



Campbelltown City Council
Max Amber Sportsfield Redevelopment
Prudential Report

August 2020



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EXECUTIVE SUMMARY

Purpose

The following report has been prepared in accordance with the requirements of the City of Campbelltown's (Campbelltown) Prudential Management Policy and Section 48 of the Local Government Act 1999 (Act) which requires a Council to consider a report addressing the prudential issues set out in Section 48 subsection 2 of the Act before engaging in a major project. The purpose of a Prudential Report is to ensure the Elected Members have the necessary information to enable an informed decision whether or not to proceed with a major project.

The Project

A \$10.445 million upgrade to the existing buildings and recreational infrastructure at Max Amber Sportsfield in Paradise.

Summary Conclusion

Campbelltown has acted with due care, diligence, and foresight in progressing the Project and Council has been provided with an appropriate level of Project information to satisfy the requirements of Council's Prudential Management Policy and Section 48 of the Act.

Prudential Review Key Issues and Findings

The upgrade of Max Amber Sportsfield has been in the planning phase for approximately five years, with the community, sports clubs and Council afforded a number of opportunities to participate in and drive the final concept designs for the Project.

The Project is aligned to all relevant Council, State and Federal strategic planning documents and financial provisions for the capital and ongoing operational costs of undertaking the Project have been included in Campbelltown's LTFP.

Development Plan Consent for the Project was granted on 28 July 2020, with 13 relatively standard development conditions being applied to the Project by the Council Assessment Panel.

The most recent Project cost estimate, based on 70% design documentation, is \$10.43 million which is marginally (0.2%) lower than the Project budget. There are a number of costing risks identified by the cost estimator which may result in actual tendered construction costs being higher than the existing budget provision including the absence of a design contingency. If this occurs, Campbelltown may be forced to either make an additional financial contribution to the Project or implement value management initiatives to reduce the cost to within approved budget parameters.

While undesirable, any potential budget overruns will not materially impact Campbelltown's financial viability in the context of its Long Term Financial Plan.

The Project schedule with an estimated completion date of November 2021 is relatively tight. Delays in awarding a construction tender, getting agreement from Council and the relevant clubs on final designs (i.e. the consideration of the location of the netball courts) and/or construction delays will make this Project deadline difficult to achieve. Project delays may impact Campbelltown's ability to acquit grant funding committed to the Project within the required timeframes.

Our detailed report follows.



1. INTRODUCTION

1.1 Background

- 1.1.1 The Max Amber Sportsfield (Max Amber) is a 7.69 hectare recreational precinct in the suburb of Paradise. An overhead view of the precinct is shown in Figure One.

Figure One: Overhead view of Max Amber Sports field



- 1.1.2 Max Amber Sportsfield offers multiple sporting facilities including a full-size Australian Rules Football oval and soccer pitch, cricket nets and tennis courts, a playground and associated clubroom facilities used by the various sporting clubs who utilise the area.
- 1.1.3 The key sports club users of Max Amber Sportsfield are:
- 1.1.3.1 Athelstone Football Club (lessee);
 - 1.1.3.2 Athelstone Cricket Club (sub-lessee from the football club);
 - 1.1.3.3 Athelstone Tennis Club (leaseholder);
 - 1.1.3.4 Athelstone Soccer Club (field hire);
 - 1.1.3.5 Eastern United Football Club (field hire); and
 - 1.1.3.6 Norwood Soccer Club (field hire)



- 1.1.4 In addition the following community user groups utilise the main community facility under the Athelstone Football Club lease:
 - 1.1.4.1 Australian Retired Persons Association;
 - 1.1.4.2 Eight Ball club; and
 - 1.1.4.3 Raggies Bistro diners and other various community uses such as bingo nights.
- 1.1.5 On the northern side of Max Amber Sportsfield, off George Street, lies the major club rooms that support the operations of both the Athelstone Football Club and the Athelstone Cricket Club. The clubrooms were constructed in the 1970's and have recently been the subject of several renovation and repair projects, particularly regarding issues with the air conditioning and roofing. They are now at the end of their useful life based on Campbelltown's Infrastructure and Asset Management Plan
- 1.1.6 The club rooms, based on our visual inspection, are dark and are set at a level below the adjacent oval. The club rooms are not of a similar standard to many other comparable district level sporting facilities (such as the recently renovated Campbelltown Memorial Oval).
- 1.1.7 There are also a number of additional buildings located towards the southern side of Max Amber Sportsfield which include storage sheds, public amenities and smaller clubrooms to support the users of the tennis courts.
- 1.1.8 In 2015, Council first considered a proposal to investigate the upgrade of the tennis clubrooms. Council determined to defer this proposal until a broader review of all the buildings on Max Amber Sportsfield was undertaken to determine whether a more comprehensive long-term solution could be developed for the precinct.
- 1.1.9 In March 2016, Council allocated \$50,000 for the development of a concept plan for the broader redevelopment of Max Amber Sportsfield (Masterplan).
- 1.1.10 In December 2016, Campbelltown appointed consultants to develop a draft Masterplan for Max Amber Sportsfield.
- 1.1.11 Two options were developed by the consultant which were provided to the community for consultation in October and November 2017.
- 1.1.12 The outcome of the consultation was that the community did not broadly support either option presented in the draft Masterplan. As a consequence, Council directed the Administration to investigate the cost and implications of several significant changes to the draft Masterplan to address the feedback received from the community.
- 1.1.13 In July 2018, Council was presented with two additional design options for consideration which sought to address the Council resolutions about the draft Masterplan made at both the November and December 2017 Council Meetings.



- 1.1.14 Between July 2018 and April 2019, further refinement of the draft Masterplan was undertaken. In April 2019, Council considered and endorsed the updated Masterplan, resolving to release an updated Option 1 and Option 2 for a further period of community consultation.
- 1.1.15 Following the consultation period, a further report was presented to Council on 6 August 2019 to detail the outcomes of the second community engagement process. There was strong interest from the community in the process with 802 written responses received.
- 1.1.16 Following consideration of the August 2019 report, Council resolved as follows:
1. receive the report, note the feedback from the Community and endorses Option 2 for the Max Amber Sportsfield Master Plan
 2. allocate funding in the 2020/2021 Annual Business Plan and Budget (subject to the Federal Government providing Grant Funding of \$5 million) to undertake the redevelopment of Max Amber Sportsfield in accordance with Option 2
 3. request Staff to commence the detailed design work to facilitate the redevelopment of Max Amber Sportsfield.
 4. adopt a sustainability first approach for the development of this project
 5. consult with the relevant Council Section 41 Committees in relation to the project
 6. establish a working party comprising of Cr McLuskey, Cr Barbaro, Cr Bonomi, Cr Irvine and Staff to oversee the project as it progresses.
- 1.1.17 On 17 March 2020, a further report was presented to Council which sought Council endorsement on the final design for the redevelopment of the main clubroom facility at Max Amber Sportsfield for the purposes of lodging a Development Application.
- 1.1.18 The project team, through the working party established following the August 2019 Council Meeting, made some changes to the Master Plan concept but did so in keeping with and in consultation with, key users of Max Amber Sportsfield. The project development was guided by the following five principles pivotal to ensuring a purpose built facility;
- 1.1.18.1 A Community Heart
 - 1.1.18.2 Club Home
 - 1.1.18.3 Inclusive and Accessible
 - 1.1.18.4 Sustainable environmentally and economically
 - 1.1.18.5 Sportsfields in a Natural Setting



