, Have your say. 2,341 reached 419 engagements Comments: 6 Shares: 4 Likes/Love: 32 Angry: 1

8	Th	• **Community fact sheet and image** released to CoMG Facebook page, Instagram, Twitter, Have your say. 6,846 reached 2,488 engagements Comments: 12 Shares: 36 Likes/Love: 118
9	Fr	• **Cost fact sheet and image** released to CoMG Facebook page, Instagram, Twitter, Have your say. 2,167 reached 216 engagements Comments: 3 Shares: 5 Likes/Love: 32 • **Issued media release outlining community information sessions before the survey is issued later this month. Posted in the newsroom.** 117 page views, 100 unique. • Pop up information session details posted to CoMG Facebook 3,355 reached 340 engagements Comments: 9 Shares: 11 Likes/Love: 38 (Election voting closes)
10	**Sa**	(Election)
11	**Su**	(Election)
12	Mo	(Election media) • 10:30am: Triple M – Mark McShane interview with Ewan Grant regarding community engagement. • Hit96.1 and Triple M 30 second radio commercials x 6

Community and Recreation Hub Media, Communications and Advertising

13	Tu	• **Media invite/opportunity to find out more about the specifics of the project, clear up uncertainties and show media flythrough of the building.** • **The Border Watch, Lifestyle 1 and ABC attended.** • **Posted Flythrough on CoMG Facebook page, posted to the newsroom.** 15,135 reached 5,489 engagements Comments: 47 Shares: 103 Likes/Love: 97 7.6K views
14	We	• Judy and Barb speak with Courtney Howe regarding the project, community information sessions and the survey at ABC South East. • Lifestyle1 half page advertisement • Hit96.1 and Triple M 30 second radio commercials x 6
15	Th	
16	Fr	• 11:00am: ABC - Mark McShane interview with Rod Sparks regarding community engagement (aired on 17 November). • TBW half page advertisement • Hit96.1 and Triple M 30 second radio commercials x 6
17	**Sa**	• **Posted video of Mark McShane addressing questions and concerns from Party in the Park in the Cave Garden – City Hall – CoMG Facebook page** 3,391 reached 701 engagements Comments: 3 Shares: 21 Likes/Love: 40 Angry: 1 1.9K views
18	**Su**	
19	Mo	• 11:00am: Lime FM Mark McShane interview with Bron regarding community engagement. • Hit96.1 and Triple M 30 second radio commercials x 6

Community and Recreation Hub Media, Communications and Advertising

20	Tu	• Hit96.1 and Triple M 30 second radio commercials x 6
21	We	**Recording of City Hall engagement session (7:00pm) posted on CoMG Facebook page.** 982 reached 223 engagements Comments: 1 Shares: 3 Likes/Love: 18 554 views • Hit96.1 and Triple M 30 second radio commercials x 6 • Lifestyle1 half page advertisement
22	**Th**	• 10:30am: Hit96.1 - Mark McShane interview with Katya regarding community engagement. • Hit96.1 and Triple M 30 second radio commercials x 6
23	Fr	• TBW half page advertisement • Pop up information session details posted to CoMG Facebook 2,341 reached 154 engagements Comments: 0 Shares: 16 Likes/Love: 17
24	**Sa**	
25	**Su**	
26	Mo	• **Call for public questions on CoMG Facebook page to be answered by Mayor Lynette Martin, Cr Ben Hood and Cr Frank Morello on 29 November.** 5,014 reached 1,030 engagements Comments: 2 Shares: 15 Likes/Love: 34

Community and Recreation Hub Media, Communications and Advertising

27	Tu	• 5GTR - Mark/Lou - CaRH Community engagement • **Issued media release from newsroom regarding the new Council as united in support of the Community and Recreation Hub proposal.** – 106 page views, 97 unique. • **Facebook post regarding the new Council as united in support of the Community and Recreation Hub proposal.** 1,582 reached 410 engagements Comments: 11 Shares: 2 Likes/Love: 44 Angry: 2
28	We	• Survey distributed to community • **CoMG Facebook post regarding the survey** 1,398 reached 120 engagements Comments: 1 Shares: 7 Likes: 12 • Lifestyle1 half page advertisement • Hit96.1 and Triple M 30 second radio commercials x 6
29	Th	• Hit96.1 and Triple M 30 second radio commercials x 6 •
30	Fr	• Hit96.1 and Triple M 30 second radio commercials x 6 • TBW half page advertisement

December 2018

1	**Sa**	
2	**Su**	• WIN Mt Gambier (TEN) 30 second commercials x 2
3	Mo	• WIN Mt Gambier (TEN) 30 second commercial • **Posted a video to CoMG Facebook page of former CEO of the Limestone Coast Area Consultative Committee Elaine Pollock regarding the importance of Federal funding for the Community and Recreation Hub.** 1,985 reached 633 engagements Comments: 7 Shares: 16 Likes/Love: 31 1.1K views
4	Tu	• WIN Mt Gambier (TEN) 30 second commercials x 3 • Hit96.1 and Triple M 30 second radio commercials x 6 • **Posted a short video to CoMG Facebook page with Mayor Lynette Martin on CoMG social media about what the survey looks like, and how to vote/have your say.** 2,689 reached 621 engagements Comments: 3 Shares: 15 Likes/Love: 50 1.4K views • **Video of Mayor Lynette Martin and Cr Ben Hood answering public questions posted on CoMG Facebook page.** 2,971 reached 1,324 engagements Comments: 15 Shares: 9 Likes/Love: 47 Angry: 2 1.8K views

Community and Recreation Hub Media, Communications and Advertising

5	We	• Lifestyle1 half page advertisement • Hit96.1 and Triple M 30 second radio commercials x 6 • Radio interview with Ewan Grant, Barbara Cernovskis discusses CaRH survey. • **Video of Mayor Lynette Martin and Cr Ben Hood answering public questions about costs and rates posted on CoMG Facebook page.** 1,723 reached 378 engagements Comments: 0 Shares: 9 Likes/Love: 29 780 views • **Video of ARIA award winner Scott Maxwell in support of the Community and Recreation Hub posted on CoMG Facebook page.** 6,039 reached 1,831 engagements Comments: 6 Shares: 25 Likes/Love: 71 3.2K views
6	Th	• Hit96.1 and Triple M 30 second radio commercials x 6 • WIN Mt Gambier (TEN) 30 second commercial
7	Fr	• ABC Rod Sparks interview with Mark McShane re CaRH suvey. • **Community information sessions advertisement published on the CoMG Facebook page** 869 reached 106 engagements Comments: 3 Shares: 2 Likes/Love: 17 • **Mount Gambier Swim Club coach and Community Reference Group member Julie Moran talks about the club's support for the 25 metre heated indoor pool to complement the existing 50 metre outdoor pool as part of the proposed Community and Recreation Hub project posted on CoMG Facebook page.** 4,443 reached 1,150 engagements Comments: 7 Shares: 24 Likes/Love: 68 Angry: 2 2.1K views

Community and Recreation Hub Media, Communications and Advertising

8	**Sa**	• WIN Mt Gambier (TEN) 30 second commercial
9	**Su**	(Radio script change from community engagement to 'return your survey') • WIN Mt Gambier (TEN) 30 second commercials x 2
10	Mo	
11	Tu	• WIN Mt Gambier (TEN) 30 second commercials x 2 • TBW half page advertisement
12	We	• Hit96.1 and Triple M 30 second radio commercials x 6 • WIN Mt Gambier (TEN) 30 second commercial • **Community and Recreation Hub Community Reference Group member Nathan Stratford discusses his involvement in the planning process for the proposed facility in a video posted on CoMG Facebook page.** 434 reached 55 engagements Comments: 0 Shares: 0 Likes/Love: 11 184 views
13	Th	• Hit96.1 and Triple M 30 second radio commercials x 6 • WIN Mt Gambier (TEN) 30 second commercial
14	Fr	• Issue a media release regarding survey close looming. • Hit96.1 and Triple M 30 second radio commercials x 6 • WIN Mt Gambier (TEN) 30 second commercial • TBW half page advertisement
15	**Sa**	• WIN Mt Gambier (TEN) 30 second commercial
16	**Su**	• WIN Mt Gambier (TEN) 30 second commercials x 2
17	Mo	• LimeFM - Mark/Bron - CaRH survery reminder • WIN Mt Gambier (TEN) 30 second commercials x 2
18	Tu	• Triple M - Mark/Ewan - Reminder to community to submit CaRH survey • Hit96.1 and Triple M 30 second radio commercials x 6 • WIN Mt Gambier (TEN) 30 second commercials x 3
19	We	• Hit96.1 and Triple M 30 second radio commercials x 6 • TBW half page advertisement • Lifestyle1 half page advertisement

20	Th	• Hit96.1 and Triple M 30 second radio commercials x 6 • WIN Mt Gambier (TEN) 30 second commercial
21	Fr	• Survey voting closes.
22	**Sa**	**Office Christmas closure**
23	**Su**	
24	Mo	
25	**Tu**	**Christmas Day**
26	We	
27	Th	
28	Fr	
29	**Sa**	
30	**Su**	
31	Mo	

January 2019

1	**Tu**	**New Year's Day**
2	We	
3	Th	
4	Fr	
5	**Sa**	
6	**Su**	
7	Mo	
8	Tu	
9	We	
10	Th	
11	Fr	
12	**Sa**	
13	**Su**	
14	Mo	
15	Tu	
16	We	

17	Th	
18	Fr	
19	**Sa**	
20	**Su**	
21	**Mo**	
22	Tu	
23	We	
24	Th	Full Federal Government Business Case due.
25	Fr	
26	**Sa**	
27	**Su**	
28	Mo	
29	Tu	
30	We	
31	Th	

City of Mount Gambier

City of Mount Gambier
Indoor Recreation Centre Feasibility Study

Report

Prepared by SGL Consulting Group

sgl www.sglgroup.net

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1 INTRODUCTION

This chapter summarises the background to the study, the scope of the study and methodology.

1.1 Background

The City of Mount Gambier Council at its March 2018 meeting resolved to provide funding for "the preparation of documentation for a proposed multifunction indoor recreation and aquatics centre including feasibility study, concept plans including initial engagement with stakeholder groups, facility management options and a ratepayer impact report".

SGL Consulting Group prepared a feasibility study for an indoor recreation and aquatic centre in 2007. Council expects that this report will form the foundation for the "refresh" to incorporate new and/or updated financials, any changes to indoor centre philosophies over the past decade, and design/configuration features.

The indoor recreation centre will be located at Olympic Park adjacent to the existing 50m outdoor pool and overlaying some of the outdoor netball courts.

A preliminary design concept was prepared to assist with funding applications, and included:

Aquatics

- 25 meters lap pool
- Recreation/learners/water play pool with some water features and beach entry.
- Concourse around the pool that would also include some ramped seating on one side for spectators.
- The 50 meter outdoor pool remains and all the other smaller recreation/babies pools are removed.
- Change rooms and toilets.

Dry areas

- Six multi use courts (at a minimum) with one being a show court with extensive retractable seating.
- Health and Fitness
- Administration and support areas
- Storage
- Change rooms and toilets
- One entry point into the entire facility
- Kiosk
- Creche.

Conference and events

- Capacity to hold conference and events in the main court area and on the first floor meeting/function area.
- Commercial kitchen or at least a large kitchen area.

Car parking

As per current site with some increase with the potential for additional car parking to the south.

Site footprint

- The current pool site is about 13,600m^2 excluding car parking.
- May need to utilise up to four netball courts.

1.2 Scope of the Study

Update SGL's 2007 Report titled "City of Mount Gambier Indoor Recreation Centre Feasibility Study" to reflect 2018 financials (costs and income), location, potential configuration and any changes to facility design and operation that have altered over the past 10 years.

2 CONCEPT DESIGN AND COST

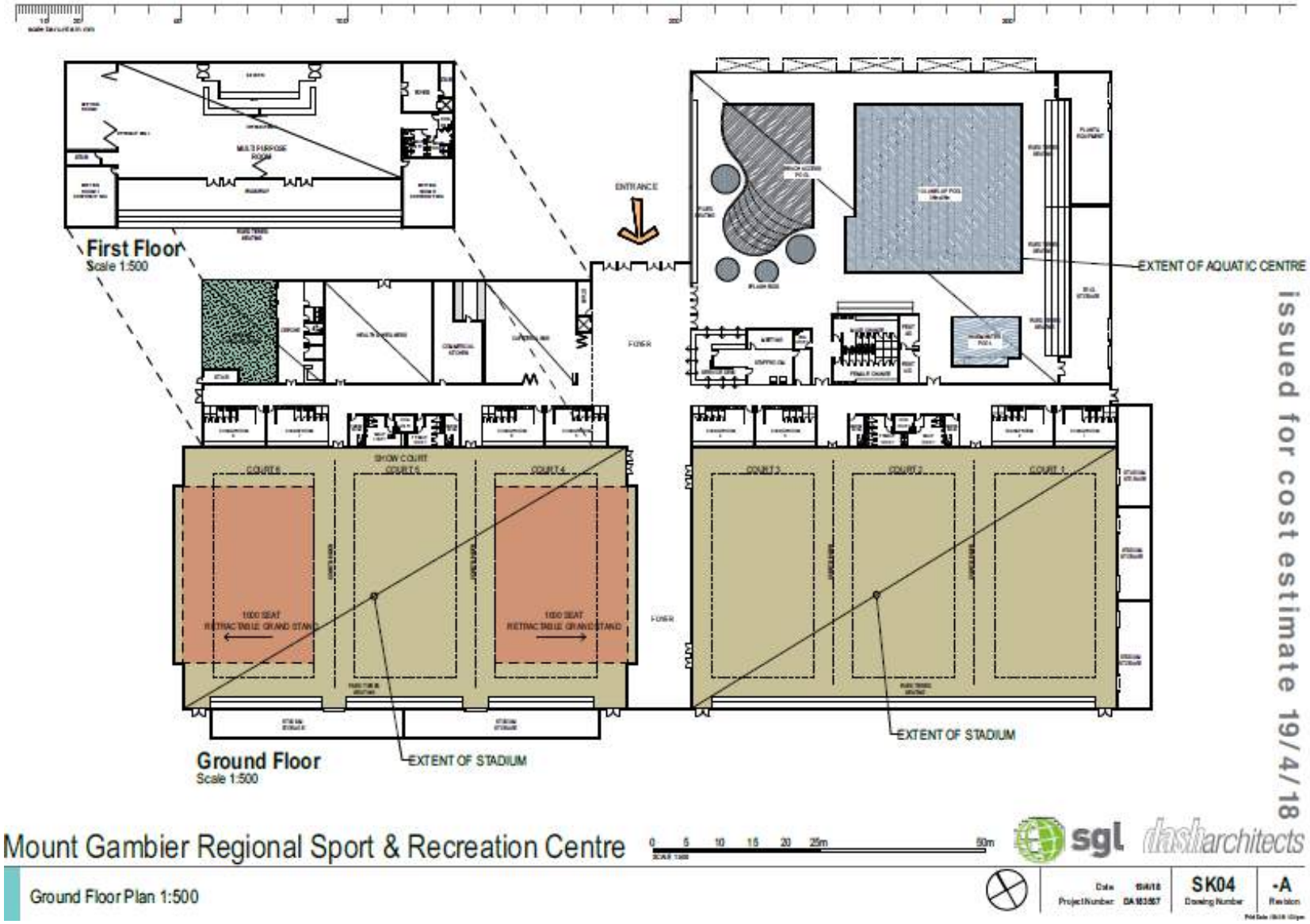
Based on the preliminary design brief a concept plan (refer to Plan 2.1) and cost estimates were prepared by DASH Architects and Quantity Surveyors Rider Levett Bucknall (refer to Table 2.1).

