

Campbelltown City Council
Section 48 Prudential Report



**Campbelltown Memorial Oval
Redevelopment**

December 2017



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EXECUTIVE SUMMARY

The following report has been prepared in accordance with Section 48 of the Local Government Act 1999 which requires a council to consider a report addressing the prudential issues set out in subsection 2 of the Act before engaging in a project where the expected capital cost over the ensuing five years is likely to exceed the relevant threshold in the Act (currently \$4.628 million).

The Campbelltown City Council (Campbelltown) intends to redevelop the sports and leisure facilities at Campbelltown Memorial Oval (CMO) for a budgeted capital cost of \$10.0 million. The CMO redevelopment is closely aligned to the vision, mission, goals and strategies identified within the Campbelltown Strategic Plan, Towards 2020, as it will enable Campbelltown to deliver a range of enhanced services and provide additional facilities for the community. Furthermore, the CMO redevelopment supports or advances various regional, state and national priorities and targets.

The CMO redevelopment has received Development Plan Consent however, Planning Approval has not yet been received. The application for Building Rules Consent and the subsequent Planning Approval is expected to be received in early 2018. Under the Development Plan the CMO is located in the Residential Zone. While the form of development is not strictly consistent with the Zone, it is not unreasonable given it is an upgrade of existing assets and considering other locality factors such as the distance between the building and the nearest residential allotments.

The Project construction works will increase economic activity in the Council area and provide wider economic impacts for the economy of the State, delivering tangible economic benefits to the community. This construction activity is expected to add \$26.2 million in output and 86 jobs to the national economy. Based on the nature of the Project, it is not expected that any businesses in proximity of the CMO will be significantly impacted nor are there any identified issues relating to fair competition.

The Project has been the subject of extensive consultation and communication, particularly with the sporting clubs directly impacted by the redevelopment. This consultation has been undertaken in accordance with the Campbelltown Public Consultation Policy.

The Project is not expected to materially impact current user charges or ongoing operating revenue. As an upgrade of a community sporting facility, revenue generation is not a key driver for undertaking the Project.

There are three noteworthy Project financial risks; the adequacy of the existing Project budget provision, the potential for construction cost overruns, and meeting the Federal government grant funding conditions attached to the Project grant. Based on the most recent Project cost estimates, the current Project budget may be insufficient to execute the Project as currently scoped (by approximately \$0.300 million or 3%). If construction tender responses are in accordance with, or higher than current cost estimates, Campbelltown will need to consider a combination of a slightly increased financial contribution, minor value management initiatives or altering the Project scope. Appropriate mitigation strategies are in place for all financial risks.

Taking into account forecast maintenance, operating costs, notional finance costs and depreciation on Project assets, whole of life costs have been calculated as \$17.025 million over the expected 31 year useful life of the building assets.

Even if the Project budget is exceeded due to cost overruns, the Project will not negatively impact on Campbelltown's financial viability as all key financial indicators will remain comfortably within the ranges set by Council.

A Risk Management Plan for the Project has been established and ongoing maintenance of the risk register is recommended to be undertaken to ensure the Project is delivered to achieve Council's objectives. Campbelltown has also identified appropriate arrangements for the procurement and delivery of the Project consistent with Council's Procurement Policy.

Campbelltown has considered and addressed the prudential issues associated with the CMO redevelopment.

1. INTRODUCTION

1.1 Background

- 1.1.1 The Campbelltown Memorial Oval Precinct (CMO) is located on the corner of Darley and Lower North East Road in Paradise bound by residential property to the east and a church and school to the north.
- 1.1.2 The full CMO site occupies approximately 5.3 hectares of land zoned as open space. A number of different sporting clubs utilise the facility for active sport.
- 1.1.3 The CMO is currently comprised of a playing field for Australian rules football, cricket and touch football, six outdoor netball courts, cricket practice facilities and a number of other buildings, most of which are utilised as clubrooms or storage for the sporting club tenants.
- 1.1.4 Figure One shows an overhead view of the existing infrastructure at the CMO.

Figure One: CMO overhead map



- 1. Playing Field
- 2. East Torrens District Cricket Club Rooms
- 3. Academy of Self Defence Rooms
- 4. Campbelltown Sports Club
- 5. Car Parking
- 6. Storage
- 7. Neil Dansie Reserve
- 8. Cricket Nets
- 9. Sunrise School
- 10. Influencers Church

Source: Campbelltown Memorial Oval Sporting Hub Master Plan Key Findings Report

- 1.1.5 The key stakeholders that currently occupy the CMO include:
- 1.1.5.1 East Torrens District Cricket Club;
 - 1.1.5.2 Rostrevor Old Collegians Football Club;
 - 1.1.5.3 Campbelltown Community Club;
 - 1.1.5.4 Campbelltown City Band;
 - 1.1.5.5 Newton Jaguars (Netball);
 - 1.1.5.6 Campbelltown Sports Club (Eight Ball and Darts);
 - 1.1.5.7 Demons Touch Football Club;
 - 1.1.5.8 Botanics Touch Football Club;
 - 1.1.5.9 Academy of Self Defence and Martial Arts;
 - 1.1.5.10 Influences Church; and
 - 1.1.5.11 Sunrise Christian School.
- 1.1.6 In 2012, Campbelltown City Council (Campbelltown) was provided with a \$20k grant from the Office of Community Recreation and Sport Facilities Program to assist with the development of a detailed Master Plan for the CMO.
- 1.1.7 In September 2013, consultants were engaged to develop the draft CMO Master Plan.
- 1.1.8 Following a period of targeted consultation with key stakeholders and an Elected Member workshop in June 2014, on 1 July 2014 Campbelltown Council endorsed the Draft CMO Master Plan, which contained three design options, for the purposes of public consultation.
- 1.1.9 Public consultation on the draft CMO Master Plan was open from 7 to 25 July 2014.
- 1.1.10 As a result of the public consultation, Option 2 was identified as the preferred option to progress the redevelopment. This Option features a slight realignment of the oval and a reorientation of the playing surface to run north south and the reduction from the existing seven buildings to one.
- 1.1.11 At the Council Meeting on 19 August 2014, Council resolved that:
- 1. Council adopt the Campbelltown Memorial Oval Master Plan as presented with the inclusion of fully accessible toilets on both levels of the building.*
 - 2. an implementation plan, detailing the stages and cost estimates, be developed in conjunction with user groups to assist Council and the individual Clubs apply for grants to contribute towards funding the implementation of the Master Plan.*
 - 3. Staff ensure that consideration is given to the feedback from local residents and user groups in the detailed design of the various components of the Master Plan.*

4. Staff continue discussions with the user groups on a management model for the Campbelltown Memorial Oval.

5. Staff arrange for a Prudential Report to be prepared for Council on the project at an appropriate time.

1.1.12 In October 2016, Council arranged for an open tender to prepare building designs for the CMO. Hames Sharley Pty Ltd were awarded the resulting contract.

1.1.13 Concept plans were submitted for Development Plan Consent on 15 August 2017.

1.1.14 Following the lodgement of the Development Plan Consent, additional improvements were identified in relation to accessibility to the new building. A final design was then provided to all stakeholders and reviewed by Council's Access and Inclusion Advisory Committee. Stakeholders were supportive of the final design changes.

1.1.15 Development Plan Consent was granted on 26 October 2017.

1.1.16 On 3 October 2017, Council resolved to:

"Endorse the final plan development through the design development phased of the redevelopment of the building at CMO for the purpose of developing the detailed design."

1.2 Rationale

1.2.1 The Campbelltown Strategic Plan, Towards 2020, articulates a strong commitment to providing a quality lifestyle for its people, in a financially, socially and environmentally responsible manner, whilst ensuring it remains responsive to the needs of the community in a changing world.

1.2.2 The Strategic Plan identifies the implementation of the CMO Master Plan as a key performance measure in relation to the Quality Living objective in the Strategic Plan.

1.3 The Project

1.3.1 The redevelopment of the Campbelltown Memorial Oval (Project) is a \$10 million redevelopment of the existing open space and building infrastructure at CMO.

1.3.2 The final concept designs for the redevelopment of the CMO are contained in the Campbelltown Memorial Oval Sporting Hub Master Plan Final Report dated August 2014. An overhead map of the facilities to be created through the Project is contained in Attachment One.

1.3.3 At a high level, the final Master Plan for the CMO proposes to:

1.3.3.1 change the layout of the playing areas by realigning the oval and reorientating the direction of play to North/South;

1.3.3.2 slightly increase the size of the playing field to allow for one full size and two smaller touch football fields to be operated at any one time;

- 1.3.3.3 relocate the cricket practice area to the north western area of the playing field;
- 1.3.3.4 return the previously used cricket practice area to community open space;
- 1.3.3.5 provide for the construction of two additional netball courts;
- 1.3.3.6 demolish all on site buildings and replace them with a single double storey facility that will house all users of the site; and
- 1.3.3.7 Increase on-site parking from 198 to 220.

- 1.3.4 Subject to final Council endorsement, construction on the Project is planned to commence in early February 2018.

1.4 Legal Framework and Prudential Issues

- 1.4.1 Campbelltown has adopted a Prudential Management Policy, last reviewed 8 November 2016. The Policy is intended to provide further guidance to Council, the community and employees in regard to the management of prudential projects and issues. It is intended to enhance the legislative directions provided in the Act (Local Government Act 1999), rather than repeat or replace the existing requirements.

- 1.4.2 The Policy states that

Council will be guided by the requirements of Section 48 of the Act in regard to preparing and implementing prudential reports, commercial activities and projects.

Before Council engages in a prudential project, the Chief Executive Officer will engage the services of a suitably qualified independent person in accordance with Section 48(4), to prepare a prudential report that includes all issues listed in Section 48(2) of the Act.