- 1.1.19 Accordingly, the detailed design contained the following additional elements.
- 1.1.19.1 The connectivity from the main building to the netball courts, with the dividing access road, ensuring this is safe and accessible for users.
 - 1.1.19.2 Softening the plaza space through landscaping and ensuring that shading is considered to make the space usable and welcoming.
 - 1.1.19.3 The design intent is to have a clear circulation and entry 'node' to the building, to assist people in navigating the facility and manage the two levels and direction of approach on arrival.
 - 1.1.19.4 Adding dedicated viewing areas and breakout spaces for the upper level is a focus.
 - 1.1.19.5 The floor level has been designed to promote uninterrupted viewing from patrons inside the building over those outside of the building in the undercover terrace area. This area has been orientated to maximise the unique views of the adjacent Adelaide foothills.
 - 1.1.19.6 The internal floor level is being balanced with maximising ceiling heights while working within the constraints of the project.
 - 1.1.19.7 Within the site constraints of space and terrain, the intent is to make the building form part of the surrounding natural landscape so it appears to belong in the space provided.
- 1.1.20 Council endorsed the detailed design presented for the redevelopment of the clubroom facility for the purpose of submitting a Development Application at the 17 March 2020 meeting.
- 1.1.21 At the Council meeting on 21 July 2020, Council was asked to consider the location of two proposed netball courts to be constructed as part of the Project. Constructing the courts in the proposed location would result in the removal of two significant trees and a number of other trees. Council resolved to progress with the submission of a development application for the removal of the two significant trees to allow for the construction of the netball courts in the proposed location.
- 1.1.22 On 4 August 2020, Cr Flynn submitted a Motion on Notice to rescind the decision on 21 July 2020 in relation to submitting a development application for the removal of two significant trees. This motion was carried.
- 1.1.23 The Administration were subsequently instructed by Council to explore other alternative locations for the netball courts in consultation with the Athelstone Football Club and Athelstone Tennis Club.



1.2 The Project

- 1.2.1 The Project is a \$10.445 million redevelopment of Max Amber Sportsfield consistent with the Max Amber Sportsfield Masterplan adopted by Council on 6 August 2019.
- 1.2.2 Specifically, the Project includes the following elements.
 - 1.2.2.1 Demolition of the existing clubrooms;
 - 1.2.2.2 Construction of a new club rooms, maintenance shed, soccer change rooms and tennis club house as separate buildings;
 - 1.2.2.3 Upgrade existing and new cricket nets;
 - 1.2.2.4 Construct new netball (to be confirmed) ~~tennis courts~~;
 - 1.2.2.5 New play areas and associated landscaping (including the construction of a playground which Campbelltown are looking to procure internally rather than through the construction contract for the Project);
 - 1.2.2.6 Car parking and access roads; and
 - 1.2.2.7 Associated external stormwater drainage.
- 1.2.3 Attachment One shows a selection of the Project designs submitted as part of the Development Application.

1.3 Legal Framework and Prudential Issues

- 1.3.1 Campbelltown has adopted a Prudential Management Policy, last reviewed 17 December 2019. The Policy is intended to provide further guidance to Council, the community and employees in regard to the management of both large and small projects.
- 1.3.2 The Policy states:

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*

- 1.3.3 Section 48 of the Local Government Act 1999 (Act) requires Council to consider a report addressing the prudential issues set out in subsection 2 when a project meets certain criteria. Section 48 of the Act is reproduced in full in Attachment Two.
- 1.3.4 We note that the indexed value of the \$4.00 million threshold identified in Section 48 (1) (b) (ii) is \$4.888 million as at the date of this report.
- 1.3.5 As the Project has an estimated capital cost of greater than the threshold prescribed in Section 48, Campbelltown has engaged us to prepare a report to satisfy the requirements of Section 48 of the Act and the Prudential Management Policy.



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 2020-2021;
- Long Term Financial Plan 2020/21 to 2029/30;
- Asset Management Plan – Parks Reserves and Open Spaces; and
- Open Space Directions and Strategy Report 2012.

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.
- Office for Recreation and Sport Game On: Getting South Australia moving

2.1.2.4 National Objectives

- Sport 2030 National Sport Plan
- 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 through the provision of improved active and passive recreation facilities.

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 As a significant upgrade to a major district level sporting precinct, the Project is strongly aligned to the Campbelltown Strategic Plan 2010-2020.

2.2.2 Annual Business Plan and Budget

2.2.2.1 The 2020/21 Campbelltown Annual Business Plan and Budget (ABPB), sets out Council's programs, projects and services planned for the year.

2.2.2.2 The Project is the single largest capital project envisaged for the 2020/21 financial year with a budgeted capital cost of \$10.295 million to be spent in the 2020/21 financial year.



- 2.2.2.3 The budgeted capital cost is split between \$2.681 million for renewal and replacement of existing assets and \$7.614 million for new capital.

2.2.3 Long-Term Financial Plan

- 2.2.3.1 The Campbelltown Long Term Financial Plan 2020/21 to 2029/30, adopted 7 April 2020 (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 capital cost of \$10.200 million made up of \$7.480 million of new capital expenditure and \$2.720 million of renewal capital expenditure. All expenditure is expected to be spent in FY2020/21.
- 2.2.3.3 The LTFP also includes an assumption that \$5.00 million of grant revenue will be sourced to support the Project from a Federal Government grant.
- 2.2.3.4 The capital provisions in the LTFP are not significantly different to the most recent project budget used to inform the 2020/21 ABPB.
- 2.2.3.5 The LTFP currently includes provisions for maintenance and depreciation relating to the existing Max Amber Sportsfield buildings and landscapes.
- 2.2.3.6 We would not expect the impact of the Project to increase the ongoing maintenance expenditure required over the term of the LTFP given the upgraded state (and reduced requirement for maintenance) of the new assets constructed.
- 2.2.3.7 The increase in future depreciation provisions resulting from the Project have also been included in the LTFP.