Total estimated capital development cost is $40m. [Note: This estimate should be viewed as a Concept Cost Plan for use in strategic master planning review and options analysis. It should not be used for decision making analysis to commit to a project (including acquisition, finance approval, equity approval or the like). RLB recommend that a more detailed cost plan be prepared before such commitment is to be considered.]

Table 2.1: Preliminary Capital Cost Estimates

Location	Total Cost
Demolition & Site Preparation	**$318,360**
Building Works	
Aquatics Facility	$9,256,941
Sports Hall	$9,494,386
Commercial Spaces	$4,328,167
Support Amenities	$5,904,837
Existing Facilities	Excluded
Building Works	**$28,984,329**
External Works & Site Infrastructure	**$1,682,310**
FFE /AV /ICT (Fit out)	**$3,000,000**
Estimated Net Cost	**$33,985,000**
Margins & Adjustments	
Allowance For Construction Contingency	$1,395,000
Allowance For Professional Fees	$2,915,000
Allowance For Statutory Charges Incl CITB Levy	$165,000
Allowance For Locality Loading (Discounted - Assumes use of local trades)	$830,000
Allowance For Escalation To Completion (Assumed to late 2021)	$710,000
Estimated Total Cost	**$40,000,000**

Table 2.1: Preliminary Concept Design



3 MARKET ANALYSIS

This chapter reviews the markets in which the Mount Gambier and Region swimming pools operate, including the current and future catchment population and swimming and health and fitness facilities which directly compete for customers.

3.1 Population

The population at the 2016 Census of the three local government areas in and around Mount Gambier were:

City of Mount Gambier	26,276
District Council of Grant	8,203
Wattle Range Council	11,677
Total	46,156

The age profile of the regional population in 2016 was:

	Persons	Males	Females
0-4 years	2,731	1,403	1,326
5-14 years	6,137	3,199	2,946
15-19 years	2,846	1,428	1,398
20-24 years	2,364	1,225	1,146
25-34 years	4,966	2,497	2,474
35-44 years	5,495	2,765	2,725
45-54 years	6,619	3,370	3,251
55-64 years	6,355	3,170	3,186
65-74 years	4,921	2,474	2,439
75-84 years	2,595	1,180	1,414
85 years +	1,129	419	705
Total person	**46,156**	**23,130**	**23,010**

The City Growth Strategy notes that:

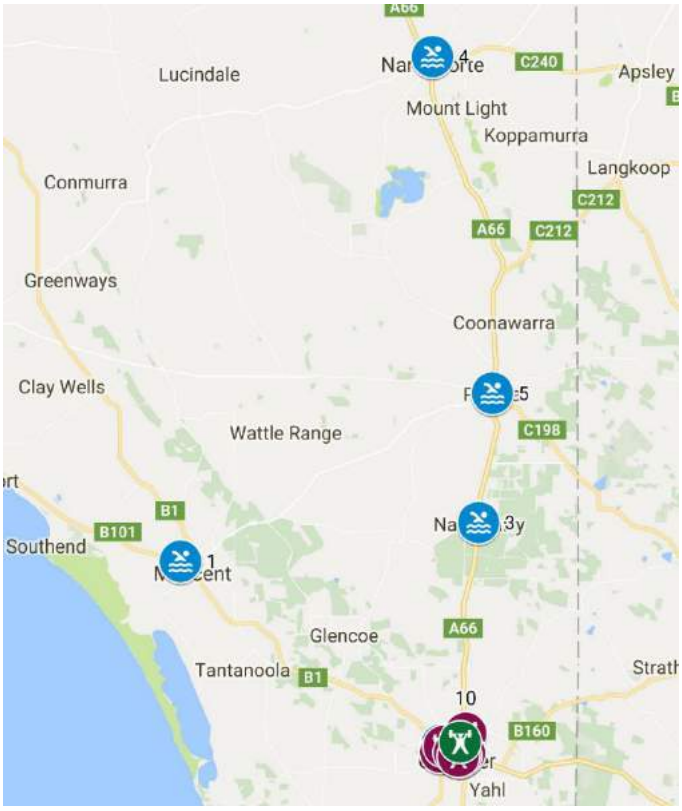
"Based on current projections and trends the population of the City of Mount Gambier is projected to increase from 26,317 in 2016 to 27,498 in 2027. This is an increase of just 1,181 people.

To maintain its position as a strong and vibrant regional centre, the City of Mount Gambier should aim for an aspirational target to increase its population to 32,000 people by 2027."

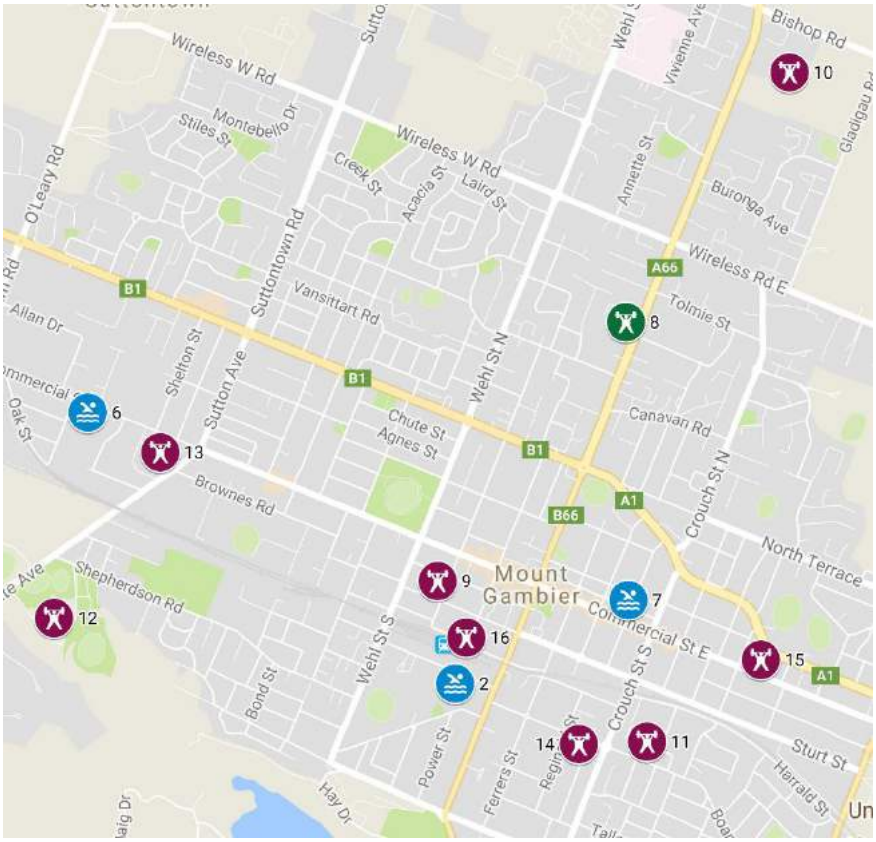
3.2 Swimming Pools

Map 3.1 and 3.2 indicate the location of aquatic and health and fitness facilities in Mount Gambier and the broader region. It is expected that the catchment for an indoor aquatic centre will extend up to Naracoorte and Millicent, whereas the courts and fitness facilities will rely on a primary catchment from within Mount Gambier and District Council of Grant.

Map 3.1: Aquatic Centres in the South East Region



Map 3.2: Aquatic and Health and Fitness Centres in Mount Gambier



Key:

Pools

1 Millicent Swimming Lake
2 Mount Gambier Aquatic Centre (Seasonal)
3 Nangwarry Swimming Pool (Currently closed for renovations) (Seasonal)
4 Naracoorte Swimming Lake (Seasonal)
5 Penola Swimming Pool (Seasonal)
6 Squashbrook Fitness & Leisure (includes full service gym)
7 Swimskool

Full Service Gym

8 Active8 Health and Sports Centre

24/7 Gym

9 24fit Mount Gambier
10 Anytime Fitness
11 Blue Lake CrossFit
12 EFM Health Club Mount Gambier
13 F45 Training Mount Gambier
14 FitBac Personal Training
15 Jetts Mt Gambier
16 Reflexion health and fitness

Seven aquatic centres have been identified including three in Mount Gambier:

Mount Gambier Aquatic Centre

Mount Gambier Aquatic Centre is an outdoor swimming complex, owned by Council and operated by a commercial contractor under lease. It comprises a 50 metre x 8 lane main pool with depth ranging from 1.00 metres to 1.83 metres, a 21 metre x 15 metre teaching pool with depth ranging from 0.4 metres to 1.2 metres, and a toddlers pool with depth ranging from beach entry to 0.35 metres. Pool water is heated using a Bio-mass Boiler to 28°C in the main pool and 31°C in the teaching pool. Solar blankets are used to retain heat overnight.

The Centre is open from mid October to end of March noting that the commencement and conclusion of the season is significantly impacted by weather conditions. As the only public aquatic centre in Mount Gambier it is used for teaching swimming (school swimming and private swim school), coaching (Blue Lake Y Swim Club and Mount Gambier Swim Club), and public swimming (lap swimming and recreational swimming).

Swimskool

Swimskool ("Waterhole") is a privately owned indoor swimming pool, managed under a lease agreement. The original construction date of the pool is unknown, but is believed to be at least 45 years old. It comprises a 25 metre x 4 lane pool, with depth ranging from 1.2 metres in the middle to 0.9 metres at either end.

The Waterhole operates its own swim school, with classes ranging from water babies to stroke correction, and aqua aerobics classes. The pool is also used by schools for swim lessons, physiotherapists for rehabilitation and exercise and by the swim clubs for practice and coaching during the winter season.

Limited lane space is available for public swimming and lap swimming.

Squashbrook

Squashbrook is a privately owned and managed health and fitness centre. It comprises three squash courts, cardio studio, weights room, RPM studio, circuit room and group fitness room. In addition it has a small swimming pool (11m x 8m) and sauna and two spa pools. The wet areas are used for swim lessons and by physiotherapists for remedial treatments.

Regional Aquatic Facilities

Complementing the three aquatic centre in Mount Gambier are two seasonal swimming lakes at Naracoorte and Millicent and seasonal outdoor swimming pools at Penola and Nangwarry.

Health and Fitness Facilities

Competition within Mount Gambier for health and fitness customers is very strong, with at least eight providers identified. Of these, two (Squashbrook and Active8) offer full service facilities with cardio, pin loaded and free weights, group fitness and creche. The other facilities are low cost 24/7, personal training or specialist venues.

3.3 Sports Halls

Sports halls within Mount Gambier are shown in Map 3.3 and located at:

The Ice House

Basketball Mount Gambier leases, and manage, the stadium from the City of Mount Gambier. Originally owned by the Basketball Association, it was purchased and leased back to the Association to help overcome some financial difficulties experienced by the Association. The lease has expired and has been extended on a month to month basis. The stadium is over 60 years old and given its age, has a high maintenance bill. It comprises three courts, including a show court which has seating for 1200 spectators. Whilst he stadium originally met design standards for most sporting competitions, it now does not comply with current standards. For example the show court does not have sufficient run off to conduct regular season NBL games or international games, although pre season NBL matches can be played. Only the show court meets height standards for junior national championships, consequently they cannot be held in Mount Gambier.

Both junior and senior basketball competitions are conducted during a winter and summer season. In recent years the number of junior teams has increased and the number of senior teams has remained static.

Active8

Active8 is a privately owned sports and fitness centre, managed by the owners family company. It was constructed in 1988 and has undergone a number of transformations over the years. It was originally constructed as an indoor tennis centre, with five synthetic grass courts. Over the years it has been converted into a centre which offers a health and fitness centre as well as indoor sports.

It has four indoor multi purpose courts suitable for sports such as netball and tennis, which is the main indoor sport at the centre. Its health and fitness facilities include three group fitness studios, a cardio studio and a weights room.

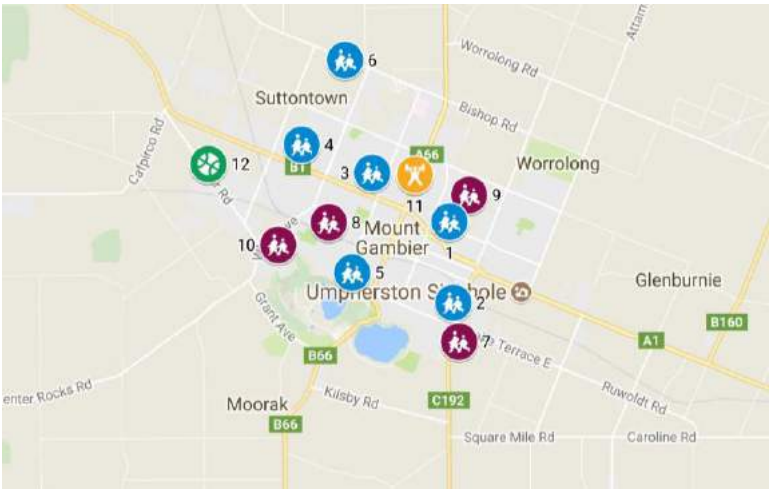
Schools

Most schools in Mount Gambier have an indoor activity hall. The four high schools all have full size courts, although only Tenison Woods College has adequate run off space around the

playing court. Tenison Woods has two courts, whereas the other high schools have a single sports court.

