



City of Unley

Section 48 Prudential Report:
Unley Oval (Stage 2)
Redevelopment Project

October 2021



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EXECUTIVE SUMMARY

Purpose

The following report has been prepared to satisfy the requirements of the City of Unley Prudential Management Policy and Section 48 of the Local Government Act 1999 (Act) which require 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 project.

The Project

The Stage 2 Redevelopment of Unley Oval will create a new multi-purpose Community and Business hub at a cost of \$4.500 million and involves community infrastructure works consisting of proposed alterations and additions to the existing Oatey Stand including a three-storey addition to the south, alterations to the western (Trimmer Terrace) façade; and the creation of offices, meeting rooms and multipurpose spaces for use by sporting and community groups, functions and events.

Opinion

The City of Unley has acted with due care, diligence and foresight in progressing the Project and Council has been provided with sufficient information to satisfy the requirements of Council's Prudential Management Policy and Section 48 of the Local Government Act.

Prudential Review Issues and Findings

The City of Unley has a Master Plan for the continued development of the Unley Oval Precinct which includes Stage 2 community infrastructure works which will create a Community and Business Hub. Although not specifically mentioned in the Community Plan or the Four-Year Delivery Plan the works would assist to progress two of the four themes in the Community Plan and are aligned with the 30 Year Plan for Greater Adelaide and the Growth State agenda.

These proposed works have been the subject of extensive community consultation.

Council has secured a funding commitment of \$1.000 million from Sturt Football Club towards the Project and has allocated \$2.264 million in Commonwealth funding towards the Project. The City of Unley has actively progressed the proposed Project, it has:

- undertaken an updated community engagement process to confirm unmet demand exists for the community infrastructure to be created;
- prepared concept designs and obtained Pre-Tender Cost Estimates to verify the Project costs;
- applied for and received Development Consent for the Project works; and
- developed a Procurement Strategy for the Project which favours those using local suppliers and which confirms that the construction works can be completed within 12 months of receiving confirmation of grant funding.

Our detailed report follows.



1. INTRODUCTION

1.1 Background

- 1.1.1 Unley Oval is one of three sporting hubs within the City of Unley (CoU) and provides for a wide range of sporting and recreational pursuits. The Unley Oval Precinct is located between Edmund Avenue, Frederick Street, Trimmer Terrace and Langham Terrace, Unley. The Precinct is approximately four hectares in size and is a popular area used by the local community for both structured sport (including football, cricket, tennis and bowls) as well as unstructured recreation (personal exercise, play space, informal ball sports, dog exercise). The Unley Oval Precinct is also the home ground for Sturt Football Club, Sturt District Cricket Club, Sturt Lawn Tennis Club and Sturt Lawn Bowls Club.
- 1.1.2 In 2013, the CoU developed a Master Plan to provide a coordinated and strategic approach for the future development and management of the Unley Oval Precinct.
- 1.1.3 In June 2017, Council adopted the Unley Oval Improvement Plan (report reference 883/17) which outlined a number of staged improvements to the benefit of community and sporting use.
- 1.1.4 As part of this Master Plan, Stage 1 of Unley Oval was completed in December 2018 and included upgrades and improvements to the Oatey Stand and McKay Stand, new and upgraded unisex change rooms and facilities for players and game officials, a new canteen and improved disability access. The cost of Stage 1 was \$3.1 million with the CoU funding \$1.8 million and contributions being made by the State Government, AFL and the Sturt Football Club.
- 1.1.5 The proposed Stage 2 of the Unley Oval Master Plan redevelopment has always been subject to securing grant funding to support the Council financial commitment, it involves a second level for the Oatey Grandstand to provide additional community facilities or a community hub space and mezzanine office space.
- 1.1.6 The proposed alterations and additions to the existing Oatey Stand include a three-storey addition to the south, alterations to the western (Trimmer Terrace) façade; and the creation of offices, meeting rooms and multipurpose spaces for use by sporting and community groups, functions and events for a maximum of 250 persons.
- 1.1.7 The CoU commitment to undertaking the Stage 2 redevelopment was shown in Council's decision to allocate \$1.200 million for detailed design work to be undertaken and to assist in the attraction of State and Federal Government funding to ensure the proposed redevelopment is shovel ready.
- 1.1.8 The CoU has received Federal Government grant funding of \$1.331 million as part of the Phase 2 Local Roads and Community Infrastructure program towards the Project and following receipt of this grant the Sturt Football Club wrote to Council indicating that they are prepared to contribute \$1.000 million towards Stage 2 works.
- 1.1.9 On 23 August 2021 Council considered a report on the Unley Stage 2 Development which identified that the Federal Government was releasing Stage 3 funds under the Local Roads and Community Infrastructure program (LRCIP) and Council will be