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 Max Amber Sportsfield are included within Campbelltown's Infrastructure and Asset Management Plan - Parks and Reserves Open Space Assets Infrastructure and the Asset Management Plan - Building Assets.



2.2.4.4 Given the current status of the Project, the proposed new asset elements to be created by the Project are quite appropriately 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 Campbelltown Open Space Directions and Strategies Report (2012)

2.2.5.1 The City of Campbelltown Open Space Vision provides a strategic framework that will guide the future provision, development and management of open space across the City over the next 10 years and beyond.

2.2.5.2 The report states an objective of council to *"Improve the quality of sports grounds and sports facilities within a hierarchy framework."*

2.2.5.3 Max Amber Sportsfield is specifically referenced as a district level recreation facility and hence the proposed upgrade would be strongly aligned to the objectives of the Strategies report.

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, 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 Max Amber Sportsfield 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 30 Year Plan for Greater Adelaide

- 2.4.1.1 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).
- 2.4.1.2 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.
- 2.4.1.3 The Project is aligned to the Getting Active and A Green Liveable City pillars of the 30 Year Plan.
- 2.4.1.4 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.
- 2.4.1.5 The redevelopment of Max Amber Sportsfield 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.
- 2.4.1.6 The proposed Project clearly aligned with the 30 Year Plan for Greater Adelaide.

2.4.2 Office for Recreation and Sport 2017-2021 Strategic Plan

- 2.4.2.1 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.
- 2.4.2.2 The Project will provide increased and enhanced opportunities to progress the Office for Recreation and Sport’s vision.



2.4.2.3 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.
- (d) Lead the Women in Sport agenda in South Australia.

2.4.2.4 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.

2.4.3 Office for Recreation and Sport - Game On Getting South Australia moving

2.4.3.1 Game On: Getting South Australia Moving is an initiative of the South Australian government which outlines a framework for ensuring physical activity and exercise can fit seamlessly into daily lives to improve the well-being of communities.

2.4.3.2 Game On focuses on eight key outcomes which will be a priority for the Marshall Government and providers of sport, recreation and physical activity moving forward:

- Lifelong physical activity
- High quality and accessible public open spaces for active recreation
- Growth in active transport and commuting
- Active young people with good coordination and strong fundamental movement skills
- Affordable sport and recreation opportunities
- Sustainable sport and recreation sector
- Additional volunteers with enhanced training
- High quality, inclusive and accessible sporting infrastructure

2.4.3.3 The Project is strongly aligned with Game On, it will deliver enhanced high quality and accessible public spaces which provide active recreational opportunities and high quality inclusive and accessible sporting infrastructure.



2.5 National Objectives

2.5.1 Sport 2030 National Sport Plan

2.5.1.1 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.

2.5.1.2 The Australian Government has a clear and bold vision for sport in Australia — to ensure we are the world's most active and healthy sporting nation, known for our integrity and sporting success. Sport 2030 has four key priority areas which will, when fully implemented, create a platform for sporting success through to 2030 and beyond.

2.5.1.3 The priorities identified in Sport 2030 are:

- Build a more active Australia - More Australians, more active, more often;
- Achieving sporting excellence - National pride, inspiration and motivation through international sporting success;
- Safeguarding the integrity of sport - A fair, safe and strong sport sector free from corruption; and
- Strengthening Australia's sport industry - A thriving Australian sport and recreation industry.

2.5.1.4 The improved amenity and facilities at Max Amber Sportsfield will assist to progress one of the Australian Government's key targets in Sport 2030, that is "More people of all ages engaged in sport and physical activity throughout every stage of their life."

2.5.2 National Sport and Active Recreation Policy Framework

2.5.2.1 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.

2.5.2.2 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.

2.5.2.3 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.

2.5.2.4 This is best demonstrated by the committed funding from both the state and federal governments to support the Project.



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 26 September 2019.

3.1.5 The Project works will require Development Approval.

3.2 Development Zone

3.2.1 Max Amber Sportsfield is located on the corner of George Street and Schulze Road in Paradise on land zoned as Residential (Zone Map Cam/4). Max Amber Sportsfield covers three separate allotments:

3.2.1.1 Certificate of Title Volume 6230 Folio 205 (Allotment 30)

3.2.1.2 Certificate of Title Volume 2773 Folio 166 (Allotment 143)

3.2.1.3 Certificate of Title Volume 2773 Folio 166 (Allotment 144)

3.2.2 Max Amber Sportsfield is located in Suburban Policy Area 4.



- 3.2.3 The following forms of development are envisaged in the zone:
- 3.2.3.1 affordable housing (as defined by the South Australian Housing Trust Regulations as amended)
 - 3.2.3.2 domestic outbuilding in association with a dwelling
 - 3.2.3.3 domestic structure
 - 3.2.3.4 dwelling
 - 3.2.3.5 dwelling addition
 - 3.2.3.6 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
 - 3.2.3.7 supported accommodation.
- 3.2.4 Non-residential development such as shops, schools and consulting rooms should be of a nature and scale that:
- 3.2.4.1 serves the local community;
 - 3.2.4.2 is consistent with the character of the locality; and
 - 3.2.4.3 does not detrimentally impact on the amenity of nearby residents.
- 3.2.5 We consider the redevelopment of Max Amber Sportsfield 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 clubrooms itself is, in quantitative terms, larger than residential development contained in surrounding streets.
- 3.2.6 However, as a replacement of an existing building in a recreational setting, the scale of the development is commensurate with the setting and purpose of the building. It is also set at a substantial distance to the nearest residential development.
- 3.2.7 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.

- 3.2.8 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.
- 3.2.9 The General Section of the Development Plan also highlights the objectives and principles of development control for Community Facilities.
- 3.2.10 The stated policy objectives for Community Facilities are:
 - 3.2.10.1 Location of community facilities including social, health, welfare, education and recreation facilities where they are conveniently accessible to the population they serve.
 - 3.2.10.2 The proper provision of public and community facilities including the reservation of suitable land in advance of need.
- 3.2.11 The principles of development control for Community Facilities are:
 - 3.2.11.1 Community facilities should be sited and developed to be accessible by pedestrians, cyclists and public and community transport.
 - 3.2.11.2 Community facilities should be integrated in their design to promote efficient land use.
 - 3.2.11.3 Design of community facilities should encourage flexible and adaptable use of open space and facilities for a range of uses over time.
- 3.2.12 The proposed re-development of Max Amber Sportsfield would appear to be consistent with the General Provisions Section of the Development Plan relating to Community Facilities.