Council will ensure that prudential projects are only undertaken after an appropriate level of due diligence has been applied to the proposed project.

- *Effective due diligence will be considered to have occurred where Council has devoted itself to how compliance, public interest benefits or needs, and financial risks associated with the project have been considered in the prudential report (before, during and after completion of the project).*
- *Council will ensure that appropriate monitoring mechanisms are established for compliance, public interest benefits or needs, and financial risks during a prudential project.*

On completion of a prudential project, Council will evaluate the project to confirm that it has:

- *Achieved the public benefits or needs identified within the adopted prudential report*
- *Avoided or mitigated the financial risks identified within the adopted prudential report*

- 1.4.3 Following consideration of this Prudential Report by Council, Campbelltown should ensure that it is made available to members of the public in accordance with the Prudential Management Policy.
- 1.4.4 The Local Government Act 1999 (Act) Section 48 requires Council to consider a report addressing the prudential issues set out in subsection 2 when a project meets certain criteria, specified in (1) (b), namely where a council:
- (b) *engages in a commercial project (including through a subsidiary or 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)—*
 - (i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent 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.
- 1.4.5 The Project meets the criteria specified in Section 48 (1) (b) (ii) that requires Council to consider a report addressing the prudential issues set out in subsection 2, namely that the expected capital cost of the project over the ensuing five years is likely to exceed the nominated threshold. We note that the \$4.00 million threshold in Section 48 (1) (b) (ii) is indexed by CPI from a September 2009 base year. As at the date of this report, the relevant threshold is \$4.628 million.
- 1.4.6 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 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.”

1.4.7 BRM Holdich has been engaged by the Campbelltown City Council to prepare a report to satisfy the requirements of the Prudential Management Policy and Section 48 of the Act, which is reproduced in full at Attachment Two.

2. RELATIONSHIP WITH RELEVANT STRATEGIC MANAGEMENT PLANS

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

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

2.1 Relevant Strategic Management Plans

2.1.1 Section 122 of the Act requires a council to develop and adopt strategic management plans; these are required to incorporate the extent to which a council's objectives are related to regional, State and national objectives.

2.1.2 For the purposes of this report, the relationship between the Project and the following plans is considered relevant.

2.1.2.1 Campbelltown City Council

- Strategic Plan 2010-2020, Towards 2020;
- Annual Business Plan and Budget 2017-2018;
- Long Term Financial Plan 2017/18 to 2026/27;
- Infrastructure Asset Management Plan; and
- Physical Activity and Sport Policy.

2.1.2.2 Regional Objectives

- Eastern Region Alliance Recreation Plan.

2.1.2.3 South Australian State Government

- 30 Year Plan for Greater Adelaide;
- South Australian Strategic Plan; and
- Office for Recreation and Sport Strategic Plan 2017 to 2021.

2.1.2.4 National Objectives

- Sport and Active Recreation Policy Framework.

2.2 Campbelltown City Council Plans

2.2.1 City of Campbelltown Strategic Plan 2010 - 2020

2.2.1.1 The Campbelltown Strategic Plan 2010 - 2020, Towards 2020, was developed to ensure that Council remains responsive to its community's needs and is considerate of economic, social and environmental sustainability pressures. The Strategic Plan has a 10 year outlook which

identifies the council's Vision, Mission, Values, goals, Objectives and Strategies.

2.2.1.2 The Council's stated vision is as follows.

"Campbelltown provides a quality lifestyle for its people".

2.2.1.3 The Project will provide enhanced lifestyle opportunities for the community.

2.2.1.4 The Campbelltown Strategic Plan 2010 - 2020, Towards 2020 has the following five goals.

- Goal 1 – Quality Living – A quality lifestyle that meets the changing needs of the community.
- Goal 2 – Leadership – A Council with strong leadership and excellent service delivery.
- Goal 3 – City Planning – Planning that achieves a balance between infrastructure, development and community needs.
- Goal 4 – Environmental Responsibility – An enhanced local environment delivered in partnership with the community.
- Goal 5 – Local Economy – A Council which supports a strong and diverse local economy.

2.2.1.5 The Quality Living goal contains a specific objective that Campbelltown provides a "wide range of welcoming, attractive and safe facilities that encourage social interaction and a welcoming community."

2.2.1.6 The Project is specifically referenced in the Strategic Plan as a project to progress the Quality Living goal hence is considered to be strongly aligned to the Campbelltown Strategic Plan 2010-2020.

2.2.2 Annual Business Plan and Budget

2.2.2.1 The 2017/18 Campbelltown Annual Business Plan and Budget (ABPB), sets out Council's programs, projects and services planned for 2017/2018. It aims to maintain and improve the City's service delivery and to continue the delivery of programs outlined in Council's Strategic Plan.

2.2.2.2 The Project is the single largest capital project envisaged for the 2018 financial year with a budgeted capital cost of \$9.500 million. \$0.50 million of costs relating to the Project were budgeted in FY2017, bringing the total Project budget to \$10.0 million.

2.2.3 Long-Term Financial Plan

2.2.3.1 The Campbelltown Long Term Financial Plan 2017/18 to 2026/27, adopted 18 April 2017 (LTFP) is a tool to assist in determining Council's long term financial sustainability by projecting the impact of any known decisions and

to provide guidance on the parameters to use when developing future budgets.

- 2.2.3.2 The Project is included within the LTFP at a gross cost of \$9.50 million (plus \$0.50 million previously provided for in FY2017). Figure One shows the financial allocations for the Project provided in the LTFP.

Figure One: LTFP allocations for the Project

Year	Expenditure			Income			Net ('000s)
	New ('000s)	R&R ('000s)	TOTAL ('000s)	New ('000s)	R&R ('000s)	TOTAL ('000s)	
Year 1	\$5,800	\$3,700	\$9,500	\$2,890	\$1,850	\$4,740	\$4,760

Source: Campbelltown City Council LTFP 2017/18 to 2026/27

- 2.2.3.3 The budgeted capital cost of the Project (\$10.00 million) is made up of \$5.80 million of new capital expenditure, \$3.70 million of renewal or replacement capex and \$0.500 million of previously allocated funding from FY2017.
- 2.2.3.4 The LTFP contains provisions for \$4.989 million in grant funding specifically relating to the Project.
- 2.2.3.5 The LTFP currently includes provisions for maintenance and depreciation relating to the existing Campbelltown Memorial Oval buildings and landscapes. Campbelltown should ensure that the LTFP is updated for estimates of future maintenance, depreciation and other whole of life operating costs relating to the redeveloped CMO if the Project proceeds.

2.2.4 Infrastructure and Asset Management Plan

- 2.2.4.1 Campbelltown undertakes a comprehensive asset management planning process to ensure delivery of services from infrastructure is provided in a financially sustainable manner.
- 2.2.4.2 This is reflected in the Asset Management Plans produced by Campbelltown. An asset management plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost effective manner. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services.
- 2.2.4.3 The existing assets at the CMO are included within Campbelltown's Infrastructure and Asset Management Plan - Parks and Reserves Open Space Assets Infrastructure and Asset Management Plan - Building Assets.
- 2.2.4.4 Given the current status of the Project the proposed new asset elements of the CMO are not yet included within this Plan.
- 2.2.4.5 Once the final form of the Project is determined, and the Project assets are constructed, the relevant Infrastructure and Asset Management Plans should be updated.

2.2.5 Physical Activity and Sport Policy

2.2.5.1 Campbelltown has adopted a Physical Activity and Sport Policy to define Council's position in respect to:

- Physical activity and sport development and facilities.
- Supporting Community groups that facilitate sport and physical activity participation by members of the local Community.

the Policy relates to Goal 1 of the Campbelltown Strategic Plan, Towards 2020.

2.2.5.2 Of relevance to the Project the Policy states that with respect to facilities the Council:

- will endeavour to provide sustainable facilities that are safe and attractive, optimise Community usage, that contribute to an improved quality lifestyle and increased local participation in sport and physical activity into the future;
- is committed to ensuring that all residents have access to physical activity, sport facilities and activities, in particular disadvantaged and isolated residents; and
- is committed to planning for the provision of sporting facilities that meet the needs and aspirations of the local Community and allow for a range of competition levels to occur.

2.2.5.3 Furthermore, the Policy also states that new or upgraded facilities will:

- Provide for a range of uses to optimise use of the Community asset.
- Be considerate of crime prevention through environmental design strategies to increase safety and security.
- Where possible, link to footpaths, cycle ways and track networks, as well as consider the provision of seating and shade.
- Comply with current Disability Discrimination Act codes and policies.

2.2.5.4 It is evident the Campbelltown Physical Activity and Sport Policy will be significantly progressed through the Project.

2.3 Regional Objectives

2.3.1 Campbelltown is a member of the Eastern Region Alliance (ERA) a group of eastern metropolitan councils who voluntarily work together for the benefit of their local communities and the eastern region community as a whole. The Member Councils of ERA are the Cities of Burnside, Campbelltown, Norwood Payneham & St Peters, Prospect, Tea Tree Gully, Unley, and the Town of Walkerville.

- 2.3.2 ERA has established a number of portfolios which work across 10 areas, which aim to deliver tangible benefits to the residents of the eastern region councils. Open Space and Leisure Facilities is one portfolio area.
- 2.3.3 ERA has recognised that Open Space and Leisure Facilities need to be developed on a regional basis, as people seeking recreation do not concern themselves with Council boundaries.
- 2.3.4 The ERA Open Space and Leisure Facilities portfolio is tasked with establishing a regional focus for open space and leisure facilities provision. In line with ERA objectives, the Regional Recreation Plan will be a priority for this group. The Plan will include:
- mapping current facilities of regional significance;
 - reviewing and prioritising facilities for relevance, regional promotion and potential funding opportunities; and
 - developing open space and recreation strategies for the region that link existing plans for each council.
- 2.3.5 While the Regional Recreation Plan has not yet been developed, it would appear that the redevelopment of the CMO is broadly aligned to the objectives of the ERA Councils in and ensuring that communities have access to a wide range of recreation facilities for ERA residents to enjoy.