Whilst the primary schools have indoor activity spaces, they are not suitable for indoor sport competitions as they are three quarter size. They are however suitable for training and adult activities such as martial arts and dance.

Map 3.3: Sports Halls



Key:

Primary Schools

1 McDonald Park School
2 Melaleuca Park Primary School
3 Mt Gambier North Primary School
4 Mulga Street Primary School
5 Reidy Park Primary School
6 Suttontown Primary School

High Schools

7 Grant High School
8 Mount Gambier High School
9 St Martins Lutheran College
10 Tenison Woods College

Sports Centre

11 Active8 Health and Sports Centre

Basketball

12 The Ice House

3.4 Key Informant Interviews

Personal and telephone interviews were conducted with owners and operators of the main facilities which will be impacted by the proposed indoor recreation centre and sporting organisations which may use the indoor recreation centre.

3.4.1 Venue Operators

Active8

- The land and business is owner operated and has been since it opened
- It offers a full service gym and a sports hall with four synthetic grass courts
- The health and fitness market in Mount Gambier is saturated, hence competition is very intense. Membership numbers are generally declining, albeit in a growing market
- Competitions offered in the sports hall include women and mixed netball, mixed volleyball, mixed futsal, tennis – all are conducted by centre management
- Courts are also hired by sporting clubs for training during inclement weather

Squashbrook

- The land and business is owner operated and has been since it opened
- The indoor pool has been refurbished in recent years and the water is maintained at 29°C. Approximately 300 children are in the swim school
- Very strong competition in the health and fitness market with a substantial increase in the number of venues.
- Health and fitness prices have not increased in recent years, due to the strong competition

Swimskool

- Swimming pool is 25m x 4 lane, ranging in depth from 0.9 to 1.2m to 0.9m, heated to 30°C – 32°C, and air is heated to 22°C – 24°C. The pool is at least 45 years old, and needs continual maintenance. Both the pool and air heaters are about 5 years old, and the pool tank is sound and does not leak.
- A public pool will compete with a private pool such as Swimskool. Despite this Swimskool cooperates with Mount Gambier Aquatic Centre during the summer season
- It is possible Swimskool will be impacted if an public indoor aquatic centre is constructed in Mount Gambier.
- The main business is the learn to swim program which has over 500 children. Lessons are $160 for 10 weeks
- Other programs offered are lap swimming, aqua aerobics, hydrotherapy for adults and children, school swimming classes and swim club practice and coaching
- Mount Gambier has two swim clubs who now train together at Swimskool during winter. Another swim coach also has a small squad of four children at Swimskool

3.4.2 Sporting Organisations

Basketball

Feedback from Basketball Mount Gambier and Pioneers Basketball Club is based on a discussion with four key personnel and a submission made to Council in April 2018.

- Basketball Mount Gambier (BMG) has not formally discussed the potential development of a new indoor sports centre and the impact on the Ice House. BMG has provided Council with an outline of their needs in a submission in April 2018.
- BMG currently have 650 members and 8 0 teams utilising 3 courts at The Ice House and up to 2 courts on two days at Tenison Woods College for regular games and training sessions. Games are played in a summer and winter season – Junior, Senior & Social

competitions with up to 50 games per week.

- 2 Day Junior Country Basketball Tournament held in November with up to 118 teams participating from Country SA and Victoria played over 10 basketball courts, including school gyms.
- Representative men's and women's teams play in the Senior Country Basketball League (CBL), incorporating teams from country Victoria. The season is October to February.
- Mt Gambier Castec Rural Pioneers compete in the South Eastern Australia Basketball League (SEABL). The season is April to August and includes 10 home games. Pioneers hire the ice House from BMG for its home games and training and pay approximately $7,000 per season.
- Average crowd for a Pioneers home game is 800, most spectators are accommodated in a "corporate box" (identified seating in the main seating area) which seats 4, 6 or 8 people. Under the current hire arrangements Pioneers retain revenue from spectators and use a separate area to provide pre game drinks to its corporate guests.
- Pioneers train twice a week, for 2.5 hours in the evenings during the season and three sessions per week in pre-season.
- Competitions and programs have been restricted from growing by the limit of 3 courts. For example the u12 and u14 competitions are at capacity and cannot accommodate additional teams.BMG would immediately implement growth strategy for 4-5 courts. Also, to host a national junior or other major basketball championship further courts to national standard are highly desirable.
- Future requirements for BMG and for Castec Rural Pioneers are:
  - ✓ 4 x Indoor courts fully compliant to FIBA national championship standard (including but not limited to surface, markings, back boards, lighting, scoring systems with 24 second shot clock).
  - ✓ 1 x show court built to FIBA NBL standard (including surface, markings, back boards, lighting, scoring systems with 24 second shot clock) with seating capacity of 1500 – 2500 and up to 40 corporate box facilities.
  - ✓ Sufficient space between all other courts compliant with FIBA for score benches and tiered spectator seating and FIBA compliant roof heights.
  - ✓ BMG require operational control and exclusive access and use of these courts Monday to Friday from 3.30 pm until 11 pm for current competition and on Sunday from 9 am until 8 pm for training.
  - ✓ 2 x female and 2 x male team changerooms for home and away teams with exclusive use prior to and at time of major games.
  - ✓ 1 x female and 1 x male referee changerooms for visiting referees with exclusive use prior to and at time of major games.
  - ✓ Sponsorship signage on show court and outlying courts for during major games and tournaments (including on court and surroundings)
  - ✓ Entertainment standard audio and visual equipment (public address, led screen display etc)
  - ✓ Function area for pre and post match purposes
  - ✓ Storage area for BMG equipment.
  - ✓ Office space for BMG administration staff. Currently employ 1 x full time Basketball Development Manager and 1 x part time Administration officer with projected expansion to allow for up to 4 employees. Facilities for nightly gate keeper to collect match fees.
  - ✓ First option to operate the canteen/cafe as a business unit established by BMG, given canteen income is a critical part of BMG finances. Right to operate bar facilities noting that BMG already holds a liquor license and this is also important to its finances.

Netball

Feedback was obtained from three key personnel of Mount Gambier Netball Association (MGNA).

- The concept plan for the proposed indoor recreation centre will involve the removal of four, of the current total of 12, outdoor netball courts. Construction of indoor courts will allow an indoor and outdoor competition to be conducted.
- MGNA has 637 members paying in teams from U9 to seniors, with approximately 2/3 being junior members. All games are played on Saturday's from early morning to late afternoon, with training under lights in the evenings – usually Tuesday and Wednesday.
- Currently the main season is conducted in winter, with a short summer season. Construction of the indoor courts will enable two full winter and summer season competitions to be offered.
- Members pay match fees of $7.50 and $5.00 for senior and junior players. It is expected this fee will increase when games are played indoors. Umpires are paid $10 - $15 per game depending upon their level.
- MGNA envisage that basketball will have priority use on weekday nights and netball will be played primarily on Saturday.
- MGNA comprises 8 clubs, with all teams in the MGNA competition belonging to a club. Training is on the outdoor courts and also in school halls, which charge $25 - $35 per hour.

Badminton

- Grant Badminton Club plays at Grant High School on Monday nights.
- 3 x badminton courts are used by 30 – 40 members and pay a hire fee of $10 per hour.
- Supports the development of the indoor recreation centre, although Grant Badminton Club is happy with the existing arrangements and would not relocate, except for tournaments and major events.

Other Potential Sports Hall Users

Given the construction of a six court facility, it is possible that a range of other users and sports may be regular or casual hire groups.

3.4.3 Aquatic Centre Users

Education Department Swim Program

Feedback was obtained from the Instructor in Charge of the Education Department Aquatic Education program:

- 14 schools are booked in during Term 4 (Oct to Dec) and another 14 booked in during Term 1 (Jan – Mar). They range in numbers from 11 students to schools with over 400 students. The schools come for either 1 or 2 weeks.
- The program usually runs from 9.15 – 3.00 Monday to Friday during the school term, and for 8 weeks in each term.
- An indoor 25m swimming pool would mean that instead of jamming the schools in 16 weeks we could spread out over the year and fit more in. This would mean year round work for the instructors, as now is only seasonal and quite a few during the off season find another job (full-time). It is not easy finding and training new staff every season.
- If the students could practise their skills all year round it would be of great benefit. Some only come for the 1 or 2 weeks and then return next season to find that their skills are

the same or below when they finished their lessons.

Swimming Clubs

Feedback was provided by Mount Gambier Swimming Club:

- Currently has 38 members in total with 23 registered swimmers.
- During summer the club and Blue Lake Y swim club have three morning training sessions (2 lanes) and five evening sessions (2 – 3 lanes) at Mount Gambier Aquatic Centre. In winter the two clubs train at Swimskool and have three morning training sessions (one lane) and four evening sessions.
- For the past two seasons, the two swim clubs have combined to ensure better access to the pool for training.
- New events could be attracted to the region such as interclub tri-series meet, regional country championships, regional training camps and combined coaching sessions with SW Victorian swim clubs. These events last between one and three days and attract up to 450+ visitors to Mount Gambier.

3.5 School E-Survey

A web based questionnaire was prepared and a hyperlink was emailed to all schools in the Mount Gambier Region. In total 32 emails were sent to schools. The following information was obtained:

3.5.1 Use of Swimming Pools

- 8 schools responded with 100% participating in a Learn to Swim Program or School Sport Swimming Program
- 7 schools used centre staff to carry out the program
- 50% of the schools that responded provided 10 lessons in the year and 38% provided 5 lessons in a year. The schools that responded conducted the Learn to Swim Program in either term one or term four
- The number of students in the swimming program varied from 20 to 310
- 88% of the schools that responded took the students to Mount Gambier Aquatic Centre. The other schools used Nangwarry Swimming Pool.
- The schools were then asked what were their main reasons for choosing the pool to take the students; 16% citing proximity to the school, Good facilities, heated swimming facilities, 50m pool and quality of instruction as the main reasons.
- 75% of the schools that responded used a bus to travel to the pool

3.5.2 Use of Sports Halls

- 50% of the schools that responded do have an indoor activity hall or sports centre.
- Other indoor sports centres used for lessons or school sports programs were Mount Gambier High School, Active8 Health and Sports Centre, Squashbrook Fitness & Leisure and Millicent Basketball Stadium
- Netball was the main activity conducted (36%) by community groups

Activity	%
Netball	36%
Basketball	18%
Badminton	9%
Volleyball	9%
Futsal/indoor soccer	9%
Table tennis	9%
Other	9%
None - not used by community groups	0%

3.5.3 Conclusion

63% of the schools that responded would definitely use an indoor, heated, all year swimming pool for their swimming programs if one was constructed in Mount Gambier

Use of Indoor heated pool	%
Yes - definitely	63%
Probably no	25%
Yes - maybe	13%

38% of the schools that responded were unsure if they would use an indoor sports centre for their sports program, if one was constructed in Mount Gambier, whereas 25% would definitely use it.

Use of an indoor sports centre	%
Not sure	38%
Yes - definitely	25%
Definitely no	13%
Probably no	13%
Yes - maybe	13%

4 DEMAND ASSESSMENT

This chapter assesses existing and future gaps in the indoor sports and aquatic market and demand for facilities within the Mount Gambier and broader region encompassing the District Councils of Grant and Wattle Range.

4.1 Aquatic Market Assessment

4.1.1 Major Markets

The aquatics market comprises at least six distinct segments, each requiring a specific marketing mix to maximise market share.

Market	Assessment
Lap swimming	Tend to swim early in the morning or after work, supplemented by some who swim during their lunch time. Require lane space (at least 25 metre pool size), with speed indicators for each lane (i.e. slow, medium, fast). Tend to swim on a regular basis, and often more than once per week. Water temperature is preferably between 26^{0}C and 28^{0}C. Most lap swimmers prefer to swim year round.
Swim coaching/squads	Usually children and young people up to about 16 years, supplemented by adult squads mainly masters swim squads and triathlon swim squads. Main squad training times are early morning (from 5.30am) and early evening (5.30pm – 7.30pm). Require reserved lane space, for between three and 10 times per week. Water temperature is preferably between 26^{0}C and 28^{0}C. As with lap swimmers, squads swim year round.
Learn to swim lessons	Lessons are offered to all ages, from "caregivers and babies" to adult lessons. Most lessons are conducted after school (4pm to 6pm) and on Saturday and Sunday. Adult lessons tend to be offered later in the evening and "caregiver and babies" classes are usually on weekday morning between 9am and noon. Most classes are offered once a week, often for a ten week term or block. Water temperature is preferably between 29^{0}C and 31^{0}C. The number of people in swim lessons declines in winter, although many children participate in lessons year round.
Recreational aquatic play	All humans play and socially interact. In an aquatic environment, play is often defined by the age of participants (i.e. pre-schoolers, junior primary school age, senior primary school age, young teenagers, young people and adults). Play equipment is larger and more adventurous the older the participant. Play experiences are enhanced by either moving water (e.g. water cannons and rapid rivers) or moving the participant (e.g. water slides and climbing structures). Most recreational play is

Market	Assessment
	conducted after school/work time (e.g. weekday evenings and weekends). It can also involve relaxation (e.g. sunbathing, and "hanging about") and supervising young children. Water temperature is preferably between 28⁰C and 31⁰C.
Aquatic fitness programs	In addition to lap swimming, aquatic fitness programs include aqua aerobics (group exercise to music in water), water walking (using a floatation vest), and other similar gentle exercise activities. These activities tend to attract older adults, particularly women. Classes are held at times to suit the participants (e.g. older women on weekday mornings). Water temperature is preferably between 28⁰C and 31⁰C.
Therapeutic and rehabilitation programs	Tend to be supervised by a physiotherapist. In some instances an individual will perform prescribed exercises for warm water exercise without supervision. The main requirement is warm water (approximately 34⁰C) of about 1.5m in depth.