3.3 Approving Authority

- 3.3.1 A new planning system underpinned by the Planning, Development and Infrastructure Act (2016), was originally due to be implemented by 1 July 2020 but has since been deferred. Therefore, the current consolidated version of the Development Plan remains the correct document which sets out the rules for what development can and cannot occur in a given area.
- 3.3.2 Campbelltown, with the support of consultants, Ekistics and Brown Falconer submitted a Development Application for planning consent on 19 May 2020.
- 3.3.3 The Development Application was considered by the Council Assessment Panel on 28 July 2020.
- 3.3.4 Development Plan Consent was granted on 28 July 2020 subject to 13 conditions.
- 3.3.5 We consider these 13 conditions to be common and reasonable conditions to apply to a Development Plan Consent for a project of this nature. Some of the more bespoke conditions include:



- 3.3.5.1 Limitations have specifically been put on future noise associated with the premises.
- 3.3.5.2 Limitations have been place on external lighting so that it is not directed at adjoining property.
- 3.3.5.3 The requirement to construct a minimum of 10 two sided bicycle rails to be installed throughout the development.



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 Campbelltown has utilised the "Remplan Economy" 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 model is based on data from the Australian Bureau of Statistics which relates to the most recent Censuses.
- 4.1.4 At the time the economic modelling was undertaken, the Project cost was assumed at \$10.200 million and the expenditure characterised as 'Non Residential Building Construction'. We note this amount is slightly less than the updated total Project budget of \$10.445 million however the difference will not be material from an economic impact perspective.
- 4.1.5 The actual nature of the expenditure will be a combination of 'Non Residential Building Construction' and 'Landscaping Services'. A more accurate assessment of the expected economy impact of the project could be achieved if the nature of the works were more accurately split between these two sectors. However, the difference is unlikely to be material or to influence future progression of the Project.



4.2 Economic Impact of capital works

- 4.2.1 Campbelltown has prepared the following summary of the economic activity expected to be generated by the Project:

"The extent to which the project will contribute to the local economy is very high.

From a direct investment of \$10.2 million, it is estimated that the demand for intermediate goods and services would rise by \$8.95 million during the year of construction. This represents a Type 1 Output multiplier of 1.878. These supply-chain effects include multiple rounds of flow-on effects, as servicing sectors increase their own output and demand for local goods and services in response.

These increases typically also correspond to the creation of jobs in the economy (calculated to directly create 12 FTE jobs) and a consequent increase in the total of wages and salaries paid to employees (calculated to be \$1.04 million). A proportion of these wages and salaries are typically spent on local consumption, and a proportion of this expenditure will be captured in the local economy. From this direct expansion in the economy, flow-on supply-chain effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would result in the gain of a further 28 jobs and a further increase in wages and salaries of \$1.92 million. This represents a Type 1 Wages and Salaries multiplier of 2.846.

The total output (including all direct, supply-chain and consumption effects from the \$10.2 million investment) is estimated to increase by up to \$20.79 million. This represents a Type 2 Output multiplier of 2.038."

- 4.2.2 The actual output data from a Remplan report run using the same assumptions as previously stated and dated 2 July 2020 is shown in Figure Two.

Figure Two: Remplan output summary

Impact Summary

Impact Summary	Direct Effect	Supply-Chain Effect	Consumption Effect	Total Effect	Type 1 Multiplier	Type 2 Multiplier
Output (\$M)	\$10.200	\$8.891	\$1.647	\$20.738	1.872	2.033
Employment (Jobs)	13	28	7	48	3.154	3.692
Wages and Salaries (\$M)	\$1.097	\$1.899	\$0.411	\$3.407	2.731	3.106
Value-added (\$M)	\$2.210	\$3.355	\$0.991	\$6.555	2.518	2.967

- 4.2.3 The summary provided by Campbelltown is materially consistent with the Remplan output summary shown in Figure Two.



4.3 Impact on Businesses in Proximity

- 4.3.1 Given the location of Max Amber Sportsfield 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 during the construction phase. There will however be a significant impact on the sporting clubs who currently utilise the precinct.
- 4.3.2 Campbelltown will need to ensure that appropriate provisions are included in the Project plan to minimise disruption to existing services and particularly allow the Athelstone Football, Cricket and Tennis Clubs to continue operations during the construction phase as much as practical.
- 4.3.3 Campbelltown may need to assist all sporting clubs to find alternative facilities during construction and associated costs of doing so should be included in the project plan.
- 4.3.4 We note that the current Project cost estimate is based on the construction contractor having unrestricted access to the Site. Initiatives in the project plan to minimise disruption to clubs may cause Project delays and increased costs and should be considered in detail while assessing construction tender responses.

4.4 Fair Competition

- 4.4.1 The Project involves Campbelltown upgrading existing community recreation assets.
- 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 of these facilities. Thus, it will not provide services which are also provided by the private sector or the not-for-profit sector.
- 4.4.3 The activities of Campbelltown 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 consider whether competitive neutrality principles will need to be applied.
- 4.4.5 Given the nature of activities undertaken by Campbelltown, 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 21 April 2020, 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 The Policy prescribes that staff will apply community engagement methodologies appropriate to the circumstances and desired outcomes of any specific engagement.
- 5.1.4 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.
- 5.1.5 In line with the Public Consultation Policy, CONSULT was selected as the appropriate level of community engagement for seeking feedback on the various iterations of the draft Max Amber Sportsfield Master Plan.
- 5.1.6 The first community consultation process (2017 Consultation) relating to the original draft Max Amber Sportsfield Masterplan occurred during the period between October and November 2017 with a consultation report presented to Council on 19 December 2017.



- 5.1.7 A total of 157 responses to the 2017 Consultation were received.
- 5.1.8 The 2017 Consultation undertaken revealed there was limited levels of community support for the original designs in the draft Masterplan.
- 5.1.9 As a direct result of the community feedback, Council resolved to not progress either option presented in the original Masterplan, and instead requested that the Campbelltown Administration obtain costs for upgrading the facilities and associated amenities at Max Amber Sportsfield on their existing sites.
- 5.1.10 The second round of community consultation relating to the Project (2019 Consultation) occurred after the preparation of the updated Max Amber Sportsfield Masterplan which was first presented to Council in April 2019 and then released for community consultation between 5 June and 26 June 2019.
- 5.1.11 The 2019 Consultation received a much higher level of interest from the public with 802 responses received.
- 5.1.12 Respondents were invited to select their preference of the two Master Plan concept options. 77% (n=615) of overall respondents' support Option 2 only, 7% (n=54) support Option 1 only, 7% (n=59) support both options, and 9% (n=72) support neither options
- 5.1.13 Following the 2019 Consultation, Council resolved to progress Option 2 and instructed the Campbelltown Administration to prepare detailed designs in accordance with this concept.