2.4 South Australian State Objectives

- 2.4.1 The South Australian State objectives with respect to sport and recreation are articulated in a number of plans and by various agencies, of relevance to the Project are:
- State Strategic Plan;
 - 30 Year Plan for Greater Adelaide; and
 - Office for Recreation and Sport Strategic Plan 2017 – 2021.
- 2.4.2 The alignment of the Project with these plans is detailed below.
- 2.4.3 State Strategic Plan
- 2.4.3.1 The **State Strategic Plan** is built on six pillars and identifies a number of targets. Table One identifies that two of these pillars and a number of goal and targets are supported or advanced through the Project.

Table One: South Australian State Strategic Plan Alignment with the Project

Relevant State Pillar	State Goals and Targets Advanced
Our Community	<p>Goal: We are committed to our towns and cities being well designed, generating great experiences and a sense of belonging.</p> <p>Target 1 Urban Spaces</p> <p>Goal: We spend quality time with our families.</p> <p>Target 13 Work-life Balance</p> <p>Goal: People in our community support and care for each other, especially in times of need.</p> <p>Target 23 Social Participation</p>
Our Health	<p>Goal: We make healthy choices in how we live.</p> <p>Target 78: Healthy South Australians</p> <p>Goal: We educate young people about healthy living</p> <p>Target 82: Healthy weight</p> <p>Goal: We are physically active</p> <p>Target 83: Sport and recreation</p>

2.4.3.2 The Project is considered to be aligned to a number of the goals and targets identified within the State Strategic Plan particularly those goals and objectives relating to the health of the community and creating spaces that encourage people to participate in the community.

2.4.4 30 Year Plan for Greater Adelaide

2.4.4.1 The State Government's broad vision for sustainable land use and the built development of the state is outlined in the Planning Strategy. The relevant volume of the Planning Strategy is the 30-Year Plan for Greater Adelaide (2017 Update).

2.4.4.2 The 30 Year Plan (2017 Update) focuses on six key pillars, these are:

- (a) Containing our Urban Footprint;
- (b) More Ways to Get Around;
- (c) Getting Active;
- (d) Walkable Neighbourhoods;
- (e) A Green Liveable City; and
- (f) Greater Housing Choices.

2.4.4.3 The Project is aligned to the Getting Active and A Green Liveable City pillars of the 30 Year Plan.

- 2.4.4.4 One of the targets in the Green Liveable City pillar includes ensuring that Adelaide provides its residents with a diverse range of quality open spaces and places and notes that participating in sports and clubs also provides a valuable vehicle for social support and cohesion in our community.
- 2.4.4.5 The redevelopment of the CMO underpins the sustainability of the sporting clubs that use the facility and provides a vehicle for Campbelltown residents to engage with community activities and sports which help encourage active lifestyles.
- 2.4.4.6 The proposed investment in the CMO is clearly aligned with the 30 Year Plan for Greater Adelaide.

2.4.5 Office for Recreation and Sport 2017-2021 Strategic Plan

- 2.4.5.1 The State Government Office for Recreation and Sport Strategic Plan 2017 – 2021, articulates a vision of “an active State” where sport and recreation activities develop stronger, healthier and happier communities.
- 2.4.5.2 The Project will provide increased and enhanced opportunities to progress the Office for Recreation and Sport’s vision.
- 2.4.5.3 The following strategies in the Strategic Plan will be advanced by the Project.
 - (a) Plan and develop local, state, national and international standard sport and recreation infrastructure to meet government and community outcomes;
 - (b) Collaborate across government to develop and co-invest in local and regional facilities that meet the needs of sport, recreation and the community.
 - (c) Invest in people, projects and initiatives that increase access and opportunities to participate in sport and recreation.
- 2.4.5.4 The Project is considered to be closely aligned to the strategic priorities identified in the State Government Office for Recreation and Sport Strategic Plan 2017 – 2021.

2.5 National Objectives

- 2.5.1 The Australian Government, through the Department of Health, which administers the Australian Sports Commission Act 1989 is committed to, amongst other things, encouraging increased participation by Australians in sport and providing resources, and facilities to enable Australians to pursue sport whilst also furthering their educational and vocational skills and other aspects of their personal development.
- 2.5.2 In June 2011, Commonwealth, State and Territory Sport Ministers agreed to establish the First National Sport and Active Recreation Policy Framework (the Framework) to help guide the development of sports policy across Australia. The Framework provides a mechanism for the achievement of national goals for sport and active

recreation and sets out the agreed roles and responsibilities of governments and their expectations of sport and active recreation partners.

2.5.3 The Framework outlines Commonwealth, State and Territory Government Expectations of Other Stakeholders including Regional and Local Government, as follows.

- Facilitating a strategic approach to the provision of sporting and active recreation infrastructure including open space, and other needs.
- Establishing local management and access policies to sport and recreation facilities.
- Supporting and coordinating local and regional service providers (venues and programs).
- Liaising and partnering with state and territory governments on targeted program delivery.
- Supporting and partnering with non-government organisations that enable sport and active recreation participation.
- Incorporating sport and recreation development and participation opportunities in Council plans.
- Collaborating, engaging and partnering across government departments on shared Policy agendas.
- Investment in sport and active recreation infrastructure.

2.5.4 The Project could be considered to support the objectives of the Act through improved and increased sports and recreation facilities and is consistent with the Framework agreed by the Commonwealth and state governments.

3. OBJECTIVES OF THE DEVELOPMENT PLAN

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

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

3.1 City of Campbelltown Development Plan

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

3.1.2 The Development Plan covers matters including zoning issues, building appearance and neighbourhood character, land division, building siting and setbacks and environmental guidelines.

3.1.3 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 that list the conditions which are applicable to complying development, numeric values for setbacks from road boundaries and car parking rates for certain types of development.
- Mapping, showing the broad distribution of land uses and movement patterns throughout the council area.

3.1.4 The current version of the Development Plan is dated as consolidated on 22 August 2017.

3.1.5 An application for Development Plan Consent was made on 15 August 2017. Based on a number of conditions, Consent was granted on 26 October 2017 (Development Number 170/0928/17CM).

3.1.6 The Consent specifically required:

- 3.1.6.1 building specifications to be provided to Council within 12 months of the Consent; and
- 3.1.6.2 an acoustic report which satisfies the requirements of the South Australian Noise Policy and the Campbelltown Council Development Plan to be provided.

3.1.7 Other common conditions were also attached to the Consent.

3.1.8 An acoustic report prepared by Resonate Acoustics was presented to the Council Assessment Panel on 7 November 2017. Development Plan Consent was granted subject to the following additional conditions:

3.1.8.1 The integrated multi-function facility, the subject of this approval, shall have the following hours of operation:

(a) Sunday to Thursday – 8.00 a.m. to 12.00 a.m. (midnight)

(b) Friday to Saturday – 8.00 a.m. to 1.00 a.m.

Reason: To minimise noise impacts on adjoining properties.

3.1.8.2 All doors to the function spaces of the integrated multi-function facility (inclusive of the sliding doors between the ground floor function space and the entry gallery) shall remain closed when amplified music with the intent to be the dominating soundscape is used, to the reasonable satisfaction of Council.

Reason: To minimise noise impacts on adjoining properties.

3.1.8.3 Where the two function spaces are to be used concurrently, only one function space is to utilise amplified music with the intent to be the dominating soundscape, to the reasonable satisfaction of Council.

Reason: To minimise noise impacts on adjoining properties.

3.2 Development Zone

3.2.1 The CMO is located on the corner of Darley Road and Lower North East Road in Paradise on land zoned as Residential (Zone Map Cam/3). The CMO is located in Suburban Policy Area 4.

3.2.2 The following forms of development are envisaged in the zone:

3.2.2.1 affordable housing (as defined by the South Australian Housing Trust Regulations as amended)

3.2.2.2 domestic outbuilding in association with a dwelling

3.2.2.3 domestic structure

3.2.2.4 dwelling

3.2.2.5 dwelling addition

3.2.2.6 small scale non-residential uses that serve the local community, for example:

(a) child care facility

(b) health and welfare service

- (c) open space
 - (d) primary and secondary school
 - (e) recreation area
 - (f) shop, office or consulting room
- 3.2.2.7 supported accommodation.
- 3.2.3 Non-residential development such as shops, schools and consulting rooms should be of a nature and scale that:
 - 3.2.3.1 serves the local community;
 - 3.2.3.2 is consistent with the character of the locality; and
 - 3.2.3.3 does not detrimentally impact on the amenity of nearby residents.
- 3.2.4 We consider the redevelopment of the CMO to be a land use which is generally not consistent with the objectives and principles of development control within the Residential Zone in the Campbelltown Development Plan. The scale of the main building itself is, in quantitative terms, larger than residential development contained in surrounding streets, having a footprint of around 2300m².
- 3.2.5 However, the scale of the development is commensurate with the setting and purpose of the building and is set at a substantial distance to the nearest residential development.
- 3.2.6 In terms of land use it is important to note that non-residential uses are contemplated in the Residential Zone, and in particular, those that serve the local community, are consistent with the character of the locality and that do not detract from the amenity of residential property.
- 3.2.7 While not strictly consistent with the Zone, the proposed development would appear to be reasonable within the context of the existing facility and other locality factors.
- 3.2.8 The General Section of the Development Plan also highlights the objectives and principles of development control for Community Facilities.
- 3.2.9 The stated policy objectives for Community Facilities are:
 - 3.2.9.1 Location of community facilities including social, health, welfare, education and recreation facilities where they are conveniently accessible to the population they serve.
 - 3.2.9.2 The proper provision of public and community facilities including the reservation of suitable land in advance of need.
- 3.2.10 The principles of development control for Community Facilities are:
 - 3.2.10.1 Community facilities should be sited and developed to be accessible by pedestrians, cyclists and public and community transport.