4.1.2 Existing Participation

Three swimming pools currently operate in Mount Gambier at the Mount Gambier Aquatic Centre, Swimskool and Squashbrook. It is believed that the two commercial facilities have up to 800 children in the swim school, plus adults and children participating in a number of other programs and activities. The number of swimmers and total attendances at these facilities is unknown.

However, assuming 40 lessons per child in the learn to swim programs and an additional 10% of attendances in other programs, the total annual swim attendances will be in the order of 30,000 - 35,000. Most of these attendances are children.

Attendances at the Mount Gambier Aquatic Centre have been provided and are summarised in Table 4.1. As with outdoor pools in the south of Australia, attendances fluctuate and are directly correlated to the weather. The data indicates that average annual attendances are approximately 67,800, including 8,700 spectators – that is about 59,000 swimmers. In the order of 70% of swimmers are children.

Combined, it is likely that about 90,000 to 95,000 swimming pool attendances occur each year, plus spectators.

Table 4.1: Annual Attendances at Mount Gambier Aquatic Centre

Summary	2013	2014	2015	2016	2017	Average
Adult Swim	16,829	14,570	21,434	13,580	19,773	17,237
Child Swim	7,574	5,070	8,751	5,309	7,600	6,861
Other Swim	2,604	1,855	3,417	5,218	3,166	3,252
Carnivals	3,406	2,368	3,431	134	1,790	2,226
School Swim	23,028	23,319	22,027	14,070	17,787	20,046
Swim School	7,945	7,029	10,030	8,625	11,952	9,116
Vacswim	0	1	1,494	178	6	336
Spectator	11,468	6,894	8,359	6,764	10,050	8,707
Total	72,854	61,106	78,943	53,878	72,124	67,781

4.1.3 Aquatic Demand

The most recent participation data was produced by the Australian Bureau of Statistics in two statistical reports. Participation in Sport and Physical Recreation, Australia, 2011-12 addresses participation at least once in the previous 12 months by people living in SA, aged over 15 years and Children's Participation in Sport and Leisure Time Activities, 2003 to 2012 addresses national participation at least once outside of school hours, in the previous 12 months by people aged 5 to 14 years.

Note: These studies provide participation data by gender, age and State, whereas the 2013/14 study only provides participation data by activity for Australia and by gender. Overall participation in swimming and diving for males, females and overall was 5.0%, 7.6% and 6.4%, respectively.

In relation to swimming the reports have found:

Age (Years)	15–17	18–24	25–34	35–44	45–54	55–64	65 +	Total
Swimming/Diving	10.2%(1)	6.0%(1)	3.3%	5.5%	5.2%	6.1%	4.6%	4.8%

(1) SA percentage not available for publication and National percentages used

Annual Participation	1–12 times	13–26 times	27–52 times	53–104 times	105+ times
Swimming/Diving	25.4%	15.3%	35.4%	10.3%	13.6%

Type of Participation	Organised only	Non-organised only	Both organised and non-organised
Swimming/Diving	N/A	85.6%	N/A

Children's Participation	2012
5 – 8 Years	24.5%
9 – 11 Year	18.1%
11 – 14 Years	8.0%

According to this data, the popularity of swimming is for young children, and for non-organised participation. It is also likely that a high proportion of young children participate in swimming lessons.

The 2007 Feasibility Study commented that "estimating demand for aquatic facilities is not an objective exercise, rather it is based on objective data, overlaid with a subjective assessment. The challenge is to avoid being too optimistic, and present realistic estimates of demand. The starting point must be existing use of aquatic centres, supplemented by increased use by current swimmers and new swimmers.

In metropolitan areas it has been found that a majority of users of aquatic centres live within 5km of the facility. Whilst no objective data on catchment is available it is expected that in the order of 95% of visits to an indoor aquatic centre in Mount Gambier will be from residents of the City of Mount Gambier and the District Council of Grant."

We have maintained this assumption in our aquatic demand projections. Thus, using the swimming participation rates and the age profile of Mount Gambier and Grant Council areas and estimate the total number of swims per annum can be made, including 5% of attendances from other areas:

Minimum: 79,569
Maximum: 132,361

This estimate includes swimming at all places outside including the home, beaches and all categories of aquatic facilities (eg indoor and outdoor swimming pools). It is not known what proportion of swimming is undertaken a venues other than traditional swimming pools.

The 2013 CERM PI Operational Management Benchmarks for Australian Public Sport, Leisure & Aquatic Centres found that the average number of visits per annum by people living within a 5km catchment was 2.5 visits. This finding was based on a survey of 105 outdoor pools throughout Australia. Based on the population of Mount Gambier and Grant Council areas of 34,500, the projected annual attendance will be approximately 86,250.

Current attendances at pools in Mount Gambier fluctuate, and average around 90,000 – 95,000. Given the construction of a new indoor aquatic centre, this data suggests that the number of annual swim attendances will increase to at least 100,000 and more likely 110,000+. The reality is that the new aquatic centre will have a major impact on swim attendances at both Squashbrook and Swimskool. The biggest impact is likely to be on Swimskool, primarily due to the physical condition of Swimskool building and pool.

4.2 Indoor Sports Market Assessment

Spare capacity for community sports exists at Active8, although the Basketball Stadium has limited spare capacity at peak times. However, both these facilities have structural and/or flooring problems, which limits their use.

The major unmet demand in Mount Gambier is for indoor netball. Netball is currently played at Active8. Potential exists to relocate much of the outdoor netball competitions played at Olympic Park to an indoor centre. In addition, basketball will also be required to relocate when the lease on the current Basketball Stadium expires or the building is no longer fit for purpose.

Viability of an indoor sports hall must be judged on its day to day use, that is from community sport programs. Supplementing these programs are major events, tournaments and functions. It is very difficult, if not impossible to predict what events may be attracted, such as National Country Championships or State/National Age Championships, as they are usually won on a competitive bidding process. These should be considered as bonus income, rather than as core income. An indoor sports centre as proposed will be a major incentive and attraction to host State and National events.

Sports halls have three major types of activities; competitions conducted by management, competitions conducted by sports associations and special events, functions and tournaments. The last category will include country, state and national sports championships, and non sporting events such as festivals and exhibitions. It is expected that junior competitions will be conducted on week days from 4pm to 6pm, and adult competitions are held from 6pm. Weekends tend to be used for junior sport and for club training. Competitions can be conducted for various age groups and social adult competitions are conducted for male, female and mixed gender teams.

5 FINANCIAL PROJECTIONS

This chapter outlines income and expenditure assumptions used to prepare a projected budget, and the impact of a range of scenarios on the projected budget.

5.1 Assumptions

5.1.1 Income

Aquatic Centre	
Base level aquatic attendances	110,000
No discounts for multiuse tickets	
Entry prices:	
Adults	$6.80
Child	$5.80
Concession	$5.00
School students	$5.00
All LTS is conducted indoors	
LTS lesson	$16.00
Learn to swim - students - summer	800
Learn to swim - students - winter	528
School swimming attendances	20,000
Sports Hall	
All use of the sports hall is on a hire basis	
Peak hours - weekdays	6:30pm – 9:30pm
Peak hours – Saturday	9:00am – 6:00pm
Shoulder hours – weekdays	4:00pm – 6:30pm and 9:30pm – 10:30pm
Off peak hours - weekdays	9:00am – 4:00pm and 10:30pm - 11:00pm
Off peak hours – Sunday	9:00am – 10:00pm
Peak hours occupancy	70%
Shoulder hours occupancy	70%
Off peak hours occupancy	10%
Peak hours hire rate	$45
Shoulder hours hire rate	$35
Off peak hours hire rate	$25
Kiosk	
Kiosk sales 12% of total revenue	
Profit margin on kiosk 30%	

5.1.2 Expenditure

Manager	$100,000
Pool coordinator	$60,000
Aquatic Program Coordinator (0.5 EFT)	$50,000
Lifeguards, swim instructors and reception staff (casual rate)	$25.00 per hour
Aquatic centre opening hours	
Monday to Friday (indoor pool)	6am to 8pm
Monday to Friday (outdoor, seasonal pool)	6am to 7pm
Weekends and public holidays.	9am to 6pm

Workcover	3%
Payroll tax	6%
Superannuation	9.5%
Leave provisions	5%
Operating costs including maintenance, cleaning, pool chemicals, security. Utilities, telecommunications, insurance, advertising, legal and accounting, general administration, staff uniforms and bank charges	Based on industry estimates for similar facilities
Depreciation	No allowance provided

5.2 Projected Budget

Based on the income and expenditure assumptions above, a projected financial profit and loss statement has been prepared. The outcome is an annual operating loss of $236,713.

Figures provided by the Council indicate that the management fee paid by Council to the current aquatics centre contractor is approximately $200,000 per annum. This fee would cease if the new facility is built hence the $200,000 would assist the new centre's operating costs.

INCOME	
Swimming pool	
Adult swim	$158,148
Child swim	$52,489
Concession swim	$6,056
Swim school	$386,327
School swim	$90,909
Sub Total	**$693,930**
Sports Hall	
Hire fees	$357,408
Sub Total	**$357,408**
Kiosk net profit	$43,009
TOTAL	**$1,094,347**
EXPENDITURE	
Staff	
Manager	$100,000
Pool Coordinator	$60,000
Aquatic Program Coordinator	$25,000
Reception	$111,800
Life guards - total	$166,400
LTS instructors	$132,800
Sub Total	**$596,000**
Staff Overheads	
Staff Uniforms	$5,000
Leave provisions	$29,800
Workcover	$17,880
Payroll tax	$35,760
Superannuation	$56,620
Sub Total	**$145,060**
Maintenance	
Maintenance	$80,000

Cleaning	$65,000
Pool chemicals	$35,000
Security	$5,000
Utilities	$220,000
Sub Total	**$405,000**
Administration	
Tele communications	$10,000
Insurance	$35,000
Advertising	$15,000
Legal and accounting	$5,000
General administration	$20,000
Bank charges	$5,000
Payroll and accounts	$40,000
Management supervision	$40,000
Miscellaneous	$15,000
Depreciation	$0
Sub Total	**$185,000**
TOTAL	**$1,331,060**
Operating Loss	**-$236,713**

5.3 Scenario Analysis

To test how robust the financial projections are, a series of scenarios have been prepared. Scenarios are based on increasing or decreasing by up to 20%, one of the key income factors – aquatic attendances, sports hall occupancy and sports hall hire rates. Thus the base scenario as detailed in section 5.1 of 110,000 aquatic attendances, sports hall occupancy of 70% for peak and shoulder times and sports hall hourly hire rates of between $45 and $25 results in an outcome of an operating loss of $236,713 (refer to 100% column in table below)

The key point to note is that an increase in aquatic attendances by 120% to 132,000 results in an operating profit of $26,873. Conversely, aquatic attendances of 80% of the base level will result in an annual operating loss of $446,463.

	80%	90%	100%	110%	120%
Increase/decrease in aquatic attendances	-$446,463	-$348,317	-$236,713	-$111,649	$26,873
Change in sport hall occupancy	-$311,119	-$273,916	-$236,713	-$199,510	-$162,307
Change in sports hall hire rate	-$311,119	-$273,916	-$236,713	-$199,510	-$162,307

Further scenario analysis found that small profit of $2,900 (effectively a break even result) will occur of aquatic attendances are 124,300, occupancy is 84% and the sports hall hire rate does not change from the rates assumed above.

City of Mount Gambier

Mount Gambier Community and Recreation Hub

November 2018

(updated January 2019 to include whole of life cost assessment and revised financial arrangements)

BRM Holdich

BRM Holdich

Chartered Accountants

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1. BACKGROUND

1.1 At the March 2018 meeting the City of Mount Gambier Council resolved to provide funding for "the preparation of documentation for a proposed multifunction indoor recreation and aquatics centre including feasibility study, concept plans including initial engagement with stakeholder groups, facility management options and a ratepayer impact report".

1.2 The centre is referred to as the Mount Gambier Community and Recreation Hub (Hub).

1.3 The Hub will be located at Olympic Park adjacent to the existing 50m outdoor pool and overlaying some of the outdoor netball courts. A preliminary design concept was prepared to assist with funding applications, and included:

1.3.1 Aquatics

1.3.1.1 25 metre lap pool;

1.3.1.2 Recreation/learners/water play pool with water features and beach entry;

1.3.1.3 Warm water pool with ramp access;

1.3.1.4 Concourse around the pool that would also include ramped seating on one side for spectators;

1.3.1.5 The 50 meter outdoor pool remains and all the other smaller recreation/babies pools are removed; and

1.3.1.6 Change rooms and toilets.

1.3.2 Dry areas

1.3.2.1 Six multi use courts (at a minimum) with one being a show court with extensive retractable seating;

1.3.2.2 Health and Fitness;

1.3.2.3 Administration and support areas;

1.3.2.4 Storage;

1.3.2.5 Change rooms and toilets;

1.3.2.6 Café; and

1.3.2.7 Crèche.

1.3.3 Conferences and events

1.3.3.1 Capacity to hold conferences and events in the main court area and on the first floor meeting and functions area, to be serviced from the café and commercial kitchen.

1.4 Once completed, the Hub will be used for a variety of sporting activities. There will also be a number of function rooms and other spaces which can be used for private enterprise and community groups to host events and other activities.

2. MANAGEMENT OF THE HUB

2.1 Potential Management Models

2.1.1 Upon completion, the City of Mount Gambier will be the owner of the Hub and be responsible for implementing a management model for its ongoing operation.

2.1.2 The City of Mount Gambier will implement a management model for the Hub to ensure that the community receives the maximum benefit and best outcomes from the operation while minimising the financial subsidy expected to be incurred by Council.

2.1.3 There are a number of potential management models that could be implemented to manage the Hub, but essentially the City of Mount Gambier can either Insource or Outsource management of the Hub or implement a Hybrid model whereby some elements of the Hub are insourced with the remainder being outsourced. Table One shows the relevant derivations of the insource and outsource models available to the City of Mount Gambier for the ongoing management of the Hub.