5.2 Community Influence

- 5.2.1 The 2017 and 2019 Consultations were significant and undertaken in accordance with Campbelltown's Public Consultation Policy.
- 5.2.2 Through the consultation processes, the community has been afforded with the opportunity to influence the outcomes of the Project. Council, by not progressing either option put forward during the 2017 Consultation and by progressing Option 2 from the 2019 Consultation have demonstrated that they have listened to the community and that the community have been afforded with the opportunity to influence the outcome of the Project.
- 5.2.3 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; and*
- (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.*

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 clubs and groups who use Max Amber Sportsfield; and
- 6.1.1.2 Grant funding from the Australian Government to be applied to partially fund the Project construction cost.

6.1.2 Lease and Licence Fees

- 6.1.2.1 Max Amber Sportsfield currently generates revenue from lease and licence fees associated with the provision of ovals and clubrooms to the current tenants. The current lease and licence fees are shown in Table Three.

Table One: Current Lease Fees and User Charges

Club	FY2020 Fees (\$)
Clubroom lease fees	1,000
Sporting field hire fees	18,600
Total	19,600

- 6.1.2.2 Campbelltown is not expecting to generate any material additional user charges as a result of undertaking the Project; the same clubs will continue to use Max Amber Sportsfield post development.

6.1.3 Grant funding

- 6.1.3.1 Campbelltown have secured two grants to support the Project.
- 6.1.3.2 The first is a \$5.00 million Community Development Grant from the Commonwealth Government of Australia (Federal Grant) to cover approximately 50% of the cost of the Project.
- 6.1.3.3 The terms under which Campbelltown can access the Federal Grant are described in Schedule 1 of the Deed of Agreement – Funding Agreement in



relation to Max Amber Sportsfield Redevelopment (Funding Agreement). The key terms are as follows.

- (a) Maximum funding under the grant of \$5.000 million (excluding GST).
- (b) Funding in accordance with agreed progress milestones with practical completion required by 31 December 2021.
- (c) Minimum operational period of the Project assets of five years.

6.1.3.4 The second grant is from Round 2 of the South Australian Government's Grassroots Football, Cricket and Netball Facility Program (State Grant). The stated purpose of the grant is to assist in the construction of a new community pavilion including unisex change rooms at Max Amber Sportsfield Reserve.

6.1.3.5 The key terms of the State Grant are that:

- (a) Maximum funding under the grant is \$245,000;
- (b) Construction must begin within six month of receipt of funding;
- (c) The grant expires on 30 June 2022; and
- (d) Quarterly status reports must be provided.

6.1.3.6 Total grant funding attributable to the Project is therefore \$5.245 million or approximately 51.4% of the total Project budget.



6.2 Financial risks

6.2.1 The major financial risk relates to potential cost overruns in relation to the construction program. Campbelltown has sought to mitigate this financial risk by:

6.2.1.1 the proposed procurement approach of entering a fixed price building contract sourced through a tender process to identify a suitable construction contractor;

6.2.1.2 the intention to engage an experienced external Construction Superintendent that has previously worked with Council on a number of other projects (including the redevelopment of Campbelltown Memorial Oval) to supervise the building works; and

6.2.1.3 obtaining detailed cost estimations through the planning phase to inform project design decisions:

(a) Donald Cant Watts Corke (DCWC) were engaged by Project Architects, Brown Falconer to undertake a cost estimation. The latest cost estimate, based on 70% project designs dated 17 July, was received by Campbelltown on 3 August 2020.

(b) A summary of the cost estimate is provided in Figure Three.

Figure Three: Project cost estimate summary

Description	Amount
Demolition	\$162,000
Maintenance Shed	\$122,000
Soccer Change Rooms	\$501,000
Tennis Club House	\$465,000
Clubroom Building	\$6,971,000
Cricket Practice Pitches	\$52,000
Netball Courts	\$235,000
Playground 1 – Clubroom Building (By CCC)	\$146,000
Playground 2 - Tennis Club House (By CCC)	\$20,000
External Works – Soccer Change Rooms (By CCC)	\$20,000
External Works – Tennis Club House	\$19,000
External Works – Balance of Site	\$266,000
Oval	\$59,000
Stormwater Drainage	\$152,000
External Signage	\$50,000
Design Contingency (0%)	\$0
Escalation (0%)	\$0
Sub-Total Construction Cost (Excluding GST)	\$9,360,000
Construction Contingency (5%)	\$468,000
Professional Fees	\$302,000
FF&E / ICT	\$250,000
External Services, SAPN	\$50,000
Total Project Capital Cost (Excluding GST)	\$10,430,000



- (c) The cost estimate is within the current Project budget of \$10.445 million and despite the \$468,000 allocated towards construction contingencies there is relatively limited scope for overruns.
- (d) Figure Four details the cost risks that have been identified by DCWC in relation to the cost estimate.

Figure Four: Cost risks identified by DCWC

- Design Contingency – we have included design contingency at 0%; however, we would consider that at this stage of the design, 2.5% would be more appropriate, therefore this is a risk to the project that will need to be monitored in the next stage of the design process.
 - Asbestos Removal – we excluded asbestos removal at this stage, therefore this is a risk to the project that will need to be monitored in the next stage of the design process.
 - Contamination – we have excluded removal of contaminated material from site at this stage, therefore this is a risk to the project that will need to be monitored in the next stage of the design process.
 - Site Infrastructure Upgrades – we have included the allowances noted in the Second Estimate for the site infrastructure upgrades. These allowances need to be monitored in the next stage of the design process.
 - Architectural / Structural / Civil / Landscaping Design Development – We have included allowances for architectural, structural, civil and landscaping components of the development based on the 70% documentation issued to DCWC to date. These allowances need to be monitored in the next stage of the design process.
 - Concrete seating to Oval – the design for this structural element has not been completed at this stage. We have made allowances, however this is a risk to the project depending on the design, that will need to be monitored in the next stage of the design process.
 - Ground Floor Kitchen – we have not received an equipment schedule for the ground floor kitchen.
 - Playground at Clubroom Building – we have reduced the allowance for the playground including equipment to \$120,000 as advised by Campbelltown City Council.
 - Programme – we have based our estimate on a 12-month construction duration. Should the construction duration be extended, it will result in an increase in the preliminaries and should be considered when assessing the overall cost of the project.
- (e) The absence of a design contingency and provisions for asbestos removal and site contamination indicates that there is a significant risk that the budget may not be sufficient to construct the Project assets as designed.
 - (f) The cost estimate has been prepared on the assumption that:
 - (i) construction procurement will be via an open tender process using a lump sum AS2124 contract; and
 - (ii) the required areas of the site will be available and unrestricted access will be provided.
 - (g) To mitigate the risk of Project overruns, Campbelltown has developed a value management schedule which identifies \$0.200 million of additional cost savings which could be excluded from the Project if budgetary pressures exist. These include reducing the size and



design of the maintenance shed, review the equipment and fixtures budgets and reducing oval seating tiers.