- 3.2.10.2 Community facilities should be integrated in their design to promote efficient land use.
- 3.2.10.3 Design of community facilities should encourage flexible and adaptable use of open space and facilities for a range of uses over time.
- 3.2.11 The proposed re-development of the CMO would appear to be consistent with the General Provisions Section of the Development Plan relating to Community Facilities.
- 3.2.12 Campbelltown are seeking to finalise the development process and seek development approval in December 2017 or early in 2018 pending the time taken to complete final designs.

3.3 Approving Authority

- 3.3.1 Campbelltown sought independent legal advice in relation to the relevant approving authority for consideration of the Development Approval in relation to the Project from Kelledy Jones Lawyers.
- 3.3.2 The following advice was provided on 7 March 2017:

“As per the amendments to the Development Regulations 2008 made on 27 January 2017, the relevant authority for the application is the Council. I confirm that it is open to the Council to apply to the Minister for Planning to appoint the DAC as the relevant authority under section 34 of the Development Act 1993 if it wishes to do so.”
- 3.3.3 Based on this advice, Campbelltown’s Council Assessment Panel has and will continue to consider the Development Application in relation to the Project.

4. CONTRIBUTION TO ECONOMIC DEVELOPMENT

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (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;*

4.1 Contribution to Economic Development

- 4.1.1 Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base. The contribution to economic development of the local area from the Project will primarily come from the Construction activity.
- 4.1.2 There are economic and employment multiplier benefits to the broader economy from the economic activity that will be generated during the construction phase of the Project.
 - 4.1.2.1 The economic impact assessment undertaken to identify the potential jobs and incomes that may be associated with the Project is based on a measure of the value added and employment associated with the investment. This is consistent with the predominant measure of national economic activity, Gross Domestic Product.
 - 4.1.2.2 The expenditures associated with the project will have direct economic effects, indirect effects of related purchases in the broader economy and induced effects of spending on goods and services by the employees of the companies providing goods and services to the Project.
- 4.1.3 To quantify the benefits from these multiplier effects we have utilised the “economy.id” economic impact model, a tool for measuring secondary and tertiary economic effects of a capital investment. The output from the model quantifies the expected impact the Project will have on a council area and on the national economy more broadly. The economy.id model relies on inputs from the National Institute of Economic and Industry Research, an independent private research company.
- 4.1.4 As we were unable to access specific data relating to the Campbelltown council area, for indicative purposes we have used a comparable economic model which uses data relating to the Playford council area. For modelling purposes, the Project cost has been assumed at \$10.0 million and the expenditure has been characterised as Building Construction.

4.2 Economic Impact of capital works

4.2.1 Overall economic impact

- 4.2.1.1 The direct addition of \$10.0 million output in the Building Construction sector would lead to an increase in indirect demand for intermediate goods and services across related industry sectors.
- 4.2.1.2 These indirect industrial impacts (Type 1) are estimated to be an additional \$7.21 million in Output, representing a Type 1 Output multiplier of 1.72.
- 4.2.1.3 There would be an additional contribution to the local economy through consumption effects as correspondingly more wages and salaries are spent. It is estimated that this would result in a further increase in Output of \$1.00 million.
- 4.2.1.4 The combination of all direct, industrial and consumption effects would result in total estimated rise in Output of \$18.21 million in the local economy, representing a Type 2 Output multiplier of 1.82.
- 4.2.1.5 These impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the local area to the wider Australian economy to the tune of \$8.05 million in Output.
- 4.2.1.6 The combined effect of economic multipliers on the local economy and the wider Australian economy is estimated to be \$26.26million added to Australia's output representing a multiplier of 2.63.

4.2.2 Impact on employment

- 4.2.2.1 The Project is also estimated to lead to a corresponding direct addition of 23 jobs in the building construction sector. From this direct expansion in the economy it is anticipated that there would be flow on effects into other related intermediate industries, creating an additional 27 jobs. This represents a Type 1 Employment multiplier of 2.18.
- 4.2.2.2 This addition of jobs in the local economy would lead to a corresponding increase in wages and salaries, a proportion of which would be spent on local goods and services, creating a further 5 jobs through consumption impacts.
- 4.2.2.3 The combination of all direct, industrial and consumption effects would result in a total estimated increase of 55 jobs in the local economy. This represents a Type 2 Employment multiplier of 2.39.
- 4.2.2.4 Employment impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the local area to the wider Australian economy creating a further 31 jobs.
- 4.2.2.5 The combined effect of economic multipliers on the local and the wider Australian economy is estimated to result in an additional 86 jobs.

4.2.3 Impact on value-added

- 4.2.3.1 The Project in the local economy would lead to a corresponding direct increase in Value-added of \$2.05 million. A further \$2.72 million in Value-added would be generated from related intermediate industries. These indirect industrial impacts represent a Type 1 Value-added multiplier of 2.33.
- 4.2.3.2 There would be an additional contribution to the local economy through consumption effects as correspondingly more wages and salaries are spent in the local economy. It is estimated that this would result in a further increase in Value-added of \$0.44 million.
- 4.2.3.3 The combination of all direct, industrial and consumption effects would result in an estimated addition in Value-added of \$5.21 million in the local economy, representing a Type 2 Value-added multiplier of 2.53.
- 4.2.3.4 These impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the region to the wider Australian economy to the tune of \$3.54 million in Value-added.
- 4.2.3.5 The combined effect of economic multipliers in the local and the wider Australian economy is estimated to be \$8.75 million added to Australia's Value-added.

4.2.4 Summary

- 4.2.4.1 The total estimated impact of the Project on economic activity is summarised in Table Two.

Table Two Estimated Economic Activity Generated by the Capital Works

Summary	Output (\$m)	Value added (\$m)	Local jobs
Direct Impact	10.00	2.05	23
Total impact on local economy	18.21	5.21	55
Total impact outside of the local economy	8.06	3.54	31
Total impact on economy	26.26	8.75	86

4.3 Impact on Businesses in Proximity

- 4.3.1 Given the location of the CMO and the nature of the Project (being a redevelopment of existing facilities), it is not expected that progressing the Project will have a major impact on businesses in the proximity.

4.4 Fair Competition

- 4.4.1 The Project involves Campbelltown upgrading existing community assets at the Campbelltown Memorial Oval.
- 4.4.2 Campbelltown will continue to lease these community assets to various sporting clubs and will not enter the local market as an operator. Thus it will not provide services which are also provided by the private sector or not-for-profit sector.
- 4.4.3 The activities of Campbelltown in leasing CMO assets are highly unlikely to constitute a “significant business activity” in accordance with the Clause 7 Statement of the Competition Principles Agreement and the Government Business Enterprises (Competition) Act 1996 which provides the framework for implementing National Competition Policy by local government entities in South Australia.
- 4.4.4 As the Campbelltown’s activities are unlikely to constitute a significant business activity, deemed to be significant within the definitions of Clause 7, Campbelltown will not need to give consideration to whether competitive neutrality principles will need to be applied.
- 4.4.5 Given the nature of activities undertaken by Campbelltown at the CMO, we do not consider that they constitute a ‘significant business activity’ and do not consider that there are any material competition issues arising from the Project.

5. COMMUNITY CONSULTATION

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

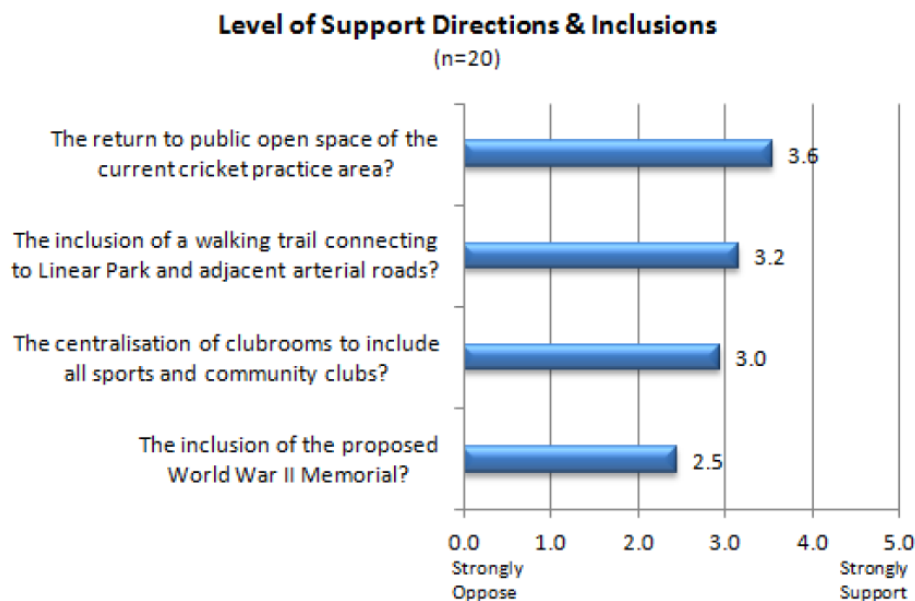
- (d) *the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;*