Table One: Potential Management Models

Operating Model	Description
Insource:	
Direct Management	The City of Mount Gambier retains total control and accountability for the management model using either Council staff and/or contract or labour hire staff to resource the Hub.
Section 41 Committee	Management and oversight is delegated by Council to a Committee established under Section 41 of the Local Government Act.
Section 42 Subsidiary	Council establishes a Subsidiary under Section 42 of the Local Government Act to operate the Hub as a separate 'body corporate'. The Subsidiary would have a Charter and a Board of Management and would be responsible for administering the Hub in accordance with the Charter.
Outsource	
Joint Venture	Two or more external parties (i.e. the City of Mount Gambier, sporting clubs or community groups) manage the Hub under a joint access / usage agreement.
External Manager	The City of Mount Gambier outsources the management of the Hub to a 3rd party management company. Responsibilities are set out in a formal contract or management agreement with the City of Mount Gambier usually retaining control of the asset and the 3rd party being responsible for operations.
Hybrid	
Hybrid	The City of Mount Gambier outsources some specific elements of the operations of the Hub such as the kiosk or fitness and wellbeing centre to the private sector while operating other elements of the facility under a Direct Management model.

2.1.4 Direct Management

2.1.4.1 Under the Direct Management model the City of Mount Gambier has total control and accountability for the operation of the Hub through directly employed staff and or contract / labour hire staff.

2.1.4.2 Given the size and scale of the Hub, new specialised resources would need to be recruited by the City of Mount Gambier.

2.1.4.3 Based on our analysis, approximately 12.6 additional FTE's could be required to operate the Hub.

2.1.4.4 One major disadvantage of the Direct Management model are the limitations on the City of Mount Gambier from an Enterprise Bargaining / Award perspective in terms of evening / weekend work and the application of penalty rates. Given the expected opening hours, flexibility in terms of award rates will be key factor in the future financial performance of the Hub.

2.1.4.5 Accessing some staff through a labour hire / contractual arrangement with a 3rd party is one approach to addressing this issue for the City of Mount Gambier.

2.1.4.6 The Arc at Campbelltown is an example of a large recreation centre (with a pool) operating under a Direct Management model.

2.1.5 Section 41 Committee

2.1.5.1 A derivation of the Direct Management model is for Council to establish a Section 41 Committee with responsibility for overseeing the operations of the Hub.

2.1.5.2 The level of oversight would be dependent on the terms of reference that would need to be established.

2.1.5.3 We are not aware of any aquatic / recreation facilities in South Australia reporting to a Section 41 Committee.

2.1.6 Section 42 Subsidiary

2.1.6.1 The Local Government Act provides the ability for Council's to establish dedicated Subsidiaries to provide a specified service and/or to administer a property or facility on behalf of Council.

2.1.6.2 The Subsidiary would be a separate body corporate and would be compelled to act in accordance with a Charter which is required under the Act.

2.1.6.3 Among other things, the Subsidiary's Charter determines the powers, functions and duties of the Subsidiary.

2.1.6.4 A Subsidiary is required to appoint a board of management which may include individuals who are not a member of Council and who may have

specific skills and industry experience to assist with the operation and governance of the entity.

2.1.6.5 A Section 42 Subsidiary is also required to prepare a Business Plan, a Budget, audited Financial Statements, appoint an Audit Committee and maintain an appropriate internal control environment.

2.1.6.6 No other recreational centres in South Australia to our knowledge are operated under a single Council Subsidiary model.

2.1.7 Joint Venture

2.1.7.1 A joint venture management model is one where management of the Hub is shared by a number of entities which may include Council, Community Groups, Sporting Clubs, Schools etc.

2.1.7.2 This structure is most suitable for smaller facilities or facilities that do not require full time staffing where volunteers can effectively manage the facility.

2.1.7.3 In this case, the joint venture model is unlikely to be suitable for the Hub.

2.1.8 External Manager

2.1.8.1 The outsource model delegates management responsibility to a private or not-for-profit sector manager under a Management Agreement.

2.1.8.2 The South Australian market for managers experienced in managing a facility of the size and scale is likely to be limited. There is of course the potential for new entrants to enter the market, including operators who operate predominantly on the east coast.

2.1.8.3 Experienced outsource providers have the following major advantages when compared to an insource model.

(a) Industry knowledge and expertise and an understanding of key industry trends;

(b) access to benchmark data from other recreation facilities both in South Australia and interstate;

(c) Economies of scale where shared specialised corporate resources can be shared across multiple recreation centres;

(d) Specialised systems and process and technology specifically developed to run recreation centres;

(e) Established specialised board and management structures; and

(f) Financial risk can be shared depending on the structure of the management agreement.

2.1.8.4 Disadvantages of the outsource model include the following.

(a) Corporate overheads and profit margins allocated to the facility which can significantly add to the cost and required financial subsidy from operations;

(b) Alignment of objectives between Council, who may have broader community objectives, and the provider who may be focussed on financial outcomes; and

(c) The City of Mount Gambier loses an element of control over operations, risk management and programs that are run at the facility (subject to the terms of the Management Agreement).

2.1.9 Hybrid model

2.1.9.1 The Hybrid model involves the City of Mount Gambier managing the Hub while outsourcing some elements of operations.

2.1.9.2 For example, the City of Mount Gambier could choose to outsource the operations of the café and the fitness and wellbeing centre but choose to manage the stadium courts and function rooms.

2.1.9.3 The Hybrid model can provide the best elements of each model by recognising that the private sector may have greater expertise and competitive advantages in some elements of the operation and not in others.

2.1.9.4 If the City of Mount Gambier chooses to progress an insource model, strong consideration should be given to outsourcing some elements, such as the café to the private sector.

2.2 Core Requirements

A successful management model for the Hub needs to demonstrate the capacity to:

2.2.1 balance Council's identified community and financial objectives;

2.2.2 build relationships with clubs, sporting associations and the community in general to promote court, events and aquatic utilisation and programming;

2.2.3 access managerial and operational talent; and

2.2.4 partner with 3rd parties to offer non-core services which may include operating a café or fitness and wellbeing centre or running competitions and events.

2.3 Preferred Management Model

2.3.1 In our view the Hybrid Management model best allows the City of Mount Gambier to achieve the Core Requirements.

2.3.2 At a high level, this involves the City of Mount Gambier operating the Hub under a Direct Management Model with certain elements of the Hub, such as a fitness and wellbeing centre and / or the café being outsourced to the private sector.

2.3.3 The rationale for this recommendation is:

2.3.3.1 as a new facility, it allows the City of Mount Gambier to understand the strengths and weaknesses of the Hub in terms of its revenue generation capability and cost structures;

2.3.3.2 it ensures the City of Mount Gambier retains total control over the community and financial outcomes of the Hub;

2.3.3.3 it provides flexibility in responding to community needs and requirements;

2.3.3.4 it allows the City of Mount Gambier to build relationships with clubs and associations; and

2.3.3.5 it provides the ability to review and assess the suitability of the management model.

3. MARKET AND DEMAND ANALYSIS

3.1 City of Mount Gambier Indoor Recreation Centre Feasibility Study 2018

3.1.1 The market and demand analysis for the Hub was undertaken as part of the City of Mount Gambier Indoor Recreation Centre Feasibility Study 2018 by SGL Consulting Group (SGL).

3.1.2 The market and demand analysis is driven by the population catchment area. The City of Mount Gambier population is approximately 27,000, the District Council of Grant has a population of approximately 8,500, and in the lower South East adding the 8,000 population of the Wattle Range Council provides a combined population base of 47,500.

3.1.3 This Feasibility Study noted the City of Mount Gambier has an aspirational target to increase its population to 32,000 people by 2027, up from 26,276 in the 2016 Census.

3.1.4 The Feasibility Study highlighted that the catchment area for an indoor aquatic centre will extend up to Naracoorte and Millicent, whereas the courts and fitness facilities will rely on a primary catchment from within the City of Mount Gambier and the District Council of Grant.

3.2 Aquatic Demand

3.2.1 According to SGL, current attendances at pools in Mount Gambier fluctuate and average around 90,000 – 95,000. In their view given the construction of a new indoor aquatic centre, this data suggests that the number of annual swim attendances will increase to at least 100,000 and more likely 110,000+.

3.2.2 The SGL Feasibility Study identifies distinct market segments for the aquatics market each of which will require a specific marketing mix to maximise market share. The market segments are as follows.

3.2.2.1 Lap swimming;

3.2.2.2 Swim coaching and squads;

3.2.2.3 Learn to swim lessons;

3.2.2.4 Recreational aquatic play; and

3.2.2.5 Aquatic fitness programs.

3.2.3 The SGL Feasibility Study estimated the projected annual attendance at the swimming pool to be approximately 86,250 based on 2013 CERM PI[1] Operational Management Benchmarks for Australian Public Sport, Leisure & Aquatic Centres which found that the average number of visits per annum by people living within a 5km catchment was 2.5 visits. This finding was based on a survey of 105 outdoor

[1] Based at the University of South Australia Business School, CERM PI is a leader in customer service quality research, and operational management indicators in the sport and leisure, tourism and hospitality, and event industries.

pools throughout Australia and applied to a population estimate of 34,500 for the City of Mount Gambier and District Council of Grant council areas.

3.3 Indoor Facilities

3.3.1 Indoor Courts

A number of sports organisations have been contacted regarding the potential for their involvement in the Hub and the benefits they see for their sport arising from the redevelopment. The following is intended as a guide to demonstrate the strong demand for new indoor court facilities and their potential use.

3.3.1.1 Basketball. Basketball Mount Gambier has given an 'in principle' endorsement for the facility recognising their aging infrastructure is likely to limit growth opportunities. The ability to host a national junior or major basketball championship is also constrained by access to courts of national standard. A new air-conditioned stadium will facilitate a range of additional opportunities for the community including:

(a) Domestic competitions;

(b) Development programs;

(c) Play groups; and

(d) Programs for groups with special needs.

3.3.1.2 Netball. The Mount Gambier Netball Association will be able to increase the competition offering to two full winter and summer seasons as well as providing training and development programs using the indoor facilities.

3.3.1.3 Futsal. Futsal is the only form of 'indoor soccer' or 'five-a-side' that is officially approved by FIFA and Football Federation Australia (FFA). It is one of the fastest growing sports in the world, is played in over 100 countries and boasts millions of players around the world. With the strong participation rate of soccer in Mount Gambier and the Limestone Coast region the Hub will provide the facilitates to grow Futsal competitions.

3.3.1.4 South Australian Cricket Association. An expression of interest has been received for the use of courts as indoor training facilities, for junior academy programs, for male and female indoor cricket competitions, and Indoor 4's. SACA has expressed the view that there is a lot of potential to expand upon their identified use.

3.3.1.5 In 2017 the Limestone Coast Local Government Association (LCLGA), in partnership with the Office for Recreation and Sport, launched the Limestone Coast Regional Sporting Academy in Mount Gambier. The academy intends to capture and nurture talented elite athletes and having the sporting facilities to develop such talent will be important. Since the launch the academy has already doubled in size.

3.3.2 Gym and Group Fitness

3.3.2.1 Modern gym facilities and a professionally managed gym would attract members and casual users to the Hub.

3.3.2.2 The success of this component will depend on the quality of the operator attracted to the Hub.

3.3.3 Other spaces

3.3.3.1 Meeting rooms and function spaces are highly likely to be attractive to community groups and is likely to contribute significantly to the number of users of the Hub.

3.3.3.2 There is also the opportunity to provide sporting clubs or associations with access to modern office facilities and meeting rooms. These bodies and the sports they administer would benefit from increased training and development opportunities for their staff who may wish to pursue a career in the sports and recreation industry.

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4. FINANCIAL OUTCOMES

4.1 Overview

4.1.1 An allowance has been made for start-up expenditure of $250,000 in the year prior to the Hub becoming fully operational.

4.1.2 Based on a full year of operations the Hub is forecast to generate revenues of $1.563 million with operational costs of $2.964 million producing a loss on the Council Operating Statement of $1.401 million ($0.807 million of this loss related to depreciation). Based on a full year of operations (inflated to 2021/22 when the Hub is expected to open), an indicative Profit and Loss Statement for the Hub is shown in Figure One.

Figure One: Indicative Profit and Loss Statement post opening

Mount Gambier Community and Recreation Hub
Profit and Loss

	2021/22
Revenue	
Courts	510,692
Gymnasium	55,671
Swimming operations	231,992
Swimming lessons	510,929
Café / Catering	208,676
Merchandise / Other	45,500
Total Revenue	**1,563,461**
Expenses	
Direct costs	
Courts	-
Gymnasium	-
Swimming operations	220,012
Swimming lessons	183,616
Café / Catering	113,674
Merchandise / Other	22,750
Total Direct costs	**540,053**
Centre overheads	
Salaries and on costs	645,191
Insurance	37,471
Council support costs	53,530
Other centre expenses	195,534
Total centre	**931,726**
Building overheads	
Utilities	519,241
Depreciation	807,086
Other building costs	165,943
Total building overheads	**1,492,270**
Total expenses	**2,964,049**
Net Profit / (Loss)	**(1,400,588)**

4.2 Capital

4.2.1 The latest summary cost estimate for the capital cost of the Hub, prepared by Rider Levett Bucknall (RLB), a leading independent organisation in cost management and quantity surveying, project management and advisory services, is shown in Attachment One.

4.2.2 The total capital cost is estimated by RLB at $39.116 million (including contingencies but excluding GST). This consists of $37.725 million of external construction costs and $1.391 million of internal construction costs (those to be undertaken by the City of Mount Gambier from re-direction of the capital works programme).

4.3 Operating

4.3.1 A financial model has been developed estimating the operating revenue and costs of the Hub using a number of assumptions. The financial model has been informed by:

4.3.1.1 the SGL Feasibility Study;

4.3.1.2 assessing expected demand and building a bottom up revenue budget based on expected court utilisation and swimming patronage (informed by the existing pool); and

4.3.1.3 benchmarking of other recreation centres including The Arc (Campbelltown) Fleurieu Aquatic Centre (Victor Harbor + Alexandrina), The Rex (Barossa Council), The John McVeity Centre and the Aquadome (Playford).

4.3.2 General Assumptions:

4.3.2.1 10 year model with costs and revenue escalated by 2.30% per annum.

4.3.2.2 Assets to be constructed include six courts, new indoor pools, café, meeting rooms and space for a privately run fitness and wellbeing centre.