receiving \$0.925 million in early 2022 to allocate to a suitable project. While the criteria for access to/use of the funding have not yet been released, the CoU understand the funding can be allocated towards the Stage 2 redevelopment of Unley Oval, the scope of which has been expanded to include the potential for rejuvenation of the oval playing surface to provide fit for purpose playing conditions throughout the year with improved reliability of carrying capacity (subject to securing additional government funding). Following consideration of the report, Council resolved as follows.

ITEM 4.9
UNLEY OVAL STAGE 2 DEVELOPMENT

MOVED Councillor D. Palmer

SECONDED Councillor J. Russo

That:

1. The report be received.
2. The \$925K funding to be received from the Federal Government in January 2022 be allocated to Stage 2 of the Unley Oval redevelopment project.
3. Tenders for Unley Oval Stage 2 works be called, with a view to commencing construction before the end of the 2021 calendar year.

CARRIED UNANIMOUSLY

Resolution No. C0586/21

1.2 The Project

1.2.1 The Unley Oval (Stage 2) Redevelopment (the Project) will deliver the following improvements to the Unley Oval, the Oatey Grandstand and to the streetscape of nearby Trimmer Terrace at an estimated cost of approximately \$4.500 million.

- Ground Floor – new stairs and reconfiguration of storage areas but no significant change in the existing layout.
- Mezzanine level – relocation of existing floor spaces to create offices, meeting rooms, coaches' boxes and a media deck.
- First floor level – creation of a 425 square metre new 'multi-purpose community and business hub' space with area for meetings, conferences, and community use. Upgraded facilities will include new kitchen and food preparation areas, foyer, stairs, all with DDA compliant access and amenities (for a maximum of 250 persons).
- Oatey Grandstand western façade and Trimmer Terrace - refurbishment and renewal of this façade of the Grandstand and enhancement of the Trimmer Terrace streetscape, creating a more inviting pedestrian environment to the Unley Oval entry and its surrounds.

1.2.2 The Project development site is shown at Attachment One.



1.3 Project Rationale

The Unley Oval (Stage 2) Redevelopment Project will create a new multi-purpose Community and Business hub and provide enhanced facilities for the Sturt Football Club and will progress the vision stated in the Community Plan by enhancing the community assets which contribute to providing residents with an enviable lifestyle, increased opportunities for activities and services and strengthening business.

1.4 Legal Framework and Prudential Issues

1.4.1 The Local Government Act 1999 (Act) Section 48 states that 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.

1.4.2 In accordance with Section 48 (aa1) and (a1), the City of Unley adopted a Prudential Management Policy dated 23 September 2013 (C893/13) and last reviewed on 26 August 2019 (C0079/19) which satisfies the requirements of the Act.