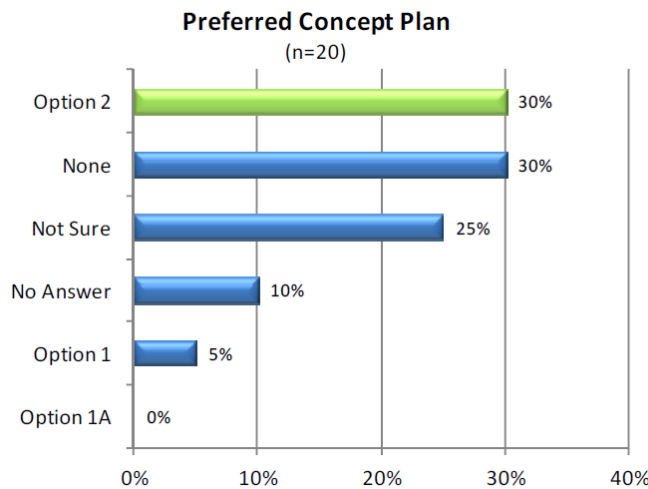
5.1 Level of Consultation

- 5.1.1 The Campbelltown Public Consultation Policy, last reviewed 8 November 2016, sets out how Council will communicate with, engage with and enhance public participation in Council's decision-making using inclusive, transparent and accountable processes, and where necessary, detail how Council will fulfil its legislative requirements for public consultation as set out in the Act (Local Government Act 1999).
- 5.1.2 Through the Policy Campbelltown recognises a commitment to engaging with the local community and that community engagement and participation processes are a vital part of local democracy.
- 5.1.3 Council's community engagement process is based on the International Association of Public Participation (IAP2) Model and the South Australian 'Local Government Community Engagement Handbook – March 2008'.
- 5.1.4 The Policy prescribes that staff will apply community engagement methodologies appropriate to the circumstances and desired outcomes of any specific engagement.
- 5.1.5 The Policy defines community engagement as involving the Community in problem solving or decision making processes and establishes that engagement can include:
- INFORMING the Community with balanced and objective information to assist understanding about something that is going to happen or has happened.
 - CONSULTING using two way communication designed to obtain public feedback about ideas, alternatives and proposals.
 - INVOLVING with processes designed to help identify issues and views to ensure that concern and aspirations are understood and considered prior to decision making.
 - COLLABORATING with the Community to develop an understanding of all issues and interests and to work out alternatives and identify preferred solutions.
- 5.1.6 In line with the Public Consultation Policy, CONSULT was selected as the appropriate level of community engagement for seeking feedback on the draft CMO Master Plan.
- 5.1.7 Promotion and the invitation to the community to participate in consultation was provided via:
- 5.1.7.1 notice in the East Torrens Messenger;

- 5.1.7.2 electronic notices in various Council electronic media;
- 5.1.7.3 promotional displays at Council offices, Campbelltown Library and the Campbelltown Leisure Centre;
- 5.1.7.4 letter to ratepayers in adjoining properties; and
- 5.1.7.5 meetings with regular users of the facility (eight meetings).
- 5.1.8 The community were invited to provide feedback through multiple channels, including:
 - 5.1.8.1 completing an online or hard copy feedback form;
 - 5.1.8.2 sending a submission either by email or letter;
 - 5.1.8.3 posting a comment on Council's Facebook page or via Twitter; and
 - 5.1.8.4 telephoning Council and providing verbal feedback.
- 5.1.9 User groups were specifically invited to provide feedback at meetings with the consultants preparing the CMO Master Plan.
- 5.1.10 A total of 21 responses to the community feedback was received. In addition feedback was specifically received from nine CMO user groups.
- 5.1.11 The consultation sought feedback on four key directions in the Master Plan and feedback on the preferred concept design option for the sports and playing fields. These results are presented in Figure Two.

Figure Two: Community feedback results





Source: Council Report – Campbelltown Memorial oval Master Plan 19 August 2014

- 5.1.12 Following consultation on the CMO Master Plan, existing lessees and stakeholders have been kept informed on the progress of the Project during a number of formal stakeholder meetings.
- 5.1.13 Between 18 January 2017 and 27 September 2017 a total of eight additional meetings with stakeholders occurred along with numerous meetings on site with various groups to discuss the details of the Project and the stages of development.
- 5.1.14 There has been extensive and appropriate community consultation on the Project consistent with the Campbelltown Public Consultation Policy.

5.2 Community Influence

- 5.2.1 The consultation process has actively sought community input into the Project's major directions and inclusions.
- 5.2.2 The responses were segmented into those that are lessees of the facility and the general community.
- 5.2.3 All lessees (sporting clubs) were supportive of the all directions proposed in the Master Plan. The community had some negative feedback on certain aspects of the Master Plan, most notably relating to the total cost of the Project and justifying the use of funding for this purpose.
- 5.2.4 The consultation process identified Option B as the preferred concept plan for the Project.
- 5.2.5 The changes made to the Draft CMO Master Plan as a result of the consultation was limited to:
 - 5.2.5.1 Concept Option 1 and 1A were removed from the draft Master Plan;
 - 5.2.5.2 the standalone toilets were moved closer to the netball courts.

- 5.2.6 While the level of change to the Draft CMO Master Plan resulting from the consultation was limited, the changes were commensurate with the feedback received, most of which supported the Draft CMO Master Plan as scoped.
- 5.2.7 It is evident there has been an acceptable level of consultation with the local community, including contact with persons affected by the Project. Furthermore, it is apparent that the representations made to Council were given due consideration in influencing the final brief for the Project.

6. FINANCIAL ASSESSMENT

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (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;*
- (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.*

6.1 Revenue Production, Revenue Projections

6.1.1 Revenue generated by the Project is expected to come from the following sources:

6.1.1.1 Lease and license fees from the CMO's tenants; and

6.1.1.2 Grant funding from the Australian Government to be applied to fund the Project construction cost.

6.1.2 Lease and Licence Fees

6.1.2.1 The CMO currently generates revenue from lease and licence fees associated with hire of oval and clubrooms from the current tenants. The current lease and licence fees are shown in Table Three.

Table Three: CMO Current Lease and Licence Fees

Club	FY2017 Fees (\$)
Botanics Touch Club	1,222
Campbelltown Bujinkan Dojo	741
Demons Touch Football Association	2,655
East Torrens District Cricket Club	6,000
Hope Valley Touch Football Club	690
Newton Jaguars Netball	0
Payneham Norwood Union Football Club	210
Rod & Custom Club	1,000
Rostrevor Old Collegians Football Club	7,429
SAPSASA Athelstone Football Club	174
Suburban Christadelphian Young People	52
Sunrise Christian School	18,890

Club	FY2017 Fees (\$)
Taught & Bowled	229
Torrens River SAPSASA	163
Total	39,461

6.1.2.2 We note that the Newton Jaguars Netball Club are not charged a hire fee as they had previously made a capital contribution towards the construction of the original netball courts.

6.1.2.3 Campbelltown is not expecting to generate any material additional user charges or any significant increases in user charges as a result of undertaking the Project; the same clubs will continue to use the CMO post development.

6.1.3 Grant funding

6.1.3.1 Campbelltown have secured a Community Development Grant from the Australian Government Department of Infrastructure and Regional Development to cover approximately 50% of the cost of constructing the Project Assets.

6.1.3.2 The terms under which Campbelltown can access this grant funding are described in Schedule 1 of the Funding Agreement for the Redevelopment of the Campbelltown Memorial Oval Project. The key terms are as follows:

- (a) Maximum funding under the grant of \$4.989 million.
- (b) Funding in accordance with agreed progress milestones with practical completion required by 31 December 2018.
- (c) Minimum operational period of the Project assets of five years.

6.1.3.3 Subject to progressing the Project and achieving the Project milestones, the grant revenue is considered likely to be received.

6.2 Financial risks

6.2.1 As with many major construction projects, the major financial risk relates to potential cost overruns in relation to the construction program. Campbelltown has sought to mitigate this major financial risk by:

- 6.2.1.1 the proposed procurement approach of entering a fixed price building contract sourced through an open tender process to identify a suitable construction firm;
- 6.2.1.2 engaging One Eighty Sport and Leisure Solutions and Associates (One Eighty) to scope and oversee the Project;
- 6.2.1.3 engaging an external Construction Superintendent (Tullio Tagliaferri & John Kassara Partnership) to supervise the building; and

6.2.1.4 obtaining detailed cost estimations through the planning phase.

- (a) Two detailed cost estimates relating to the Project have been prepared by Chris Sale Consulting, the first dated June 2017 and the second, based on 50% design drawings, dated October 2017. The October 2017 cost estimate includes some changes to the scope from the June estimate. The changes are shown in Figure Four:

Figure Four: Project cost estimate summary



Campbelltown Memorial Oval - Estimate Reconciliation

	Jun-17	Oct-17	Variance	
Demolition / Site Preparation	110,520	38,515	-72,005	Demolition removed from scope - By Council
Sports Hub	5,676,160	6,093,573	417,413	Includes \$125k extra for services (mainly lift)
Netball Amenities Block	332,620	426,050	93,430	Includes \$40 extra for services
External Services	0	370,925	370,925	Added to Scope - Previously excluded
FF&E	250,000	0	-250,000	Removed from scope - By Council
Design Development Contingency	306,000	243,000	-63,000	Reduced for design % complete
Preliminaries and Margin	546,000	610,000	64,000	Increased due to additional scope
Construction Contingency	349,000	389,000	40,000	Increased due to additional scope
Professional Fees	400,000	412,510	12,510	Minor adjustment
Professional Fees for contract admin	0	123,350	123,350	Added to Scope - Previously excluded
Total Project Costs	7,970,300	8,706,923	736,623	Overall Variance

Source: Chris Sale Consulting Estimate Reconciliation

- (b) Based on 50% design drawings, Chris Sale Consulting has estimated building construction costs of \$8.707 million.
- (c) There are additional works envisaged in the Master Plan and within the scope of the Project that are not included in the Chris Sales Consulting estimates. Some of these works are planned to be performed by Campbelltown's Works Team. The following major items are outside of the scope of the cost estimate but within the scope of the CMO Project (a detailed breakdown and costing for each element is contained in Attachment Three):
- (i) a majority of demolition costs;
 - (ii) carparks;
 - (iii) landscaping;
 - (iv) irrigation;
 - (v) lighting; and
 - (vi) tree removal.
- (d) The cost of these internal works is budgeted by Campbelltown to be \$1.493 million.