- 6.2.1.4 While there are some controls in place to manage cost overruns, there is still a level of residual risk that the actual construction tender costs will exceed the current budget and that further compromises will be required on the project design.
- 6.2.1.5 The construction tender process has yet to commence. Campbelltown will only receive clarity on both estimated project costs and the ability to achieve project milestones once construction tender responses are received.
- 6.2.2 Another financial risk relating to the Project relates to the grant funding agreements and fulfilling Council's obligations under those agreements
 - 6.2.2.1 Grant funding of \$5.245 million has been secured under the Federal and State Grants.
 - 6.2.2.2 Campbelltown must ensure that milestones and other funding conditions are achieved, including the requirement to complete the Project by 31 December 2021. This is a relatively tight timeframe for a project of this size and scale.
 - 6.2.2.3 Failure to achieve the funding milestones could result in Campbelltown being required to commit additional funding to the Project which would have a negative impact Council's finances.

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

6.3.1 Recurrent Costs

- 6.3.1.1 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 the Project.
 - (a) Project capital cost is budgeted to be \$10.2 million.
 - (b) The useful life of the Project assets is assumed to be 50 years which equates to a 2.0% depreciation rate per annum.
 - (c) Table Two shows the expenses relating to Max Amber Sportsfield pre and post Project progression (excluding the impact of CPI indexing)



Table Two: Recurrent costs relating to Max Amber Sportsfield

Item	Current annual cost per LTFP (\$)	Post Project (\$)
Electricity	8,050	8,050
Water	10,800	10,800
Bore maintenance	25,000	25,000
Grass cutting	14,050	14,050
Turf maintenance	58,050	58,050
General maintenance	42,900	42,900
Depreciation	89,350	208,900
Finance charge	0	0
Total	248,200	367,750
Number of rateable properties (1 Jan 2019)	24,004	24,004
Cost per rateable property	\$10.34	\$15.32

6.3.1.2 The additional cost per rateable property from proceeding with the Project is estimated to be approximately \$5 per ratepayer which is essentially the amount of additional rates revenue per property required to fund the additional depreciation charge relating to the Project assets.

6.3.1.3 As the full capital cost of the Project is provided for in the LTFP and Campbelltown is currently forecasting cash surpluses for the entire period of the LTFP, no provisions for interest or borrowing costs have been made relating to the Project.

6.3.1.4 Building maintenance and electricity costs are the responsibility of the lessees. While the building footprints will increase, the building is being designed with high environmental sustainable design principles hence it is assumed that the new buildings will be more energy efficient and require less maintenance per square metre than the existing aged buildings. Therefore, the expenditure impact on the clubs is not expected to increase.

6.3.2 Financial Arrangements

6.3.2.1 The financial arrangements for the capital cost of the Project are shown in Table Three. The Project is expected to be funded from existing allocations in the Campbelltown LTFP and a combination of Federal and State Government Grants.



Table Three: Funding Sources for the Project

Source of Funds	Amount (\$m)
Campbelltown LTFP	\$5.200
Federal Government	\$5.000
State Government	\$0.245
Total	\$10.445
Project budget in LTFP	\$10.200
Surplus funding in LTFP	\$0.245

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 As an upgrade to existing community and recreation infrastructure, income from the Project will not be sufficient to meet operating expenses and financial obligations.
- 6.4.3 As its meeting held on 3 March 2020, 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 Renewal Funding Ratio	100% spend as per IAMPs and asset schedules on a rolling 5 year basis
5. Asset Consumption Ratio	Greater than 40% but less than 60%

Source: Campbelltown Long Term Financial Plan 2020/21 to 2029/30

- 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.
- 6.4.5 The performance of each Key Financial Target over the LTFP period is in line with the stated targets with the Project having a negligible impact on each financial ratio.
- 6.4.6 The financial position of Campbelltown is strong and should not be adversely impacted by progressing the Project. Even if construction costs exceed budget, the ability for Campbelltown to stay within its financial ratios will not be materially impacted.



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.
- 7.1.2 Campbelltown's commitment to a risk management approach to its operations is reflected in the Risk Management Policy, last reviewed 17 December 2019. 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.
- 7.1.4 The Project has been subjected to a high-level risk analysis by Campbelltown as documented in the Project Risk Management Plan dated August 2020. The Risk Management Plan contains a total of 12 Project risks.
- 7.1.5 Table Four shows the risk category and initial risk rating before the application of identified mitigation strategies.

Table Four: Initial Risk Assessment Category Summary

Risk Level	Very High	High	Medium	Low	Total
Financial	-	-	1	-	1
Insurances	-	-	-	1	1
WHS	-	-	1	-	1
Environmental	-	-	2	1	3
Tender / Contractor	-	-	1	-	1
Construction	-	2	2	-	4
Political	-	-	-	1	1
Total	0	2	7	3	12

- 7.1.6 The two risks rated as 'high' are:
- 7.1.6.1 Achieving project timeframes; and



- 7.1.6.2 Damage to underground services which could cause injury or additional costs.
- 7.1.7 Per the risk management framework, a risk treatment plan for the risks rated as 'high' is required to be developed and implemented.
- 7.1.8 We note that while some high-level existing controls for each risk have been documented and some additional controls have been identified, revised risk ratings for each risk (post mitigation controls) have not been assessed in the Risk Management Plan. This should be addressed in the next update of the Risk Management Plan.
- 7.1.9 The level of risk assessment performed by Campbelltown to date has been high level and should continue to evolve as the Project progresses. To properly ensure that risk is considered throughout the Project, it is important that the Risk Management Plan is regularly updated and that more detail is added as the Project moves into and through the construction phase.