1.4.3 The Prudential Management Policy and the Act require Council to consider a report addressing the prudential issues set out in subsection 2 of Section 48 when a project meets certain criteria, specified in (1) (b), namely where a 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."*

1.4.4 The Prudential Management Policy objectives are to ensure that each Council Project:

- *"is undertaken only after an appropriate level of due diligence is applied to the proposed project;*
- *is managed appropriately during the project and evaluated after the project in terms of the use of council and other public resources to achieve identified public benefits or needs; and to minimise financial risks;*



- *meets the prudential report requirements when consideration is being given to a project that falls within the requirements of Section 48(1)(b) of the Act.”*

- 1.4.5 As the capital cost of the Project is close to the stipulated threshold, the CoU has commissioned the preparation of this report to ascertain whether the provisions of the Prudential Management Policy and Section 48 of the Act have been satisfied in the due diligence processes that have accompanied the Project.
- 1.4.6 The prudential issues set out in Section 48 of the Act are reproduced in full as 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 City of Unley

- Community Plan 2033– A Community of Possibilities;
- Four Year Delivery Plan 2021 -2025;
- Annual Business Plan and Budget 2021-22;
- Long Term Financial Plan 2020-21 to 2029-30; and
- Building Asset Management Plan 2020.

2.1.2.2 Regional

- None identified.

2.1.2.3 South Australian State Government

- 30 Year Plan for Greater Adelaide.
- Growth State.

2.1.2.4 Commonwealth Government

- None identified.

2.2 City of Unley Plans

2.2.1 Community Plan 2033 – A Community of Possibilities

2.2.1.1 The City of Unley's vision set out in the Community Plan is:

"Our City is recognised for its enviable lifestyle, environment, business strength and civic leadership."



- 2.2.1.2 The City of Unley Community Plan 2033 (as revised in 2017) provides the vision, strategies and framework for the future of the City of Unley. The four themes around which it is built all complement the strategic intent of the State Government Planning Strategy (The 30 Year Plan for Greater Adelaide).
- 2.2.1.3 The four themes provide the key aspirations to achieve Council’s vision for the City, these themes are:
- (a) Community Living
 - (b) Environmental Stewardship
 - (c) Economic Prosperity
 - (d) Civic Leadership
- 2.2.1.4 Through the multi-purpose Community and Business hub the Unley Oval (Stage 2) Redevelopment Project will assist to progress two of the themes of the Community Plan and their related goals and objectives as shown in Table One.

Table One: Unley Oval (Stage 2) Redevelopment alignment with Community Plan

Theme	Goal	Objective
Community Living	People value our City with its enviable lifestyle, activities, facilities and services	1.2 Our Community participates in community activities, learning opportunities and volunteering. 1.3 Our City meets the needs of all generations. 1.4 Our City is well planned to support community life.
Economic Prosperity	Our businesses are valued because of the range of goods, services and facilities they provide, and new businesses are supported, not burdened with bureaucracy.	3.1 Unley is recognised as an easy place to do business. 3.2 Thriving main streets and other business activities operate across our City.

- 2.2.1.5 Although not specifically referenced in the Community Plan the Project is considered to be aligned with the Community Plan 2033.

2.2.2 Four Year Delivery Plan

- 2.2.2.1 The Four-Year Plan outlines the projects and services that Council will deliver between 2021 and 2025 to deliver the vision, strategies and framework set out in the CoU Community Plan 2033.
- 2.2.2.2 The Project is specifically mentioned in the Four-Year Delivery Plan as a key initiative / project under the Community Living theme.



2.2.2.3 Further, consistent with the alignment to the Community Plan there are a number of specific strategies in the Four-Year Plan that will be progressed by undertaking the Project. These are:

- (a) Provide a network of Community Centres to strengthen community connections.
- (b) Ensure Council's facilities and buildings are accessible to all.
- (c) Further explore the creation of space for entrepreneurs in the City.

2.2.3 Annual Business Plan and Budget

2.2.3.1 The CoU Annual Business Plan and Budget 2021-22 outlines Council's priorities and programs of works for the next 12 months and allocates funding for key projects and services to achieve the specific outcomes set by Council and the community through the Community Plan and the Four-Year Delivery Plan 2021-2025 with due consideration to the key financial indicators adopted by Council.

2.2.3.2 The Project was substantially progressed during FY2021 with a net provision of \$0.873 million (which is the unspent balance of the original budget allocation of \$1.2000 million) carried forward in the financial estimates. As a carried forward item the Project is not specifically referenced in the Annual Business Plan and Budget 2021-22 but was recognised in the 2020-21 Preliminary End of Year Report.