- (e) The total expected CMO Project costs is therefore \$10.304 million, which is made up of construction works (\$8.810 million) and internal works (\$1.493 million).
- 6.2.2 The cost estimates for the current Project scope are \$0.304 (or 3%) over the \$10.0 million Project budget.
 - 6.2.2.1 If construction tender responses are in accordance with the cost estimate, then minor adjustments to the Project scope or a small increase to the Project budget will be required to ensure the Project is delivered within budget.
 - 6.2.2.2 If construction tender responses are significantly above the current cost estimate, the ability to undertake the Project and meet stakeholder expectations may be compromised without additional Project funding.
 - 6.2.2.3 Campbelltown has considerable financial capacity to fund any potential increase in Project costs if Council chooses to do so.
- 6.2.3 Another financial risk relating to the Project is access to budgeted grant funding.
 - 6.2.3.1 Grant funding of \$4.898 million has been secured under the Australian Government Department of Infrastructure and Regional Development Funding Agreement.
 - 6.2.3.2 Campbelltown must ensure that milestones and other funding conditions are achieved, including the requirement to complete the Project by 31 December 2018, so that this Grant Funding can be secured. The next relevant milestone is to have 40% of the Project completed by 29 June 2018. A copy of the funding milestones are included in Attachment Four.
 - 6.2.3.3 Failure to achieve the funding milestones could result in Campbelltown being required to commit additional funding to the Project which would in turn have a negative impact Council's finances.

6.3 Recurrent and Whole-of-Life Costs, Financial Arrangements

- 6.3.1 Financial provisions for the capital, recurrent and whole of life costs of the Project are included within the current Campbelltown LTFP and are subject to the usual indexation assumptions. The following are the assumptions that have been included in the LTFP for all costs relating to the CMO Project.
 - 6.3.1.1 Project capital cost is budgeted to be \$10.0 million and the asset categorisation is buildings.
 - 6.3.1.2 The useful life of the Project assets is assumed to be 31.25 years which equates to a 3.2% depreciation rate per annum.
 - 6.3.1.3 Future building maintenance provisions are based on current level of spending at the CMO (\$21,972 in FY2017). By undertaking the Project the building footprint has been increased however the number of buildings has been rationalised down to one. Campbelltown have reasonably assumed

that existing building maintenance provisions will be sufficient to maintain the upgraded Project assets.

- 6.3.1.4 Oval maintenance provisions are based on current levels of spending (\$70,309 in FY2017).
- 6.3.1.5 Utilities costs are based on current levels of spending (\$21,629 in FY2017). While more light sources are envisaged in the new building, more energy efficient buildings and ground lights have been installed which are expected to offset any increase in the number of light fittings.
- 6.3.1.6 As the full capital cost of the Project is provided for in the LTFP and the Campbelltown is currently forecasting cash surpluses for the entire period of the LTFP, no provisions for interest or borrowing costs have been made.
- 6.3.2 In order to calculate whole of life costs relating to the Project, we have made the following additional assumptions:
 - 6.3.2.1 While Campbelltown currently has cash surpluses we have included a provision for interest costs assuming that the full \$5.011 million capital cost (net of grant funding) was financed by debt at an interest rate of 3.6% (current 10 year finance rate in Campbelltown LTFP) over a 31 year loan period.
 - 6.3.2.2 Maintenance costs are assumed to remain at current levels.
 - 6.3.2.3 Utilities costs are assumed to remain at current levels.
 - 6.3.2.4 A 31 year Project life has been assumed.
 - 6.3.2.5 No provision for cost escalations or discounting have been made.
- 6.3.3 The whole of life cost in nominal terms is shown in Table Four.

Table Four: Whole of Life Costs for the Project

Item	Cost (million)
Depreciation	\$10.000
Maintenance	\$2.861
Utilities	\$0.852
Finance / Borrowings	\$3.312
Total	\$17.025

- 6.3.4 The financial arrangements for the capital cost of the Project are shown in Table Five. The Project is expected to be funded from existing allocations in the Campbelltown LTFP and Australian Government Community Development Grant.

Table Five: Funding Sources for the Project

Source of Funds	Amount (\$m)
Campbelltown LTFP (net cost including carry forwards)	\$5.011
Australian Government	\$4.989
Total	\$10.00

- 6.3.5 Based on the LTFP, the Project capital cost will be funded from cash reserves. However, to reflect the opportunity cost associated with the use of these funds, we have calculated the impact of Campbelltown debt funding the Project costs.
- 6.3.6 The monthly repayment of servicing a 31 year loan at an interest rate of 3.6% would be \$22,946. Over the term of the loan the total interest payable would be \$3.312 million.
- 6.3.7 A 1% increase in interest rates would increase interest costs to \$4.403 million over the term and a 2% increase in interest rates would increase interest costs to \$5.558 million over the term.

6.4 Financial Viability

- 6.4.1 Financial viability can be defined as the ability to generate sufficient income to meet operating expenses, financial obligations and to provide the potential for future growth.
- 6.4.2 Campbelltown is not expecting the income from the Project to be sufficient to meet operating expenses and financial obligations.
- 6.4.3 As its meeting held on 20 December 2016, Council adopted an updated set of key financial targets that have been used to guide the direction of the LTFP. These financial targets are shown in Figure Five.

Figure Five: LTFP Key Financial Targets

Description	Target
1. Operating Surplus Ratio	To achieve a ratio between 0% and 5%
2. Net Financial Liabilities Ratio	Less than 70%
3. Interest Cover Ratio	Less than 5% of operating income
4. Asset Sustainability Ratio	100% spend as per IAMPs and asset schedules on a rolling 5 year basis
5. Asset Consumption Ratio	Greater than 60% but less than 80%

Source: Campbelltown LTFP 2017/18 to 2026/27

- 6.4.4 Financial provisions for the Project have been included in the LTFP including provisions for future operating and maintenance costs related to the Project assets. The forecast performance against the Key Financial Targets is shown in Figure Six.

Figure Six: LTFP Key Financial Targets performance

	Year Ended 30 June											
	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
1. Operating Surplus Ratio - %	11.8%	1.8%	6.2%	0.6%	0.7%	0.6%	0.8%	0.4%	0.6%	0.2%	0.3%	0.1%
2. Net Financial Liabilities Ratio - %	2%	2%	5%	(1%)	(8%)	(17%)	(15%)	(21%)	(24%)	(35%)	(30%)	(36%)
3. Interest Cover Ratio - %	(0.9%)	(0.3%)	(0.2%)	(0.2%)	(0.3%)	(0.6%)	(0.8%)	(0.8%)	(1.0%)	(1.0%)	(1.4%)	(1.2%)
4. Asset Sustainability Ratio - %	174%	123%	127%	82%	98%	98%	99%	98%	98%	97%	99%	98%
5. Asset Consumption Ratio - %	77%	76%	76%	75%	74%	74%	73%	72%	72%	71%	71%	70%

Source: Campbelltown LTFP 2017/18 to 2026/27

6.4.5 The performance of each Key Financial Target over the LTFP period is in line with the stated targets. The financial position of Campbelltown is strong and should not be adversely impacted by progressing the Project. Even if construction costs exceed budget by say 10%, the ability for Campbelltown to stay within its financial ratios will not be impacted.

6.5 Sale or Disposition of Land

6.5.1 The Project does not involve the sale or disposition of land.

7. PROJECT RISKS AND MITIGATION STRATEGIES

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

- (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);*

7.1 Risk Management

- 7.1.1 This report assesses the risk management actions taken or being considered for the Project. It is not the purpose of the report to prepare a comprehensive risk management plan, however a level of assessment has been undertaken on the identified risks and the mitigations that have been developed.
- 7.1.2 Campbelltown's commitment to a risk management approach to its operations is reflected in the Risk Management Policy, last reviewed 8 November 2016. The Policy recognises that risk is inherent in all of its activities and that effective management of risk is necessary in order to protect its employees, assets, liabilities and community against potential losses.
- 7.1.3 The Policy requires Campbelltown to maintain risk management practices and a Risk Management Framework consistent with the guidelines and principles of risk management as set out in the Australian Risk Management Standard ISO 31000. A copy of the Risk Rating Matrix to accompany the Risk Management Framework is shown in Attachment Five.
- 7.1.4 The Project has been subjected to a high level risk analysis as described in the Risk Management Policy. The Risk Management Plan dated March 2016 (updated October 2017) contains 19 risks.
- 7.1.5 Table Six shows the risk category and initial risk rating before the application of identified mitigation strategies.

Table Six: Initial Risk Assessment Category Summary

Risk Level	Very High	High	Medium	Low	Total
Construction	1		1	1	3
Environmental			3	1	4
Financial	1	1			2
Insurances			1		1
Political			3	1	4
Tender / Contractor			3		3
Traffic / Car Parking			1		1
WHS			1		1
Total	2	1	13	3	19

- 7.1.6 The Risk Management Plan has identified a total of 19 risks, two have an initial rating of 'Very High' and one with an initial rating of 'High'. The two 'Very High' initial risks identified are:

7.1.6.1 Unsuccessful with grant applications for funding; and

7.1.6.2 General construction risks including project planning, demolition and earthworks.

- 7.1.7 Post the application of controls, the revised risk ratings identify zero risks with a rating of 'Very High' and one risk with a rating of 'High'. The general construction risk remains the risk with a revised risk rating of 'High'. This is consistent with a construction project of this size and scale. This risk should be closely monitored as the construction phase of the Project is undertaken.