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 also progressively updated as the Project progresses.
- 7.2.2 We would recommend that risk management is considered as a standing agenda item on any Project control group meetings to encourage the continued consideration of risk management and that each construction tenderers risk management credentials and processes are assessed during the construction tender phase.
- 7.2.3 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 project 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 Campbelltown is following a two stage design and construction approach to undertake the Project using external design and construction contractors.
- 8.1.2 The design work has been undertaken by Brown Falconer who were engaged following an open tender process to develop the Max Amber Sportsfield Masterplan into final agreed designs.
- 8.1.3 To facilitate construction, Campbelltown have advised us of their plan to approach the market seeking a fixed price construction contractor to undertake the works. We have been advised that the intention is to award the construction contract by October 2020 with construction to commence in November 2020 over a 12 month construction schedule to complete by November 2021.
- 8.1.4 We note this timeframe appears to be relatively tight and that Council should be aware of the risk that delays in project construction may impact budgets and usage of Max Amber Sportsfield by sporting clubs. The Federal Grant funding is also based on the Project completing by December 2021.
- 8.1.5 When the construction tender responses have been received, Campbelltown will get a clearer picture as to whether the proposed timeframe is achievable and the level of potential risk in relation to not achieving grant and Project milestones.
- 8.1.6 A Project Plan (document) for the delivery of the project has not been prepared by the Campbelltown Administration. Such a plan would set out key milestones, accountabilities and responsibilities and reporting lines to guide the Project.
- 8.1.7 Instead, Campbelltown is seeking to devolve responsibility for the setting of Project milestones to the construction contractor based on the tender responses which is not an unreasonable approach at this stage. The following high level Project milestones have been established:
 - 8.1.7.1 Design - Jan-Aug 2020. Milestone DA approval 28/07/2020 (Project Plan attached);
 - 8.1.7.2 Procurement - Sept-Oct 2020. Milestone Project Award late October; and
 - 8.1.7.3 Construction - Nov 2020 – Nov 2021. Milestone Federal Grant Acquittal 30 Dec 2021.
- 8.1.8 However, best practice would be to create a more detailed Project Plan so that each Project team member is clear on required timeframes, roles and responsibilities and accountabilities relating to the Project.



- 8.1.9 Campbelltown is also planning on engaging a suitably qualified independent superintendent to oversee the construction contractor and contract. This is a similar methodology and approach that was undertaken with the completed Campbelltown Memorial Oval upgrade project.

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 17 December 2019. 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 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.

- 8.2.4 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.

- 8.2.5 Decision making responsibility for a procurement process with a value over \$500,000 lies with Council. Figures Six, taken 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 Six: 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

8.2.6 Council approval of the construction tender will be required in the future in order to comply with the Campbelltown Procurement Policy.

8.2.7 Other major procurements relating to the Project include:

8.2.7.1 Masterplanning – A number of iterations of the master plan have been developed with each engagement less than \$50,000 in value. Either three written quotes or select tender was used for each engagement relating to master planning.

8.2.7.2 Designs / Architecture - the contract relating to the concept and detailed designs (<\$500k value) was awarded to Brown Falconer via open tender.

8.2.7.3 Construction Superintendent – Campbelltown is proposing to engage a suitably qualified independent Construction Superintendent through a direct approach methodology.

8.2.7.4 Prudential Report – two quotes sought, with BRM Advisory selected to prepare this report.

8.3 The Campbelltown Procurement Policy would appear to have been complied with for major procurements relating to the delivery of the Project to date.



9. **SALE AND OR DISPOSITION OF LAND**

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

(i) 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.

- 9.1 The Project does not involve the sale of disposition of land and accordingly part (j) of the Act is not considered relevant.



10. CONCLUSION

- 10.1 This report has been prepared to meet the requirements of Campbelltown's Prudential Management Policy and Section 48 of the Local Government Act in order to provide Council with a comprehensive understanding of the prudential issues relating to the Project.
- 10.2 The Project is a \$10.445 million redevelopment of Max Amber Sportsfield consistent with the Max Amber Sportsfield Masterplan adopted by Council on 6 August 2019.
- 10.3 The Project is strongly aligned to the Quality Living objective in the Campbelltown Towards 2020 Strategic Plan. The Annual Business Plan and Budget for 2020/21 and the current Long Term Financial Plan contain appropriate financial provisions, inclusive of grant funding, to undertake the Project.
- 10.4 The Project is also aligned to key State planning documents such as the 30 Year Plan for Greater Adelaide and the 2017-2021 Office for Recreation and Sport Strategic Plan and Game On Getting South Australia moving. The Project will also assist to advance key targets in the Australian Government National Sport Plan – Sport 2030.
- 10.5 The Project involves works which are defined as "development". Development Planning Consent was granted on 28 July 2020 with 13 conditions attached to the consent which are considered to be reasonable and common conditions given the form of development. Max Amber Sportsfield is situated in the Residential Zone meaning that the Project works do not represent an envisaged use for the Zone. However, as the reserve is already used for recreation purposes, the land use is not changing by undertaking the Project.
- 10.6 Based on economic modelling provided using the Remplan Economy economic impact model, the construction phase of the Project is estimated to have a positive economic impact generating an increase in economic output of \$20.7 million to the Australian economy.
- 10.7 The Project is not expected to have a material impact on businesses operating in the proximity nor will it result in issues of fair competition for Campbelltown as it will not operate the assets or compete with the private sector.
- 10.8 Detailed public consultation has occurred in relation to the Project over a number of years and in a variety of forms. The level of consultation undertaken is far in excess of the requirements of the Local Government Act and Campbelltown's Public Consultation Policy.
- 10.9 The numerous changes to the Max Amber Sportsfield Masterplan and the project designs as a result of community feedback provide an indication that Council has listened to the community and allowed them to influence the outcome of the Project.
- 10.10 Despite the improvement in facilities available to the users of Max Amber Sportsfield, the Project is not expected to derive additional revenue for Campbelltown. Campbelltown should consider whether there is an opportunity to review its fees and charges in recognition of the improved standard of infrastructure provided to the users of Max Amber Sportsfield.
- 10.11 The three major financial risks relating to the Project are that tendered construction costs come in above the existing Project budget, construction cost overruns occur during the construction phase and the ability to meet project milestones per the respective grant funding agreements. Existing mitigations strategies are in place to manage these risks however a level