2.2.3.3 Should Council resolve to proceed with the Project during FY2022 a budget variation will be required as part of the CoU's normal Quarterly Budget Review processes.

2.2.4 Long Term Financial Plan

2.2.4.1 The CoU Long Term Financial Plan 2020-21 to 2029-30 (LTFP) was adopted by Council on 27 July 2020 to assist in determining the financial projections for the period to develop its Annual Business Plan and Budget as a base by setting the high level parameters and targets that will assist Council in maintaining the current level of services, without unplanned or significant increases to the rates paid by ratepayers or unplanned cuts to services.

2.2.4.2 The key objective of Council's LTFP is to help ensure financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

2.2.4.3 The Project is not specifically mentioned in the LTFP but there are sufficient financial provisions contained within the allocation for new capital projects to undertake the Project.

2.2.4.4 Should Council resolve to proceed with the Project the LTFP will need to be updated in the ordinary course of business to reflect the future impact on CoU's financial position.



2.2.5 Asset Management Plans

- 2.2.5.1 The CoU owns and is responsible for the management, operation and maintenance of a diverse asset portfolio that provides infrastructure and facilities for the community, these assets have a current value of approximately \$693 million.
- 2.2.5.2 The CoU has adopted four asset management plans which set out its goals and objectives for managing key infrastructure and assets, namely building, open space, stormwater and transport.
- 2.2.5.3 Plans and provisions for Unley Oval are included within the Building Asset Management Plan 2020.
- 2.2.5.4 Unley Oval fits within two categories in the Building Asset Management Plan, these are:
 - (a) Civic Operations – Operational in nature and/or complimentary to other Council functions; and.
 - (b) Lease Community – Leased from Council for tenants to run services to the community.
- 2.2.5.5 Unley Oval is identified within the Building Asset Management Plan as one of four new capital projects for buildings over the next 10 years. The provisions in the Asset management Plan will need to be updated when the Project is completed.

2.3 Regional Objectives

No regional objectives or plans identified as relevant to the Project.

2.4 South Australian State Plans

2.4.1 30 Year Plan for Greater Adelaide

- 2.4.1.1 The 30-Year Plan for Greater Adelaide was first prepared in 2010 to describe the State Government’s plan for how Adelaide should grow to become more liveable, competitive and sustainable. It is the strategic land-use plan that guides the long-term growth of the city and its surrounds.
- 2.4.1.2 The current 30 Year Plan, prepared in 2017, has three objectives:
 - (a) Maintain and Improve Liveability;
 - (b) Increase Competitiveness; and
 - (c) Drive Sustainability and Resilience to Climate Change.
- 2.4.1.3 There are also fourteen Policy themes in the 30 Year Plan, a multi-purpose Community and Business hub at Unley Oval will contribute to the advancement of the Policy Theme of “Health, well-being and inclusion” by



providing an increased range of community facilities close to surrounding homes which further enhances community interaction and social cohesion in a healthy walkable neighbourhood.

2.4.2 Growth State

2.4.2.1 Growth State is the South Australian Government’s plan for economic growth. It responds to the needs of industry and focuses on building South Australia as a place to invest, expand existing business or create a new one. Within the identified key areas for growth, the State Government has committed to building the state’s economic and social infrastructure to enhance the economy and liveability of South Australia.

2.4.2.2 The Unley Oval (Stage 2) Redevelopment Project provides much needed infrastructure in the form of a community facility which can be used for business networking and education to improve the skills and productivity of the local business community as well as providing underpinning social infrastructure to support broader community policies.

2.4.2.3 The Project is considered to be aligned to the South Australian Government’s Growth State plan.

2.5 Commonwealth Government

No national objectives or plans have been identified as relevant to 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 Development Plan

3.1.1 Development in the City of Unley is governed by the Development Plan – Unley (City), pursuant to Section 33 of the Development Act 1993 and the associated Development Regulations 2008. The current version of the Development Plan is dated as consolidated on 15 October 2020.