Table Seven: Revised Risk Assessment Category Summary

Risk Level	Very High	High	Medium	Low	Total
Construction		1	1	1	3
Environmental			3	1	4
Financial			1	1	2
Insurances			1		1
Political				4	4
Tender / Contractor			2	1	3
Traffic / Car Parking			1		1
WHS			1		1
Total	0	1	10	8	19

- 7.1.8 Given the nature of the Project, we consider the risk relating to the expectations of the clubs and groups who use the facility not being met as a key Project risk. In the Risk Assessment this risk has been given an initial risk rating of 'Medium' and a revised risk rating of 'Low'.
- 7.1.9 The consultation process undertaken and the consensus reached between user groups in relation to the directions in the Master Plan and the regular consultation that Campbelltown has provided to user groups during 2017 is a satisfactory mitigation to this key risk.
- 7.1.10 However, any unforeseen issues relating to the development programme for the Project and any required changes to construction methodology may create issues in relation to stakeholder satisfaction as the Project is progressed. We would suggest that the revised risk rating in relation to this risk is increased to 'Medium' or 'High'.
- 7.1.11 The Project has been subjected to risk management practices consistent with Council's Risk Management Policy.

7.2 Risk Mitigation

- 7.2.1 Campbelltown should ensure that the mitigation strategies identified for the risks associated with the Project are implemented and that these are progressively updated as the Project is implemented.
- 7.2.2 To support the risk management process the maintenance of the Risk Management Plan, in accordance with Council Policy, should be given a high priority.
- 7.2.3 Consistent with good project management practice, risk management should be a standing agenda item at any Project Management meetings during the construction phase of the Project.
- 7.2.4 Prior to the commencement of construction, reporting protocols should be established for the Project to ensure the Chief Executive Officer and, where appropriate, Council are apprised of areas of risk.

8. PROJECT DELIVERY

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

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

8.1 Delivery Mechanism

8.1.1 In the Campbelltown Memorial Oval Redevelopment Project Plan (Project Plan), Campbelltown identified four methods of contractor engagement to undertake the major building works, these are:

- Fixed Price Contract;
- Design and Construct;
- Managing Contractor; and
- Construction Management.

8.1.2 The Project Plan outlines that Council may follow a similar process as the ARC Leisure Centre for the construction tender, where Council conducted a two stage procurement process involving an EOI to register a small number of builders suited to undertaking the Project and then a select market approach from the shortlisted builders.

8.1.3 A decision on the nature of the construction contract (fixed price, cost plus or time and materials) has not been reached although a fixed price contract would be the most common form of contract for the delivery of such a project.

8.1.4 The Project Plan identifies that the rest of the civil and landscaping works will be delivered by in-house resources.

8.2 Procurement Implications

8.2.1 The Project has a number of procurement implications for Campbelltown, these include the engagement of:

- various Project consultants e.g. architects, cost consultants, engineers, certifiers, project manager; and
- the major construction contractor.

8.2.2 Procurement in Campbelltown is guided by the Procurement Policy which was last reviewed by Council on 27 April 2017. This Policy demonstrates Council's commitment to procuring goods and services in an open, fair, transparent and effective manner that ensures the maintenance of appropriate standards of probity and ethics throughout procurement processes.

8.2.3 Relevant considerations from the Procurement Policy are outlined below.

- Council will provide services to the community in the most effective manner possible utilising an appropriate mixture of contractors and Council employees.
- The Council strives to achieve value for money in its procurement activities by undertaking a comparative analysis of the costs and benefits of each proposal throughout the whole procurement cycle.
- Open and effective competition is the central operating principle in pursuit of the best outcome. The probability of obtaining the best outcome is increased in a competitive environment.

8.2.4 The following procurement processes are identified in the policy:

- open, Select and Limited tendering;
- staged tendering (i.e. expressions of interest followed by a select tendering process);
- direct negotiation with a preferred supplier or a group of suppliers or preferred supplier panel;
- request for quotes;
- the use of existing third party contracts;
- joint procurement arrangements with other councils;
- direct sourcing; and
- panel arrangements (e.g. Local Government Corporate Services, Strategic Purchasing) or arrangements with pre-qualified suppliers.

8.2.5 In accordance with the Policy staff are charged with the responsibility for selecting a method of approaching the market which is best suited to the procurement based on the consideration of a range of issues such as those outlined below.

- The nature of the procurement.
- The value of the procurement.
- The risk associated with the procurement.
- Whether the market for the procurement is known.
- What is the most efficient process to achieve the Council's objectives in a timely and cost efficient manner.

8.2.6 Under the Policy decision making responsibility for the procurement of services for works undertaken up to a value of \$20,000 is delegated to staff. For procurement between \$20,001 up to \$100,000 responsibility is delegated to the Chief Executive Officer or General Managers within the limit of their delegated authority, and

procurement from \$100,001 to \$500,000 is delegated to the Chief Executive Officer within the approved budget.

- 8.2.7 Decision making responsibility for a procurement process with a value over \$500,000 lies with Council. The following extract from the Procurement Policy shows the approach to market suggestions and decision making responsibility for procurement in the range of “Greater than \$500,000”.

Figure Seven: Extract from City of Campbelltown Procurement Policy

Estimated Value Range (exc. GST)	Acceptable Approaches to Market	Decision Making Responsibility
Greater than \$500,000	Use of existing third party contracts Panel arrangements / arrangements with pre-qualified suppliers Joint procurement arrangements with other councils Open / Select / Limited Tender Strategic Alliances	Council – taking into account recommendations by employees.

Source: Campbelltown Procurement Policy

- 8.2.8 The Project Plan identifies the need to prepare a detailed report to Council with regard to the selection of the appropriate procurement method for the Project’s construction phase. This will be required in the future in order to comply with the Campbelltown Procurement Policy.
- 8.2.9 Other major procurements relating to the Project include:
- 8.2.9.1 Designs / Architecture - the contract relating to the concept designs and Project Costing for the Project was procured by Open Tender. Hames Sharley were the successful tenderer for the CMO Design.
 - 8.2.9.2 Construction Superintendent - the contract relating to the CMO Superintendent was procured by Open Tender. Tullio Tagliaferri & John Kassara Partnership were the successful tenderer for the CMO Superintendent role.
 - 8.2.9.3 Prudential Report – procured by direct approach to BRM Holdich.
- 8.2.10 The Campbelltown Procurement Policy would appear to have been complied with for major procurements relating to the delivery of the Project to date.

9. CONCLUSION

- 9.1 The Project is defined as the rationalisation and upgrade to existing sports facilities at the Campbelltown Memorial Oval.
- 9.2 Section 48 of the Local Government Act 1999 requires a Council to consider a report addressing the prudential issues set out in subsection 2 of the Act before engaging in a project which meets certain specified criteria, including where the expected capital cost over the ensuing five years is likely to exceed \$4.628 million (the indexed threshold in the Act).
- 9.3 This report has been prepared to satisfy the requirements of the Act and the Campbelltown Prudential Management Policy.
- 9.4 Under the Prudential Management Policy, Campbelltown is required to ensure that prudential projects are only undertaken after an appropriate level of due diligence has been applied to the proposed project. In our view, effective due diligence has been undertaken by Campbelltown with reference to this Project in accordance with the Prudential Management Policy.
- 9.5 Following consideration of this Prudential Report by Council, Campbelltown should ensure that it is made available to members of the public in accordance with the Prudential Management Policy.
- 9.6 Relationship with Strategic Management Plans
 - 9.6.1 The rationale for undertaking the Project is to improve the standard of community facilities in the area consistent with the Quality Living objective in the Campbelltown Towards 2020 Strategic Plan.
 - 9.6.2 The Annual Business Plan and Budget for 2016 – 2017 and the Long Term Financial Plan contain \$10.0 million of financial provisions, inclusive of grant funding, to undertake the Project.
 - 9.6.3 The Project is aligned to key State planning documents such as the State Strategic Plan and the 2017-2021 Office for Recreation and Sport Strategic Plan
- 9.7 Objectives of the Development Plan
 - 9.7.1 The Property is located in the Residential Zone. While the form of development is not considered to be strictly consistent with the Zone, given the Project is an upgrade to existing assets and the distance that the proposed building is set-back from residents, the Project designs are not considered to be unreasonable.
 - 9.7.2 Development Plan Consent has been received for the Project with Planning Approval expected to be sought in early 2018.
- 9.8 Contribution to Economic Development
 - 9.8.1 The contribution of the Project to economic development will come from the direct construction investment in the Project infrastructure as well as the indirect effects of related purchases in the broader economy and induced effects of spending on goods and services by the employees of the companies providing goods and services to the Project.

- 9.8.2 The direct \$10.0 million investment is expected to generate a total of \$18.21 million of economic output in the Campbelltown economy and \$26.26 million to the Australian economy more broadly, creating a total of 86 FTE jobs.
- 9.8.3 The Project is not expected to have a significant impact on businesses in the proximity of the site nor is it expected that undertaking the Project will meet the definition of a “significant business activity” in accordance with the Clause 7 Statement of the Competition Principles Agreement and the Government Business Enterprises (Competition) Act 1996.

9.9 Community Consultation

- 9.9.1 The Project has been the subject of extensive consultation and communication, through the Campbelltown Memorial Oval master planning process.
- 9.9.2 The interests and views of the sports clubs who directly use the oval have been considered in formalising and finalising the final concept designs for the redevelopment.
- 9.9.3 This consultation process has been undertaken in accordance with the Campbelltown Public Consultation Policy.