4.3.2.3 Interest and funding costs (including the opportunity cost of Council's proposed funding contribution) have been excluded from the operational modelling.

4.3.3 Key revenue assumptions:

4.3.3.1 Court hire revenue based on assessed levels of demand and 42 active court weeks per annum.

(a) All six courts are used between 3:30pm and 10pm Monday to Friday.

(b) All six courts are used on a Saturday between 8am and 5pm.

(c) Two courts are used on a Sunday.

(d) Assumed other community use for three courts between 10am and 1pm Monday to Friday.

(e) Overall court utilisation of approximately 55%.

(f) Revenue per court, based on bottom up budget approach is $79.5k per annum.

4.3.3.2 Court hire rates (inc. GST): $49.50 peak, $38.50 shoulder, $27.50 off-peak.

4.3.3.3 Pool attendances based on the SGL Feasibility Study assuming 36,870 casual attendances per annum, 20,000 school attendances and 26,560 'learn to swim' attendances.

4.3.3.4 Casual Pool rates (including GST): $6.80 Adult swim, $5.80 child swim, $5.00 concession swim.

4.3.3.5 Fitness and wellbeing centre outsourced to a private operator for $1,000 per week.

4.3.3.6 Café and catering revenue based on benchmark performance of comparable centres (approximately $10k per month). Catering / Room Hire net revenue of $75k.

4.3.3.7 Total annual revenue of $1.460 million (2018/19 dollars) which corresponds to $1.563 million inflated to 2021/22 dollars.

4.3.4 Key expense assumptions:

4.3.4.1 No direct costs associated with court hire, i.e. assumes other groups run events and competitions.

4.3.4.2 Fitness and wellbeing centre is outsourced with no direct costs to the City of Mount Gambier.

4.3.4.3 Staffing assumes 12.6 FTE including, 1.0 Hub Manager, 1.0 Duty Manager, 3.0 administration, 1.0 cleaner, 2.9 Learn to Swim instructors, 3.7 Lifeguards.

4.3.4.4 Café direct costs at 85% of sales.

4.3.4.5 Contractors: $100k provision for overtime and casual staff.

4.3.4.6 Maintenance: $80k per annum based on SGL Feasibility Study.

4.3.4.7 Utilities and pool - $515k per annum based on benchmarking of other similar centres.

4.3.4.8 Depreciation - $807k per annum based on useful life estimates by asset class.

4.3.4.9 The City of Mount Gambier support costs - $50k to provide administrative support to the operations of the Hub.

4.3.4.10 Other expenses – commensurate to benchmarking from other similar centres.

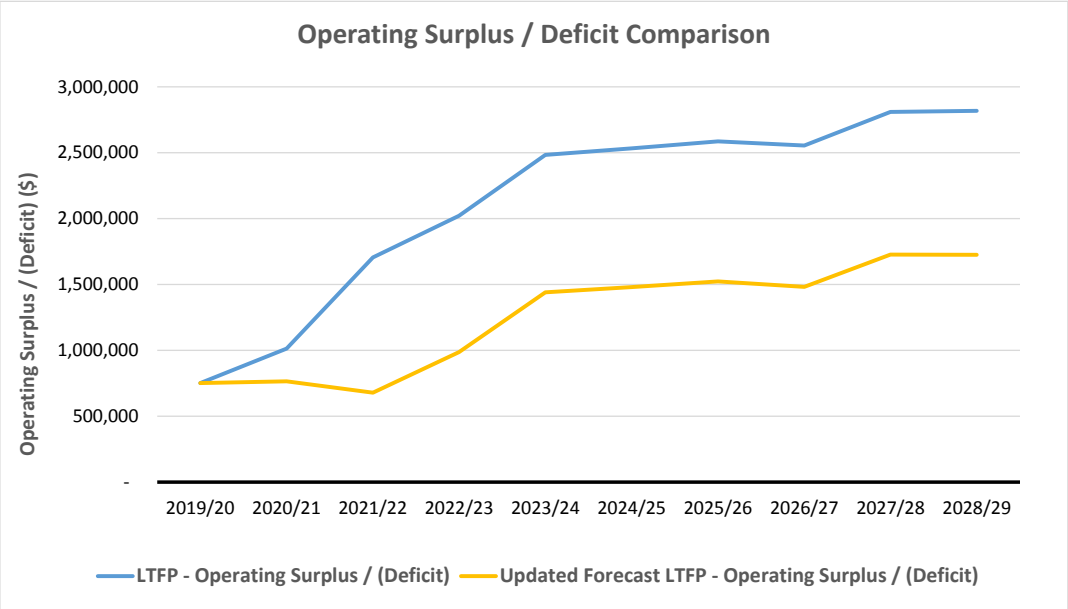
4.4 Net operating result

4.4.1 Table Two and Figure Two shows the forecast impact on the Operating Statement from progressing with the Hub. Table Two starts from the existing Long Term Financial Plan position and then adjusts for the modelled performance of the Hub (excluding financing assumptions).

Table Two: Operating Statement impact

LTFP Update - Operating Surplus / Deficit including Mount Gambier Community and Recreation Hub							
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
LTFP - Operating Surplus / (Deficit)	750,679	1,013,518	1,704,425	2,021,266	2,483,581	2,532,995	2,585,636
Forecast Hub Operations		(250,000)	(1,400,588)	(1,414,239)	(1,428,203)	(1,442,489)	(1,457,103)
Add back: Existing swimming pool subsidy			198,061	202,616	207,276	212,044	216,921
Add back: Existing swimming pool depreciation (50%)			62,810	62,810	62,810	62,810	62,810
Add back: Existing maintenance (50%)			114,178	114,178	114,178	114,178	114,178
Updated Forecast LTFP - Operating Surplus / (Deficit)	**750,679**	**763,518**	**678,885**	**986,630**	**1,439,641**	**1,479,537**	**1,522,441**

Figure Two: Operating Statement impact



4.4.2 The indicative 10 year financial model is shown in Attachment Two.

4.5 Funding sources

The assumed funding model for the Hub is:

4.5.1 $15.0 million in Commonwealth funding;

4.5.2 $10.0 million in State Government funding;

4.5.3 $1.391 million in the City of Mount Gambier internally funded works (from existing budget provisions; and

4.5.4 $12.725 million in cash and cash equivalent contributions by Council.

4.6 Cash impact

4.6.1 Table Three and Figure Three show the internally modelled cash impact on the LTFP of progressing the Hub based on the operating assumptions provided and the following:

4.6.1.1 Council's cash contribution is assumed to occur only in 2020/21;

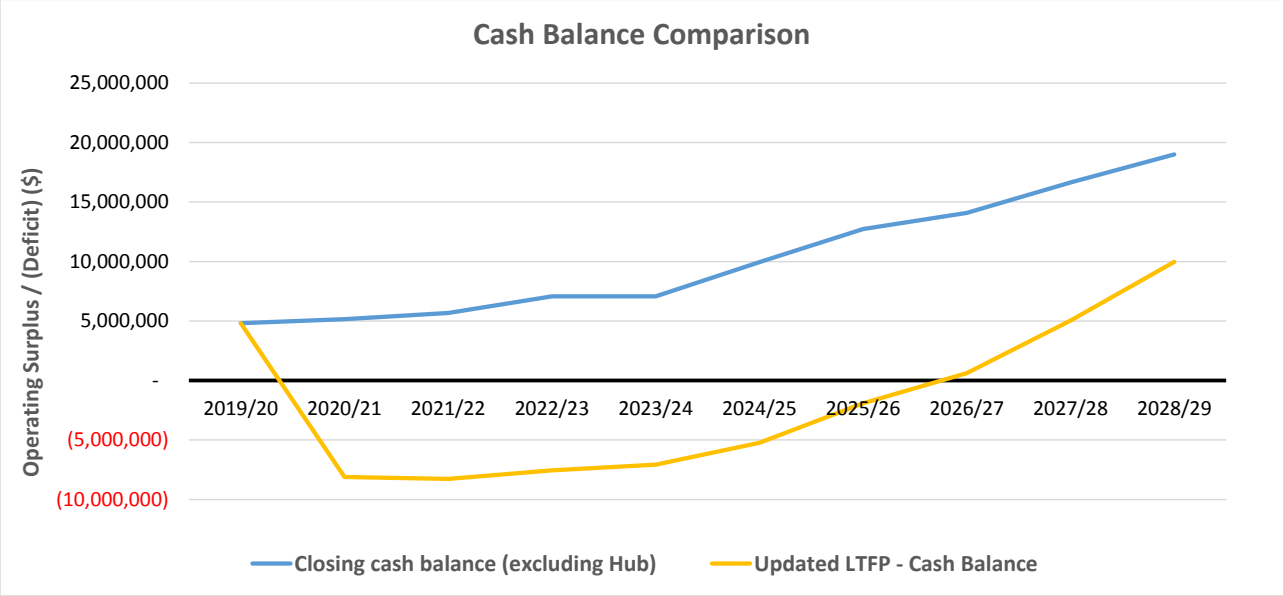
4.6.1.2 Council rate increases of 4.5% per annum during the LTFP period; and

4.6.1.3 the deferral of the repayment of an existing infrastructure loan (library loan) for five years, which was originally forecast to be repaid in 2024/25.

Table Three: Cash impact

LTFP Update - Cash Balance including Mount Gambier Community and Recreation Hub							
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**	**2024/25**	**2025/26**
LTFP cash movement (excluding Hub)		341,790	522,772	1,388,461	889,563	1,999,669	2,778,991
Closing cash balance (excluding Hub)	**4,816,168**	**5,157,958**	**5,680,730**	**7,069,191**	**7,069,191**	**9,958,422**	**12,737,413**
Hub operations:							
Council capital contribution		(12,725,100)					
Hub trading (per model)		(250,000)	(1,400,588)	(1,414,239)	(1,428,203)	(1,442,489)	(1,457,103)
Add Rate Revenue forecast at 4.5% for 10 years		3,060	3,879	4,716	261,278	802,930	1,382,252
Add depreciation (non cash)		-	807,086	807,086	807,086	807,086	807,086
Add existing swimming pool subsidy not required		-	198,061	202,616	207,276	212,044	216,921
Library Loan repayment (new)						(359,983)	(359,983)
Finance cost on negative cash balance		(291,434)	(296,667)	(269,752)	(250,941)	(183,351)	(62,836)
Hub operations cash movement (incl Library loan)		**(13,263,474)**	**(688,230)**	**(669,572)**	**(403,503)**	**(163,763)**	**526,337**
Updated LTFP - Cash Balance	**4,816,168**	**(8,105,516)**	**(8,270,973)**	**(7,552,084)**	**(7,066,025)**	**(5,230,118)**	**(1,924,790)**

Figure Three: Cash impact



4.6.2 Table Three and Figure Three shows that the City of Mount Gambier projected cash balance is forecast to go into overdraft for six years with a maximum year end cash overdraft balance of $8.27 million. An indicative finance charge, calculated on the forecast negative cash balance at an assumed CAD rate of 3.60%, has been included in the cash balance forecasts.

5. FINANCIAL SENSITIVITY

A financial scenario analysis has been undertaken on the Base Case model to develop a High, Medium High, Medium Low and Low Scenario. The output of the analysis is shown in Attachment Three to Attachment Six.

5.1.1 High Scenario

The High Scenario forecasts the financial impact of an increase in patronage over the Base Case, based on the assumptions below, the additional utilisation is not forecast to materially impact operational costs other than labour as stated below.

5.1.1.1 The Base Case assumes 2.5 hours of off-peak community use per day for three courts. This has been increased to all six courts.

5.1.1.2 The Base Case assumes only two courts are used on Sunday between 1030pm and 630pm. This has been increased to four courts.

5.1.1.3 Swimming patronage and swimming lessons have been increased by 20% (with an allowance for additional FTE for swimming lessons).

5.1.2 Medium High Scenario

The Medium High Scenario forecasts the financial impact of an increase in patronage over the Base Case, based on the assumption below, the additional utilisation is not forecast to impact operational costs.

5.1.2.1 Court usage is the same as the High Scenario.

5.1.2.2 There is no change in Swimming patronage from the Base Case.

5.1.2.3 The increase in court utilisation has no impact on operational costs.

5.1.3 Medium Low Scenario

The Medium Low Scenario forecasts the financial impact of a decrease in patronage from the Base Case, based on the assumption below, the additional utilisation is not forecast to impact operational costs.

5.1.3.1 Court usage is the same as the Low Scenario.

5.1.3.2 There is no change in Swimming patronage or utilities expenditure from the Base Case.

5.1.4 Low Scenario

The Low Scenario forecasts the financial impact of a decrease in patronage over the Base Case, based on the assumptions below, and higher utilities costs.

5.1.4.1 The Base Case assumes 2.5 hours of off-peak community use per day for three courts. This has been reduced to one court.

5.1.4.2 The Base Case assumes full utilisation of six courts from Monday to Friday in peak times. This has been reduced to five courts.

5.1.4.3 Swimming patronage and swimming lessons has been decreased by 20% (with an allowance for reduced FTE for swimming lessons).

5.1.4.4 Utilities expenses increase by 20% (Electricity, Gas, Water).

5.1.5 Summary

Figure Four: Scenario Analysis High Level Output

Scenario Analysis - Net Profit / (Loss)						
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26
Low Scenario	(250,000)	(1,699,802)	(1,720,335)	(1,741,339)	(1,762,827)	(1,784,809)
Medium Low Scenario	(250,000)	(1,479,839)	(1,495,313)	(1,511,142)	(1,527,335)	(1,543,901)
Base Case	(250,000)	(1,400,588)	(1,414,239)	(1,428,203)	(1,442,489)	(1,457,103)
Medium High Scenario	(250,000)	(1,348,878)	(1,361,339)	(1,374,087)	(1,387,128)	(1,400,469)
High Scenario	(250,000)	(1,232,764)	(1,242,554)	(1,252,570)	(1,262,816)	(1,273,298)

5.1.5.1 The scenario analysis undertaken shows a reduction in the operating result of appropriately $300k in 2021/22 under the Low Scenario when compared to the Base Case.

5.1.5.2 The High Scenario shows an improvement in financial performance by $168k in 2021/22 compared to the Base Case.

5.1.5.3 The detailed profit and loss statements resulting from the Scenario Analysis are shown in Attachment Three to Attachment Six.