3.1.2 The Development Plan is a statutory policy document which guides the type of development that can occur within a Council area.

3.1.3 The Development Plan outlines what land uses are envisaged within different zones and those land uses which are not contemplated. The Development Plan contains objectives, principles and policies that will control and affect the design and location of land use activities.

3.1.4 The Project works require Development Approval and a development application was lodged on 2 September 2020 (Development Application 090/606/2020/C3).

3.2 Development Zone

3.2.1 Unley Oval is situated within the Residential Historic (Conservation) Zone, the objectives of the Zone are set out below.

Objective 1: Conservation and enhancement of the heritage values and desired character described in the respective policy areas, exhibited in the pattern of settlement and streetscapes of largely intact original built fabric.

Objective 2: A residential zone for dwellings primarily in street-fronting format, together with the use of existing buildings and sites used for non-residential purposes for small scale local businesses and community facilities supporting an appealing, pleasant and convenient living environment.

Objective 3: Retention, conservation and enhancement of contributory items, and the complementary replacement or redevelopment of non-contributory buildings.

Objective 4: Sensitive adaptation of contributory items for alternate, small household, living where offering tangible benefit in the retention and refurbishment of such items.

3.2.2 The proposed development was considered to satisfy Objective 1 which seeks the “conservation and enhancement of the heritage values and desired character”.



- 3.2.3 From a land use perspective, the proposed development was not considered to change the existing sport and recreational use of the land nor would it entrench an incompatible land use within the locality or undermine the Objectives of the Residential Historic (Conservation) Zone.
- 3.2.4 The Residential Historic (Conservation) Zone also contains 7 policy areas. The land is within Policy Area 6 - Spacious Unley And Malvern Trimmer Estate. The Desired Character for the Policy Area recognises the spacious streetscapes and historic architectural styles that contribute to the area’s character and amenity. The small size and sensitive design of the proposed built form would ensure the proposed development conserves and enhances the Desired Character of the Policy Area.

3.3 Approving Authority

- 3.3.1 Although the CoU is the applicant, it was considered pertinent for the Council Assessment Panel (CAP), as an independent planning body under the Planning and Development Act, to be the decision-making authority.
- 3.3.2 Category 3 notification was undertaken pursuant to Section 38 of the Development Act 1993 and Schedule 9 of the Development Regulations 2008. During the ten business day notification period 21 representations were received, of which nine representors stated they wished to be heard. The issues raised during representations and the response are summarised in Table Two.

Table Two: Development Approval Issues Raised

Issue raised	Responses
Land use conflict	The Oatey Grandstand has long standing existing use rights and the proposal is consistent with the existing use.
Traffic congestion	No noticeable change to current traffic and parking demand.
No off-street car parking	As above.
Impact on historic character	The proposal has been architecturally designed with feedback from Council’s heritage expert.
Impact on resident amenity	Many of the proposed uses are already occurring at 39 Oxford Terrace. Some additional use will occur but this will not be significant.
Not a community development	Many community organisations will use the multi-purpose facility.
Noise and disturbance	An independent noise assessment prepared by Resonate has found the noise impacts to be acceptable. Site management will assist in minimising noise disturbance from vehicles and patrons.
Visual impact	No comment provided.
Overshadowing impact	No overshadowing will occur to properties on Edmund Avenue.
Liquor licence requirements	No comment provided.
Operating hours	The proposed operating hours of the multi-purpose area will be consistent with those of the Cambridge Room at 39 Oxford Terrace.



- 3.3.3 At its meeting held on 15 December 2020, the City of Unley CAP resolved that the Development Application 090/606/2020/C3 at Unley Oval, Trimmer Terrace is not seriously at variance with the provisions of the City of Unley Development Plan and granted Planning Consent for the Project subject to a number of conditions.
- 3.3.4 Building Rules Consent was received through private certification in December 2020.
- 3.3.5 Development Approval was granted on 9 February 2021.