9.10 Financial Assessment

- 9.10.1 Undertaking the Project is not expected to lead to an increase in revenue for Council.
- 9.10.2 There are financial risks to Council from undertaking the Project, the most significant bring the adequacy of the existing Project budget provision, the potential for construction cost overruns, and meeting the Federal government grant funding conditions attached to the Project grant. Appropriate mitigation strategies are in place for these risks.
- 9.10.3 Even if construction tender responses are in accordance with, or higher than current cost estimates or if construction costs increase during the construction phase, the Project is not expected to negatively impact on Campbelltown’s financial viability as all key financial indicators will remain comfortably within the ranges set by Council.
- 9.10.4 The financial arrangements for the Project are that approximately half of the Project funding has been provided for in the Campbelltown LTFP and the other half is being sourced from a federal government grant.
- 9.10.5 Taking into account forecast maintenance, operating costs, notional finance costs and depreciation on Project assets, whole of life costs have been calculated as \$17.025 million over the expected 31 year useful life of the building assets.

9.11 Risk Issues

- 9.11.1 A risk assessment has been prepared in accordance with the Campbelltown Risk Management Policy.
- 9.11.2 Ongoing maintenance of the risk register will be a useful tool in continuing to ensure risks relating to the Project are understood and mitigated as the Project is undertaken.

- 9.11.3 Prior to the commencement of the Project's construction works, reporting protocols should be established to ensure the Chief Executive Officer and, where appropriate, Council are apprised of areas of risk as the Project is undertaken.

9.12 Project Delivery

- 9.12.1 The Project has been progressed under authority delegated by a number of Council resolutions and in accordance with key Strategic Planning documents.
- 9.12.2 The major construction works relating to the Project will be undertaken by an external contractor under a building contract. These works will be supplemented by the Campbelltown workforce who will undertake public realm upgrade works relating to the Project.
- 9.12.3 The Campbelltown Procurement Policy would appear to have been complied with for major procurements relating to the delivery of the Project to date.

ATTACHMENT ONE: FINAL MASTER PLAN CONCEPT DESIGN



ATTACHMENT TWO: LOCAL GOVERNMENT ACT, 1999 - SECTION 48

Section 48 – Prudential requirements for certain activities

- (aa1) A council must develop and maintain 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 project; and
 - (c) makes informed decisions; and
 - (d) is accountable for the use of council and other public resources.
- (a1) The prudential management policies, practices and procedures developed by the council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.
- (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)—
 - (i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent 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.
- (2) The following are prudential issues for the purposes of subsection (1):
 - (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.
- (3) A report is not required under subsection (1) in relation to—
- (a) road construction or maintenance; or
 - (b) drainage works.
- (4) A 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).
- (4a) 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).
- (4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).
- (5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).
- (6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).
- (6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-

pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.

- (6b) A person is closely associated with another person (the relevant person)—
- (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
 - (b) if that person is a proprietary company in which the relevant person is a shareholder; or
 - (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
 - (d) if that person is a partner of the relevant person; or
 - (e) if that person is the employer or an employee of the relevant person; or
 - (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
 - (g) if that person is a relative of the relevant person.
- (6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—
- (a) by virtue only of the fact that the person—
 - (i) is a ratepayer, elector or resident in the area of the council; or
 - (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or
 - (b) in a prescribed circumstance.
- (6d) In this section, \$4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (6e) In this section—
- employee** of a council includes a person working for the council on a temporary basis;
- non-profit association** means a body (whether corporate or unincorporate)—
- (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and

- (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.
- (7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

ATTACHMENT THREE: COUNCIL WORKS INCLUDED WITHIN SCOPE OF PROJECT

COUNCIL WORKS TO BE CARRIED OUT					
1	BULK EARTHWORKS (TBC)				\$ 25,000
2	CARPARK & CIVIL WORKS & CRICKET PITCH (tbc)				\$ 800,000
3	CARPARK (EASTERN)				\$ 40,000
3	OVAl PITCH REALIGNMENT WORK (Excavation and material)				\$ 10,000
4	LANDSCAPING (TBC)				\$ 150,000
5	LIGHTS - DESIGN				\$ 4,500
6	LIGHTS - IMPROVEMENT (Allowance)				\$ 200,000
7	FOOTPATH IMPROVEMENT				\$ 45,000
8	IRRIGATION UPGRADE				\$ 30,000
9	CCTV TRENCHING (EASTERN SIDE)				\$ 25,000
10	GENERAL REINSTATEMENT				\$ 10,000
11	DEMOLITION & ASSOCIATED COSTS				
	WESTERN BUILDINGS				\$ 90,000
	EASTERN BUILDINGS (ALLOWANCE)				\$ 20,000
12	TREE PROTECTION				\$ 1,000
13	TREE REMOVAL				\$ 12,000
14	TEMPORARY FENCING				\$ 5,500
15	TEMPORARY ACCESS				\$ 2,500
16	UTILITIES CONNECTIONS & COSTS				
	SAPN (INCL TRANSFORMER RELOCATION)				
	SA WATER	SEWER	ABOVE		\$ 7,500
		WATER	ABOVE		\$ 7,500
	GAS				\$ 7,500
	TOTAL				\$ 1,493,000

Source: Campbelltown Internal Works Budget

ATTACHMENT FOUR: FUNDING MILESTONES

Australian Government Department of Infrastructure and Regional Development

ANNEXURE A

Table of Milestones, Reports and Funding payments relating to the Activity

Report	Milestone(s) / Information covered by the Report	Milestone Completion Date	Payment amount (GST Exclusive)	Due Date for Report	Due Date for Funding Payment
Progress Report 1	Evidence acceptable to the Commonwealth that the following have been achieved: <ul style="list-style-type: none"> confirmation of final project designs; and 	30 May 2017	Nil	27 June 2017	N/A
Progress Report 2	Evidence acceptable to the Commonwealth that the following has been achieved: <ul style="list-style-type: none"> an update on the progress of the project 	30 November 2017	Nil	29 December 2017	N/A
Progress Report 3	Evidence acceptable to the Commonwealth that the following has been achieved: <ul style="list-style-type: none"> an update on the progress of the project 	28 February 2018	Nil	31 March 2018	N/A
Progress Report 4	Evidence acceptable to the Commonwealth that the following have been achieved: <ul style="list-style-type: none"> confirmation of final costs; and 40 per cent of the Project is completed and certified by the Project Manager, Quantity Surveyor, or similar. 	29 June 2018	\$1,995,755	31 July 2018	17 August 2018
Progress Report 5	Evidence acceptable to the Commonwealth that the following have been achieved: <ul style="list-style-type: none"> an Event Invitation has been submitted to the Department as required at Item H of the Schedule; 70 per cent of the Project is completed and certified by the Project Manager, Quantity Surveyor, or similar. 	28 September 2018	\$1,496,815	31 October 2018	16 November 2018

Australian Government Department of Infrastructure and Regional Development

Report	Milestone(s) / Information covered by the Report	Milestone Completion Date	Payment amount (GST Exclusive)	Due Date for Report	Due Date for Funding Payment
Project Completion Report	<p>Evidence acceptable to the Commonwealth that the following has been achieved:</p> <ul style="list-style-type: none"> the Activity, at Item A.5 of the Schedule, is complete; the Project, at Item A.2 of the Schedule, is complete; all approvals required to enable public access and use of the facility have been met; and the Project is fully Operational. 	31 December 2018	\$1,496,816	31 March 2019	14 April 2019

ATTACHMENT FIVE: CAMPBELLTOWN RISK MANAGEMENT FRAMEWORK



RISK MANAGEMENT PLAN Redevelopment of Campbelltown Memorial Oval March 2016 – updated Oct 2017

Risk Rating Matrix						
		5	4	3	2	1
CONSEQUENCES		Insignificant	Minor	Moderate	Major	Catastrophic
	Injury	No treatment/ injury	First aid treatment	Minor, but lost time injury	Serious injury requiring hospital treatment	Fatality or permanent disability
	Property damage	Slight	Minor	Considerable	Major	Substantial
	Environment	No impact	Local effect. On site release immediate containment	Low level impact. On site release contained with outside assistance	Serious impact. Off site release with no detrimental effects	Detrimental impact. Toxic release off site with detrimental effect
LIKELIHOOD						
	Production or financial loss	Low financial costs	Medium financial loss	High financial loss	Major financial loss of production	Huge financial loss
Almost Certain	A	High/frequent level of exposure to hazard – recurring recorded incidents - expected to occur in most circumstances	M	H	H	VH
Likely	B	Exposure to hazard is likely – recorded incidents – will probably occur in most circumstances	M	M	H	VH
Possible	C	Exposure to hazard could happen – infrequent recorded incidents –might occur at some time	L	M	H	H
Unlikely	D	Exposure to hazard could happen – very few recorded incidents - could occur at some time	L	L	M	H
Rare	E	Exposure to hazard could happen – an incident might be possible - may occur only in exceptional circumstances	L	L	M	H

ISO 31000 – Risk Management Principles and guidelines

The Risk Ratings are defined as follows:

- VERY HIGH RISK**
This is an unacceptable level of risk and immediate corrective action is required. The risk must be referred to senior management for the development and implementation of a Risk Treatment Plan.
- HIGH RISK**
This is an unacceptable level of risk. A Risk Treatment Plan must be developed and implemented. Senior management attention is required and prioritised action required.
- MEDIUM RISK**
This level of risk is generally acceptable and can be managed through monitoring or specific procedures and planned action is required. A Risk Treatment Plan may be developed if existing controls are not adequate or to prevent the possibility that the level of risk may increase.
- LOW RISK**
This is an acceptable level of risk and no Risk Treatment Plan is necessary if existing control measures are working. These risks are generally managed through routine procedures.