5.1.5.4 Based on the recent experience of other South Australian Councils who have built sports, recreation and community facilities, once the communities experience and appreciate what is on offer, the use of the facilities has been much higher than the base case expectation.

6. WHOLE OF LIFE COSTS

6.1 Given the importance of financial sustainability in local government, it is prudent to consider whole-of-life costs when deciding on whether to introduce a new service or invest in a new community asset. Assessing a project's whole-of-life cost involves identifying not only the upfront capital cost but also the ongoing costs of ownership, these may include those associated with design, acquisition, construction, maintenance, operations and decommissioning or rehabilitation.

6.2 As the future costs associated with owning, operating and maintaining an asset are usually significantly greater than the initial capital cost, understanding these components before committing to a long term investment will allow for enhanced decision making and better financial outcomes.

6.3 To ensure these costs are understood, in addition to the ten year financial model prepared to support the Project, an additional model has been prepared to cover the expected whole of life of the infrastructure. The time period chosen is 60 years which represents the estimated useful life of the Hub's 'building structures' being constructed.

6.4 The whole of life cost assessment has been based on the following key assumptions.

6.4.1 The total capital cost is estimated by RLB at $39.116 million (including contingencies but excluding GST). This consists of $37.725 million of external construction costs and $1.391 million of internal construction costs (those to be undertaken by the City of Mount Gambier from re-direction of the capital works programme).

6.4.2 The revenue and operating cost assumptions for the Hub in years one to ten are those shown in Section Four.

6.4.3 Revenue and operating costs (other than depreciation) between year 11 and year 60 have been escalated by a growth factor of 2.3% per annum which represents an estimated long term inflation rate.

6.4.4 Depreciation has been calculated on a straight line basis using an estimate of the expected useful life of each asset class (building structures 60 years, services and pool 40 years and fittings 20 years).

6.4.4.1 Assets with a useful life of less than 60 years have been assumed to be replaced at the end of their useful life with the replacement cost equal to the current cost plus an inflation factor.

6.4.5 Other than the replacement of assets at the expiration of their useful life, no provision has been made for refurbishment.

6.4.6 No allowance has been made for any decommissioning costs.

6.4.7 Consistent with our instructions, the actual and/or opportunity cost of finance (interest) has been excluded from the assessment on the basis that the funding requirements for the facility and the future financial position of Council is unknown. The whole of life costs have however been calculated both on a nominal basis, and a discounted basis to reflect the time value of money. The discount rate used in the discounted assessment is 2.3%.

Table Four: Whole of life cost assessment

	Years 1 to 10 ($million)	Years 11 to 60 ($million)	Whole of Life Cost ($million)
Revenue	17.36	180.68	198.03
Expenses	(32.27)	(301.64)	(333.91)
Nominal Whole of Life Cost	**(14.91)**	**(120.95)**	**(135.87)**
Nominal Whole of Life Cost (exc. depreciation)	**(6.84)**	**(68.59)**	**(74.42)**
Discounted Whole of Life Cost			**(65.31)**
Discounted Whole of Life Cost (exc. depreciation)			**(35.06)**

6.5 Financial Arrangements

6.5.1 Section 48 (2) (f) of the Local Government Act requires a Council to consider *'the whole-of-life costs associated with a project including any costs arising out of proposed financial arrangements'.*

6.5.2 The funding sources for the Hub were set out in Section Four, as:

6.5.2.1 $15.0 million in Commonwealth funding;

6.5.2.2 $10.0 million in State Government funding;

6.5.2.3 $1.391 million in the City of Mount Gambier internally funded works (from existing budget provisions); and

6.5.2.4 $12.725 million in cash and cash equivalent contributions by Council.

6.5.3 The City of Mount Gambier has not formally determined how its $12.725 million contribution to the capital cost of the Hub will be financed. Council, in its Long Term Financial Plan, is forecasting significant cash balances which, if applying prudent treasury management practices, should be applied to finance some of its contribution and these forecasts may change with the decisions of Council over time.

6.5.4 While Council is likely to utilise existing cash reserves to finance a significant portion of its capital contribution to the Hub, for the purpose of meeting the requirements of Section 48 and considering the whole of life costs associated with the proposed financial arrangements, it is not unreasonable to calculate an indicative finance cost assuming that Council's contribution is entirely funded by debt.

6.5.5 The indicative cost of finance will be impacted by the prevailing interest rate at the time the finance is sought and the length of time the investment is financed over. Table Five illustrates some potential whole of life cost scenarios of financing $12.725 million of debt.

Table Five: Indicative whole of life financing charge on Council's capital contribution (assuming 100% debt funded)

Loan Term	3.0% ($million)	3.6% (current CAD rate) ($million)	4.0% ($million)
5 years	0.99	1.20	1.34
10 years	2.02	2.45	2.73
15 years	3.09	3.76	4.22

Note to table: Interest compounded monthly

ATTACHMENT ONE: CAPITAL COST ESTIMATES

RLB Rider Levett Bucknall

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Summary

GFA: Gross Floor Area
Rates Current At October 2018

Location		GFA m²	Cost/m²	Total Cost
DE SITE PREPARATION				67,990.00
BW BUILDING WORKS		12,625	2,405	30,360,599.00
FE FFE / AV / ICT				2,159,000.00
ESTIMATED NET COST		12,625	$2,581	$32,587,589.00
MARGINS & ADJUSTMENTS				
Allowance for Construction Contingency	5.0 %			$1,635,000.00
Allowance for Professional Fees	5.4 %			$1,850,000.00
Allowance for Locality Loading (assumes use of local trades where possible)	0.0 %			$0.00
Allowance for Escalation to Completion (assumed late 2020)	4.3 %			$1,540,000.00
Allowance for Statutory Charges incl CITB Levy	0.3 %			$112,511.00
ESTIMATED TOTAL COST		12,625	$2,988	$37,725,100.00

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RLB Rider Levett Bucknall

MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE

Order of Cost Estimate - October 2018

Location Summary — Rates Current At October 2018

Location			Total Cost
EWC	COUNCIL WORKS - EXTERNAL WORKS		572,627.90
CW	COUNCIL WORKS - DEMOLITION & LANDSCAPING		269,645.00
EW	EXTERNAL WORKS		362,000.00
		ESTIMATED NET COST	$1,204,272.90
MARGINS & ADJUSTMENTS			
Allowance for Construction Contingency		5.5 %	$65,000.00
Allowance for Professional Fees		5.3 %	$66,600.00
Allowance for Locality Loading (assumes use of local trades where possible)		0.0 %	$0.00
Allowance for Escalation to Completion (assumed late 2020)		3.8 %	$50,000.00
Allowance for Statutory Charges incl CITB Levy		0.4 %	$5,027.10
		ESTIMATED TOTAL COST	$1,390,900.00

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ATTACHMENT TWO: BASE CASE FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	510,692	522,438	534,454	546,746	559,321	572,186	585,346	598,809	612,582	626,671	641,084
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	231,992	237,328	242,787	248,371	254,083	259,927	265,906	272,021	278,278	284,678	291,226
Swimming lessons	-	510,929	522,680	534,702	547,000	559,581	572,451	585,618	599,087	612,866	626,962	641,382
Café / Catering	-	208,676	213,476	218,386	223,409	228,547	233,804	239,181	244,682	250,310	256,067	261,957
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,563,461**	**1,599,421**	**1,636,207**	**1,673,840**	**1,712,338**	**1,751,722**	**1,792,012**	**1,833,228**	**1,875,392**	**1,918,526**	**1,962,652**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	183,616	187,839	192,160	196,579	201,101	205,726	210,458	215,298	220,250	225,316	230,498
Café / Catering	-	113,674	116,289	118,963	121,699	124,498	127,362	130,291	133,288	136,354	139,490	142,698
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**540,053**	**552,474**	**565,181**	**578,180**	**591,479**	**605,083**	**618,999**	**633,236**	**647,801**	**662,700**	**677,942**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	519,241	531,183	543,400	555,899	568,684	581,764	595,145	608,833	622,836	637,161	651,816
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,492,270**	**1,508,029**	**1,524,151**	**1,540,643**	**1,557,515**	**1,574,775**	**1,592,432**	**1,610,495**	**1,628,973**	**1,647,876**	**1,667,214**
Total expenses	**250,000**	**2,964,049**	**3,013,659**	**3,064,410**	**3,116,329**	**3,169,442**	**3,223,776**	**3,279,360**	**3,336,222**	**3,394,392**	**3,453,900**	**3,514,777**
Net Profit / (Loss)	**(250,000)**	**(1,400,588)**	**(1,414,239)**	**(1,428,203)**	**(1,442,489)**	**(1,457,103)**	**(1,472,054)**	**(1,487,348)**	**(1,502,994)**	**(1,519,000)**	**(1,535,374)**	**(1,552,124)**

ATTACHMENT THREE: LOW SCENARIO FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	431,441	441,364	451,515	461,900	472,524	483,392	494,510	505,884	517,519	529,422	541,599
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	185,594	189,863	194,229	198,697	203,267	207,942	212,725	217,617	222,622	227,743	232,981
Swimming lessons	-	408,743	418,144	427,761	437,600	447,665	457,961	468,494	479,270	490,293	501,569	513,106
Café / Catering	-	191,024	195,418	199,913	204,511	209,214	214,026	218,949	223,985	229,136	234,406	239,798
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,317,974**	**1,348,287**	**1,379,298**	**1,411,022**	**1,443,475**	**1,476,675**	**1,510,639**	**1,545,383**	**1,580,927**	**1,617,288**	**1,654,486**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	148,499	151,914	155,408	158,983	162,639	166,380	170,207	174,122	178,126	182,223	186,415
Café / Catering	-	98,670	100,939	103,261	105,636	108,066	110,551	113,094	115,695	118,356	121,078	123,863
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**489,932**	**501,200**	**512,728**	**524,520**	**536,584**	**548,926**	**561,551**	**574,467**	**587,680**	**601,196**	**615,024**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	623,089	637,420	652,080	667,078	682,421	698,117	714,173	730,599	747,403	764,593	782,179
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,596,118**	**1,614,266**	**1,632,831**	**1,651,823**	**1,671,252**	**1,691,128**	**1,711,460**	**1,732,261**	**1,753,540**	**1,775,309**	**1,797,578**
Total expenses	**250,000**	**3,017,776**	**3,068,622**	**3,120,637**	**3,173,849**	**3,228,284**	**3,283,972**	**3,340,940**	**3,399,219**	**3,458,838**	**3,519,828**	**3,582,221**
Net Profit / (Loss)	**(250,000)**	**(1,699,802)**	**(1,720,335)**	**(1,741,339)**	**(1,762,827)**	**(1,784,809)**	**(1,807,297)**	**(1,830,302)**	**(1,853,836)**	**(1,877,911)**	**(1,902,540)**	**(1,927,735)**

ATTACHMENT FOUR: MEDIUM LOW SCENARIO FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	431,441	441,364	451,515	461,900	472,524	483,392	494,510	505,884	517,519	529,422	541,599
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	231,992	237,328	242,787	248,371	254,083	259,927	265,906	272,021	278,278	284,678	291,226
Swimming lessons	-	510,929	522,680	534,702	547,000	559,581	572,451	585,618	599,087	612,866	626,962	641,382
Café / Catering	-	208,676	213,476	218,386	223,409	228,547	233,804	239,181	244,682	250,310	256,067	261,957
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,484,210**	**1,518,347**	**1,553,269**	**1,588,994**	**1,625,541**	**1,662,928**	**1,701,175**	**1,740,302**	**1,780,329**	**1,821,277**	**1,863,166**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	183,616	187,839	192,160	196,579	201,101	205,726	210,458	215,298	220,250	225,316	230,498
Café / Catering	-	113,674	116,289	118,963	121,699	124,498	127,362	130,291	133,288	136,354	139,490	142,698
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**540,053**	**552,474**	**565,181**	**578,180**	**591,479**	**605,083**	**618,999**	**633,236**	**647,801**	**662,700**	**677,942**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	519,241	531,183	543,400	555,899	568,684	581,764	595,145	608,833	622,836	637,161	651,816
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,492,270**	**1,508,029**	**1,524,151**	**1,540,643**	**1,557,515**	**1,574,775**	**1,592,432**	**1,610,495**	**1,628,973**	**1,647,876**	**1,667,214**
Total expenses	**250,000**	**2,964,049**	**3,013,659**	**3,064,410**	**3,116,329**	**3,169,442**	**3,223,776**	**3,279,360**	**3,336,222**	**3,394,392**	**3,453,900**	**3,514,777**
Net Profit / (Loss)	**(250,000)**	**(1,479,839)**	**(1,495,313)**	**(1,511,142)**	**(1,527,335)**	**(1,543,901)**	**(1,560,848)**	**(1,578,184)**	**(1,595,919)**	**(1,614,063)**	**(1,632,623)**	**(1,651,610)**

ATTACHMENT FIVE: MEDIUM HIGH SCENARIO FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