4. 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.
- 4.1.2 The Project will contribute to economic development in the City of Unley from the associated construction activity and from an expected increase in use of the enhanced community facilities.
- 4.1.3 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.
- 4.1.3.1 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.
- 4.1.3.2 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.
- 4.1.4 To quantify the benefits from these multiplier effects, economic modelling has been based on a similar type of project in another council area, using 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.
- 4.1.5 The modelling assumes a total Project construction cost of \$4.500 million and the expenditure was characterised as 'Construction Services'.



4.2 Economic Impact of Construction Works

4.2.1 Based on the Remplan modelling, the total estimated construction impact of the Unley Oval (Stage 2) Redevelopment Project is summarised in Table Three.

Table Three: Estimated Economic and Employment Benefits

Impact Summary	Direct Effect	Supply-Chain Effect	Consumption Effect	Total Effect	Type 1 Multiplier	Type 2 Multiplier
Output (\$m)	\$4.50	\$2.48	\$0.93	\$7.90	1.550x	1.756x
Employment (Jobs)	14	8	4	26	1.618x	1.941x
Wages and Salaries (\$m)	\$0.85	\$0.55	\$0.24	\$1.64	1.654x	1.937x
Value-added (\$m)	\$1.59	\$0.99	\$0.58	\$3.17	1.626x	1.992x

4.2.2 Economic output

4.2.2.1 From a direct increase in output of \$4.50 million it is estimated that the demand for intermediate goods and services would rise by \$2.48 million. This represents a Type 1 Output multiplier of 1.550. 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 to the direct change to the economy.

4.2.2.2 The increases in direct and indirect output would typically correspond to the creation of jobs in the economy. Corresponding to this change in employment would be an increase in the total of wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated at \$0.93 million.

4.2.2.3 Total output, including all direct, supply-chain and consumption effects is estimated to increase by up to \$7.90 million. This represents a Type 2 Output multiplier of 1.756.

4.2.3 Employment

4.2.3.1 From a direct increase in output of \$4.50 million the corresponding creation of direct jobs is estimated at 14 jobs in the first year of construction. 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 8 jobs. This represents a Type 1 Employment multiplier of 1.618.

4.2.3.2 The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated to further boost employment by 4 jobs.



- 4.2.3.3 Total employment, including all direct, supply-chain and consumption effects is estimated to increase by up to 26 jobs. This represents a Type 2 Employment multiplier of 1.941.

4.3 Impact on Business in the proximity

- 4.3.1 Given the location of Unley Oval and the nature of the Project (being a redevelopment of facilities within the Oval environment), it is not expected that progressing the Project will have a major negative impact on businesses in the proximity during the construction phase.
- 4.3.2 During the construction phase, the presence of construction contractors may result in an increase in activity for some retail and food businesses in the surrounding area.

4.4 Fair Competition

- 4.4.1 Consideration must be given as to whether the activities of CoU 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.
- 4.4.2 If the proposed activities at the Community and Business Hub were considered to constitute a significant business activity, deemed to be significant within the definitions of Clause 7, then CoU would need to give consideration to whether competitive neutrality principles will need to be applied to their activities.
- 4.4.3 Competitive neutrality is about ensuring that the significant business activities of publicly owned entities compete fairly in the market.
- 4.4.4 The Unley Oval (Stage 2) Redevelopment Project will create a Community and Business Hub.
- 4.4.5 The operations of a Community and Business Hub impact on competition in the local market place to the extent that it provides services which are also provided by the private sector.
- 4.4.6 The lease of office space to Sturt Football Club may be considered to be a service which is also provided by the private sector but given the location and the relatively small size in the context of the overall development it is highly unlikely to constitute a significant business activity.
- 4.4.7 Given the nature of the activities that are proposed to arise from the Unley Oval (Stage 2) Redevelopment Project i.e., a Community and Business Hub, we do not consider that they constitute a 'significant business activity' within the definitions of Clause 7, and do not consider that there are any material competition issues arising from the proposed 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 objectives of the CoU Community Engagement and Public Consultation Policy adopted on 27 April 2010 (C306) and last reviewed on 28 July 2014 (C1193) are to:

- "(a) Fulfil the statutory requirements of the Local Government Act 1999 Section 50.*
- (b) Enable the community to contribute to decision making that affects them in a meaningful and appropriate way through an open and accountable process.*
- (c) Promote equity through optimal access to engagement opportunities."*

5.1.2 Consistent with the Council Policy, the CoU has undertaken broad consultation as part of the development of the Unley Oval Improvement Plan and more recently targeted community consultation on the proposed Stage 2 works to:

- 5.1.2.1 assess the level of demand for a community hub from local community groups;
- 5.1.2.2 seek input on the facilities required and frequency of potential community group usage; and
- 5.1.2.3 to inform future planning and designs.

5.1.3 The most recent community engagement initiative commenced on 1 September 2020 and concluded on 30 September 2020. The views of the community groups were sought via a direct invitation issued to 318 local service and community groups, not for profit community organisations, churches and schools.

5.1.4 Responses were collected through an online survey with face-to-face meetings or telephone interviews also offered to those who preferred to respond verbally.

5.1.5 Of the 318 groups invited to participate in the consultation 56 responded, which represented an uptake of 18%.

5.1.6 The engagement demonstrated that there is a demand for a community space for community groups to meet with standard facilities and equipment available (29 respondents indicated a current or future unmet need for a community space for meetings and activities).

5.1.7 While the engagement identified that most respondents (28 out of the 43 who answered the question on preferred use) would prefer a repeat regular booking,



others were seeking a permanent home (8 respondents) or ad-hoc bookings (7 respondents).

5.1.8 The engagement also provided valuable insight into the size of the community space being sought – which ranged from a venue to accommodate meetings of less than 10 to a space which could cater for greater than 100 people.

5.1.9 As discussions on the proposed community facility have been progressed, it has also become evident that there is demand for a large space for business networking functions.

5.1.10 This includes an opportunity to house the City of Unley's Fish Tank youth entrepreneurial program and Start Up @ Any Age entrepreneur program targeting people aged 65+. Running these programs from the same location will have the additional benefit of facilitating intergenerational outcomes.

5.1.11 Some members of the community have also had the opportunity to comment or influence the Project through the Development Application process.

5.1.12 Further, the community has previously been extensively engaged in relation to the Unley Oval Improvement plan. This includes:

5.1.12.1 2013 Unley Oval Precinct Master Plan Club consultation (5 responses);

5.1.12.2 2013 Unley Oval Precinct Master Plan general Public consultation (185 responses); and

5.1.12.3 2015 Unley Oval Future Grandstand Upgrades (88 responses).

5.2 **Community Influence**

5.2.1 The Project has been the subject of extensive community consultation and engagement process over time.

5.2.2 Through the most recent engagement process the community has been able to influence the final form of development to incorporate a large space for business networking.



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;*

6.1 Revenue Production, Revenue Projections and Potential Financial Risks

6.1.1 The Project will generate revenue from the following sources.

- 6.1.1.1 Grant funding to be applied to partially fund the Project construction cost.
- 6.1.1.2 A contribution to be made by the Sturt Football Club which will be treated as grant funding.
- 6.1.1.3 Lease fees from the Sturt Football Club tenancy.
- 6.1.1.4 User charges from community groups and other users.

6.1.2 Grant Funding

- 6.1.2.1 The CoU has committed to allocating \$1.339 million of their Commonwealth Government Local Roads and Community Infrastructure Program (LRCI) grant to the Project if it proceeds.
- 6.1.2.2 The CoU has also committed to allocating the \$0.925 million to be received from Stage 3 of the Commonwealth Government LRCI grant towards the Project.
- 6.1.2.3 The \$1.000 million contribution to be made by the Sturt Football Club has been treated as grant income.
- 6.1.2.4 The CoU has also submitted an application to the Office for Recreation, Sport and Racing for a grant of \$1.5000 million to fund additional works for the rejuvenation of the oval playing surface, replacement of drainage and irrigation. The outcome of this submission is not expected to be known until December 2021.