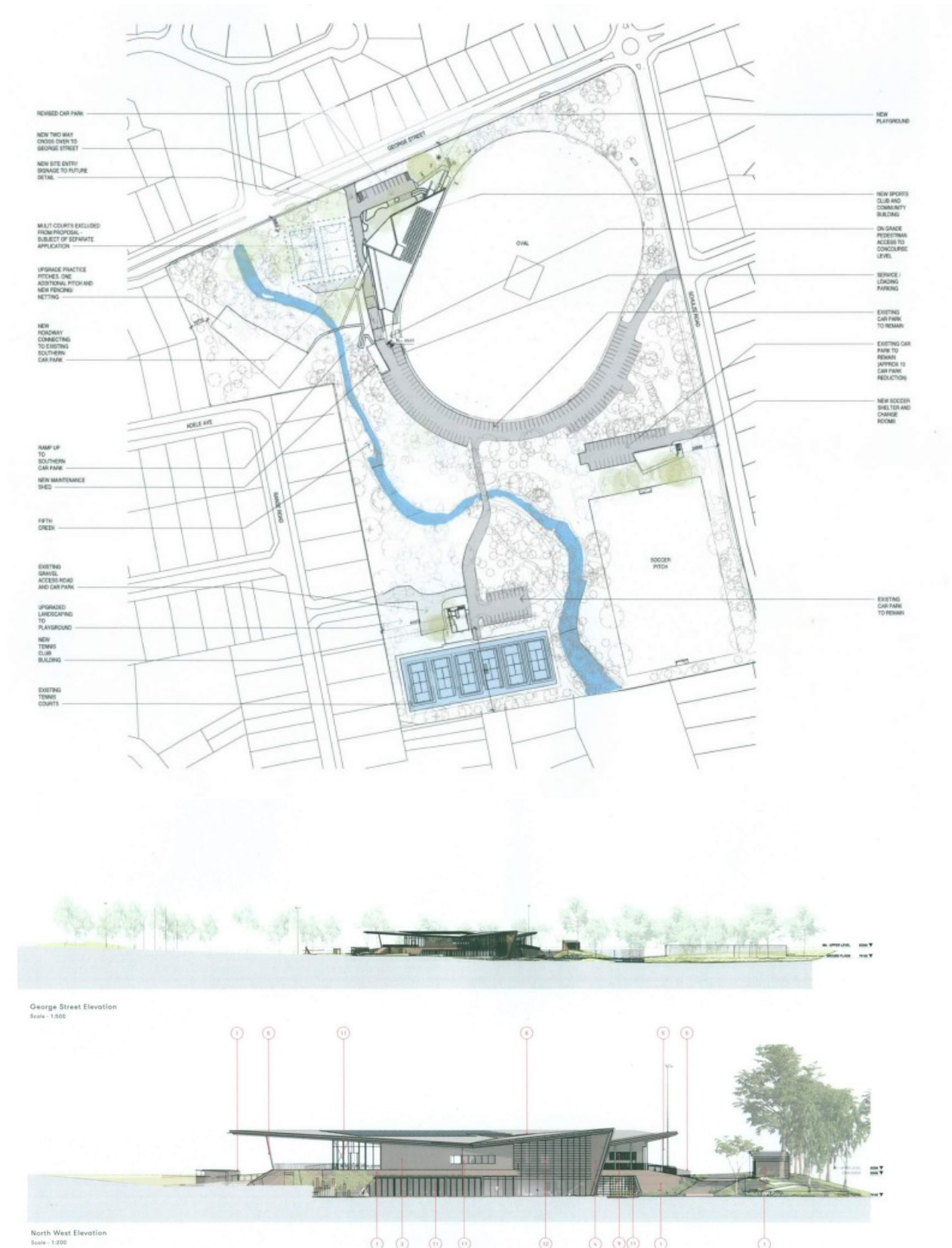


of residual risk, particularly relating to the risk of tendered construction costs exceeding budget, still exist and will need to be monitored and managed by Campbelltown.

- 10.12 The current version of the LTFP contains sufficient provisions for both the capital cost of undertaking the Project and the ongoing operational costs.
- 10.13 The ongoing operational costs of Max Amber Sportsfield are higher than the current operating costs due to the increased depreciation provision relating to the newly constructed assets and are expected to add a cost burden of approximately \$119,550 per ratepayer per annum. This increase has been factored into Council's LTFP.
- 10.14 A Risk Management Plan for the Project has been prepared dated August 2020. The Plan identifies 12 key project risks, with only two risks considered to be rated as 'high' and zero risks as 'very high'.
- 10.15 The level of risk assessment work undertaken to date is relatively high level which is appropriate given the construction phase of the project is yet to commence. However, we would recommend that the Risk Management Plan is continually reviewed and updated as the project progresses and that risk is a considered a standing agenda item on regular project control meetings.
- 10.16 A Project delivery planning document has not been prepared by Campbelltown. Such a plan would usually contain key milestones, accountabilities, responsibilities and reporting lines to guide the Project. Instead, Campbelltown will rely on the engagement of an independent contract superintendent and the external construction contractor to drive the construction plan and ensure project milestones are achieved.
- 10.17 We note that the timeframe to complete the Project by November 2021 is tight, particularly given a construction contractor has not yet been identified. Further clarity on the likelihood of achieving the intended Project milestones will only be known once Construction tender responses are received.
- 10.18 Project procurement has been undertaken consistent with Campbelltown's Procurement Policy.
- 10.19 The Project does not involve the disposal of land.



ANNEXURE ONE: PROPOSED PROJECT DESIGNS





Looking from George Street entry



Aerial view



View from east side of oval



View from Fifth Creek



View looking north from main car park



Looking west from centre of oval



View looking south west



Community Plaza



ANNEXURE 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.
- (2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the project as a whole.
- (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.



ANNEXURE THREE: FEDERAL FUNDING AGREEMENT MILESTONES

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"> project update; and engagement of lead architect 	28 Jan 2020	\$250,000	28 Feb 2020	12 March 2020
Progress Report 2	Evidence acceptable to the Commonwealth that the following have been achieved: <ul style="list-style-type: none"> project update; and detailed designed & documentation for tender purposes. 	31 July 2020	Nil	31 August 2020	Nil
Progress Report 3	Evidence acceptable to the Commonwealth that the following have been achieved: <ul style="list-style-type: none"> 25 per cent of the Project is completed and certified by the Project Manager, Quantity Surveyor, or similar; confirmation that the contractor is compliant with the Code for the Tendering and Performance of Building Work 2016 and accredited under the Australian Government Building and Construction WHS Accreditation Scheme; provision of final designs; and confirmation of final project costs. 	31 Dec 2020	\$1,000,000	29 Jan 2021	12 February 2021

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 4	Evidence acceptable to the Commonwealth that the following have been achieved: <ul style="list-style-type: none"> 50 per cent of the Project is completed and certified by the Project Manager, Quantity Surveyor, or similar. 	31 March 2021	\$1,250,000	30 April 2021	14 May 2021
Progress Report 5	Evidence acceptable to the Commonwealth that the following have been achieved: <ul style="list-style-type: none"> 75 per cent of the Project is completed and certified by the Project Manager, Quantity Surveyor, or similar; and an Event Invitation has been submitted to the Department as required at Item H of the Schedule. 	31 September 2021	\$1,250,000	29 October 2021	15 November 2021
Project Completion Report	Evidence acceptable to the Commonwealth that the following has been achieved: <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 2021	\$1,250,000	31 March 2022	14 April 2022