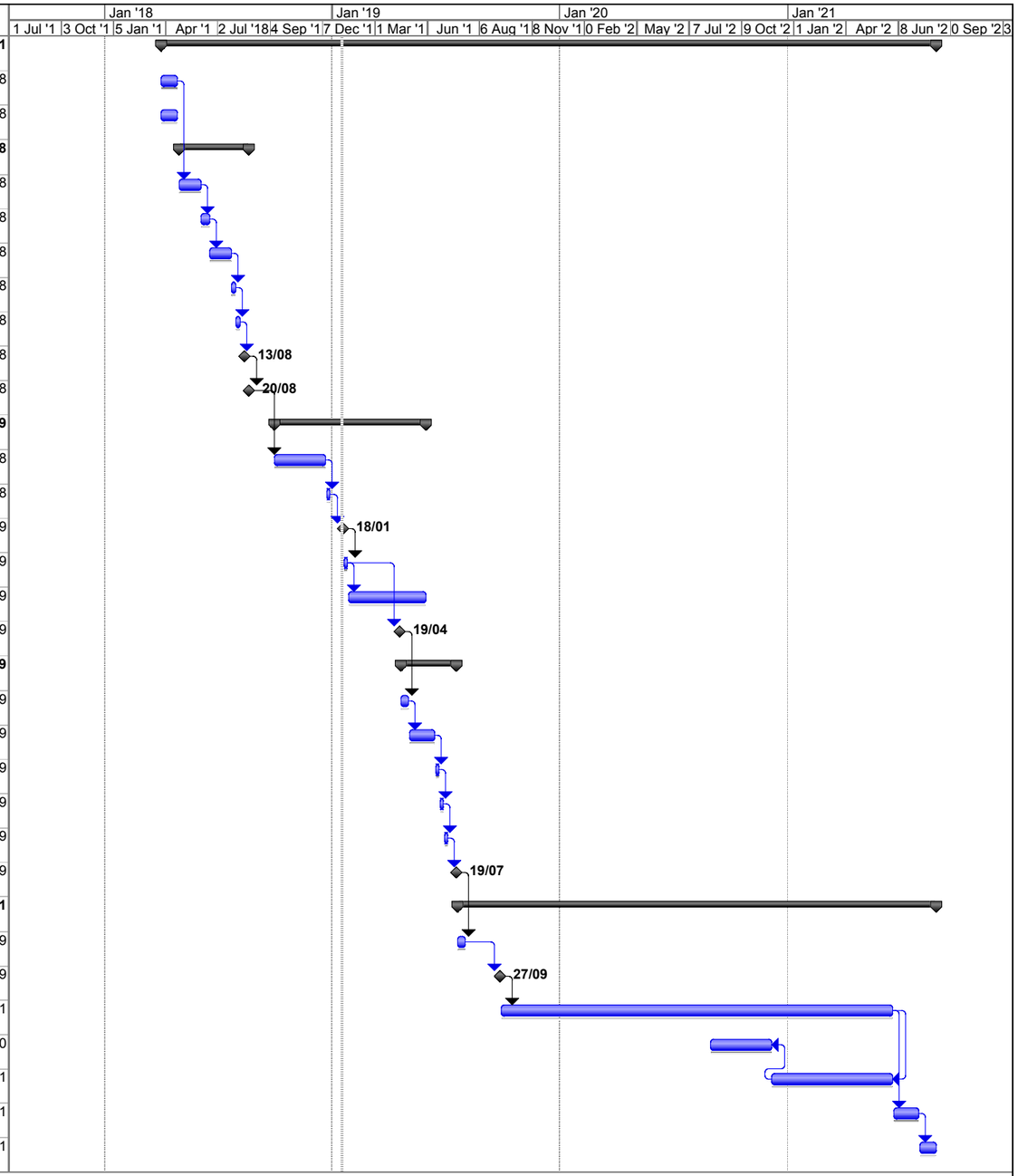
	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	562,402	575,337	588,570	602,107	615,955	630,122	644,615	659,441	674,608	690,124	705,997
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	231,992	237,328	242,787	248,371	254,083	259,927	265,906	272,021	278,278	284,678	291,226
Swimming lessons	-	510,929	522,680	534,702	547,000	559,581	572,451	585,618	599,087	612,866	626,962	641,382
Café / Catering	-	208,676	213,476	218,386	223,409	228,547	233,804	239,181	244,682	250,310	256,067	261,957
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,615,171**	**1,652,320**	**1,690,323**	**1,729,201**	**1,768,972**	**1,809,659**	**1,851,281**	**1,893,860**	**1,937,419**	**1,981,980**	**2,027,565**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	183,616	187,839	192,160	196,579	201,101	205,726	210,458	215,298	220,250	225,316	230,498
Café / Catering	-	113,674	116,289	118,963	121,699	124,498	127,362	130,291	133,288	136,354	139,490	142,698
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**540,053**	**552,474**	**565,181**	**578,180**	**591,479**	**605,083**	**618,999**	**633,236**	**647,801**	**662,700**	**677,942**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	519,241	531,183	543,400	555,899	568,684	581,764	595,145	608,833	622,836	637,161	651,816
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,492,270**	**1,508,029**	**1,524,151**	**1,540,643**	**1,557,515**	**1,574,775**	**1,592,432**	**1,610,495**	**1,628,973**	**1,647,876**	**1,667,214**
Total expenses	**250,000**	**2,964,049**	**3,013,659**	**3,064,410**	**3,116,329**	**3,169,442**	**3,223,776**	**3,279,360**	**3,336,222**	**3,394,392**	**3,453,900**	**3,514,777**
Net Profit / (Loss)	**(250,000)**	**(1,348,878)**	**(1,361,339)**	**(1,374,087)**	**(1,387,128)**	**(1,400,469)**	**(1,414,117)**	**(1,428,079)**	**(1,442,362)**	**(1,456,973)**	**(1,471,920)**	**(1,487,212)**

ATTACHMENT SIX: HIGH SCENARIO FINANCIAL MODEL

Mount Gambier Community and Recreation Hub
Profit and Loss

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Revenue												
Courts	-	562,402	575,337	588,570	602,107	615,955	630,122	644,615	659,441	674,608	690,124	705,997
Fitness / Wellbeing	-	55,671	56,952	58,261	59,601	60,972	62,375	63,809	65,277	66,778	68,314	69,885
Swimming operations	-	278,391	284,794	291,344	298,045	304,900	311,913	319,087	326,426	333,934	341,614	349,471
Swimming lessons	-	613,115	627,216	641,642	656,400	671,497	686,942	702,741	718,904	735,439	752,354	769,658
Café / Catering	-	226,328	231,534	236,859	242,307	247,880	253,581	259,413	265,380	271,483	277,728	284,115
Merchandise / Other	-	45,500	46,547	47,618	48,713	49,833	50,979	52,152	53,351	54,578	55,834	57,118
Total Revenue	-	**1,781,407**	**1,822,379**	**1,864,294**	**1,907,173**	**1,951,038**	**1,995,912**	**2,041,818**	**2,088,779**	**2,136,821**	**2,185,968**	**2,236,245**
Expenses												
Direct costs												
Courts	-	-	-	-	-	-	-	-	-	-	-	-
Fitness / Wellbeing	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	220,012	225,073	230,249	235,545	240,963	246,505	252,174	257,974	263,908	269,978	276,187
Swimming lessons	-	218,734	223,765	228,911	234,176	239,562	245,072	250,709	256,475	262,374	268,409	274,582
Café / Catering	-	128,678	131,638	134,665	137,763	140,931	144,173	147,489	150,881	154,351	157,901	161,533
Merchandise / Other	-	22,750	23,273	23,809	24,356	24,917	25,490	26,076	26,676	27,289	27,917	28,559
Total Direct costs	-	**590,174**	**603,748**	**617,635**	**631,840**	**646,373**	**661,239**	**676,448**	**692,006**	**707,922**	**724,204**	**740,861**
Centre overheads												
Salaries and on costs	-	645,191	660,031	675,211	690,741	706,628	722,881	739,507	756,516	773,915	791,716	809,925
Insurance	-	37,471	38,333	39,214	40,116	41,039	41,983	42,949	43,936	44,947	45,981	47,038
Council support costs	-	53,530	54,761	56,021	57,309	58,627	59,976	61,355	62,766	64,210	65,687	67,198
Other centre expenses	-	195,534	200,032	204,632	209,339	214,154	219,079	224,118	229,273	234,546	239,940	245,459
Total centre	-	**931,726**	**953,156**	**975,079**	**997,506**	**1,020,448**	**1,043,918**	**1,067,929**	**1,092,491**	**1,117,618**	**1,143,323**	**1,169,620**
Building overheads												
Utilities	-	519,241	531,183	543,400	555,899	568,684	581,764	595,145	608,833	622,836	637,161	651,816
Depreciation	-	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086	807,086
Other building costs	250,000	165,943	169,760	173,664	177,658	181,744	185,925	190,201	194,575	199,051	203,629	208,312
Total building overheads	**250,000**	**1,492,270**	**1,508,029**	**1,524,151**	**1,540,643**	**1,557,515**	**1,574,775**	**1,592,432**	**1,610,495**	**1,628,973**	**1,647,876**	**1,667,214**
Total expenses	**250,000**	**3,014,171**	**3,064,933**	**3,116,864**	**3,169,989**	**3,224,336**	**3,279,932**	**3,336,808**	**3,394,991**	**3,454,513**	**3,515,404**	**3,577,695**
Net Profit / (Loss)	**(250,000)**	**(1,232,764)**	**(1,242,554)**	**(1,252,570)**	**(1,262,816)**	**(1,273,298)**	**(1,284,021)**	**(1,294,990)**	**(1,306,212)**	**(1,317,692)**	**(1,329,436)**	**(1,341,450)**

ID	Task Name	Duration	Start	Finish
1	**MOUNT GAMBIER REGIONAL SPORT AND RECREATION CENTRE PROJECT**	**178 wks**	**Mon 2/04/18**	**Fri 27/08/21**
2	Preparation of funding submission	20 days	Mon 2/04/18	Fri 27/04/18
3	Consultant to update project scope and prepare brief for submission	20 days	Mon 2/04/18	Fri 27/04/18
4	**EOI period for selection and engagement of Architectural firm for design and project management**	**16 wks**	**Tue 1/05/18**	**Mon 20/08/18**
5	Preparation of EOI	25 days	Tue 1/05/18	Mon 4/06/18
6	Peer review of EOI by independent consultant	10 days	Tue 5/06/18	Mon 18/06/18
7	Advertising period for EOI	25 days	Tue 19/06/18	Mon 23/07/18
8	Assessment of EOI including sub committee meeting	5 days	Tue 24/07/18	Mon 30/07/18
9	Operational Services to endorse minutes of Sub Committee	5 days	Tue 31/07/18	Mon 6/08/18
10	Council meeting to accept shortlisted firm	5 days	Tue 7/08/18	Mon 13/08/18
11	Contract documentation signing for approved Architectural firm	5 days	Tue 14/08/18	Mon 20/08/18
12	**Design, documentation and detailed estimating stage**	**35 wks**	**Mon 1/10/18**	**Fri 31/05/19**
13	Detailed designs and quantity surveyor costings	60 days	Mon 1/10/18	Fri 21/12/18
14	Review of design and estimates and consideration by project sub committee	5 days	Mon 24/12/18	Fri 28/12/18
15	Modification of design and adjustment of project estimates	15 days	Mon 31/12/18	Fri 18/01/19
16	Council sign off on final plans & extent of works	5 days	Mon 21/01/19	Fri 25/01/19
17	submission of plans for development approval - planning consent	90 days	Mon 28/01/19	Fri 31/05/19
18	submission of plans for development approval - building consent	12 wks	Mon 28/01/19	Fri 19/04/19
19	**Public tendering and contracting period for engagement of Building contractor**	**13 wks**	**Mon 22/04/19**	**Fri 19/07/19**
20	prepartion of tender documentation	10 days	Mon 22/04/19	Fri 3/05/19
21	Public tender period	30 days	Mon 6/05/19	Fri 14/06/19
22	Assessment of tenders inclduing sub committee meeting to consider	5 days	Mon 17/06/19	Fri 21/06/19
23	Operational Services to endorse minutes of Sub Committee	5 days	Mon 24/06/19	Fri 28/06/19
24	Council meeting to accept shortlisted building contractor	5 days	Mon 1/07/19	Fri 5/07/19
25	Contract documentation signing for approved building construction firm	10 days	Mon 8/07/19	Fri 19/07/19
26	**Site Construction works in accordance with approved plans**	**110 wks**	**Mon 22/07/19**	**Fri 27/08/21**
27	Site establishment and mobilisation	2 wks	Mon 22/07/19	Fri 2/08/19
28	Demolition of site works and existing facilities	40 days	Mon 5/08/19	Fri 27/09/19
29	Building construction works	450 days	Mon 30/09/19	Fri 18/06/21
30	Installation of site services	70 days	Mon 31/08/20	Mon 7/12/20
31	external construction works - car parking, landscaping	140 days	Mon 7/12/20	Fri 18/06/21
32	defect inspection and repair works	30 days	Mon 21/06/21	Fri 30/07/21
33	pre opening assessment and testing against approved plans	20 days	Mon 2/08/21	Fri 27/08/21



Project: Old Hospital site development
Date: Wed 16/01/19

Task | Progress | Summary | External Tasks | Deadline
Split | Milestone | Project Summary | External Milestone

LOCAL GOVERNMENT ACT 1999 – SECTION 196

COMMUNITY LAND MANAGEMENT PLAN

Owner: City of Mount Gambier.

Reserve Title Description: CR5637/191, CR5550/692, CT5809/435, CT1369/191, CT5802/765, CT5283/896, CT5283/897, CT5435/843, CT5809/435

Reserve Address: Olympic Park – Margaret Street.

Reserve No: 143

Asset No: 143, 144, 150, 245, 246, 381, 382, 390, 432

General Description:
A well developed Reserve within the Central area of the City incorporating a wide variety of structured sports areas, recreational facilities, public infrastructure and the Old Gaol.

Purpose of Land:
To provide for a wide variety of sporting and recreational activities and tourism facilities.
To provide a sport and recreational hub for the City.
To provide for stormwater treatment and disposal.
To provide specified areas of land for leasing to Community based organisations and Commercial activities.
To enhance sporting, recreational and built infrastructure opportunities from time to time.
Allow the land to be used for Community based purposes.

Objectives of Land:
To retain, and if possible enhance the area as a significant sporting and recreational hub within the City.
Provide and use the area for significant events, including events of sporting nature.
Allow occupants of the Park to enhance the facilities as appropriate.
Preserve and conserve buildings of historical and cultural significance (e.g. Old Gaol).
Display public art.

Proposal for Management:
Maintain (and enhance), all public buildings to reflect and conserve their historical significance.
Maintain the landscaped area to a high level of presentation at all times.
Maintain stormwater infrastructure to ensure optimum performance at all times.
Maintain built infrastructure to a high standard.
Ensure all tenants/occupiers of Council properties at the site understand and respect the area and maintain buildings appropriately.

Performance Targets:
Replace dead and dieing vegetation.
Grass to be generally less than 100 mm in length.
Built infrastructure to be maintained to a high level of presentation and functionality.

Measure of Performance Targets:
Biannual inspection of all trees.
Regular inspections of all buildings (including buildings occupied by lessees/tenants) and provide scheduled maintenance as required.
Clean out CDS units at least 3 times per annum and inspect drainage infrastructure.
Frequent cleanout of litter from Blowhole.

Adopted by Council: 19th October 2004