6.1.3 Lease Fees

- 6.1.3.1 The Sturt Football Club currently pays the following lease fees to the CoU:



- (a) \$37,000 for the lease of Trimmer Terrace which is all the facilities associated on the Unley Oval (i.e. Grandstand, Change Rooms and Oval); and
- (b) \$36,000 for 39 Oxford Terrace which are presently used as the Sturt Football Club offices.

6.1.3.2 Through the Project the Sturt Football Club will have access to the Community and Business hub building for their game day activities and preference for week day/night access to the space to generally match those activities and occasions currently provided for at 39 Oxford Terrace. These include activities such as game day luncheons and half-time functions, end of season presentation functions, SANFL and Sturt Football Club coaching workshops and Sturt Football Club Board and Club Administration meetings.

6.1.3.3 The rental for the facilities being created by the Project has been calculated at \$55,000 per annum (exc. GST). This amount is consistent with the amount derived from the application of the processes for assessing lease and licence fees set out in the CoU Property Management Policy after accounting for the Sturt Football Club financial contribution to the Project.

6.1.3.4 Revenue from Sturt Football Club is therefore forecast to be \$18,000 per annum higher than currently included in CoU's long term financial plan and this is the amount included in the calculation of the impact of the Project on the CoU's financial position.

6.1.3.5 It has been assumed that the CoU will be able to continue to generate revenue in the order of \$36,000 per annum from the lease of 39 Oxford Terrace, either from the Sturt Football Club or another tenant.

6.1.4 User Charges

6.1.4.1 The CoU's Community Services Team will manage the new multi-purpose Community and Business hub space. It is intended that preference will be given for fixed group bookings for community-based groups rather than occasional or ad-hoc hirers of the space.

6.1.4.2 The CoU currently has a range of (discounted) charges that apply for the use of community facilities, and similar charges are likely to be levied for use of the Community hub.

6.1.4.3 In 2018/19 the CoU generated over \$189,000 from facility hire of community spaces, the majority of which was raised from the Fullarton Park Centre (\$148,000).

6.1.4.4 The community engagement for the multi-purpose Community hub has demonstrated that there is unmet demand for such a facility, this same engagement found that there was a wide range of hire fees that users were willing to pay (from nothing to up to one respondent who indicated they may pay \$5,000 for one off major events).



6.1.4.5 The new Community and Business hub will attract new users and will have different product offerings to the other community facilities in Unley.

6.1.4.6 Based on indicative daily hire rates of \$250 on weekdays and \$400 on weekends an annual revenue target of at least \$50,000 from the community facilities (i.e., excluding the rental to be paid by Sturt Football Club) is achievable.

6.1.4.7 In addition, revenue is expected to be derived from the lease of the business facilities. A provision of \$24,000 per annum has been included which is a discount to prevailing market rates for similar space.

6.1.5 Potential Financial Risks

6.1.5.1 Compliance with Grant Funding Conditions

If the CoU is successful with the grant funding application this will give rise to a financial risk of compliance with the grant funding milestones and funding conditions.

Failure to achieve these could result in CoU being required to commit additional funding to the Project.

(a) To mitigate this risk the CoU has developed a conditional procurement process which should enable it to meet the grant funding timelines.

6.1.5.2 Insufficient budget allocation

The CoU has issued a tender for the Project works which closes on 1 October 2021, there is a risk that the tender responses will be for an amount higher than the CoU budget allocation.

The CoU is conscious of this risk and Council has been informed that in the event that the tendered prices received exceed the budget, the identified mitigation strategies are that Council may need to:

(a) scale back the Project (e.g. defer the office fit-out on the mezzanine floor and undertake that at a later date), or

(b) provide additional funds, or

(c) determine not to proceed with the Project at all.

6.1.5.3 Construction cost overruns

Proceeding with the Project will give rise to a number of other financial risks common to construction projects such as cost overruns. The CoU has sought to mitigate this risk by:

(a) obtaining independent detailed pre-tender construction cost estimates through the Project planning phase; and



- (b) seeking a fixed price building contract sourced through an open tender process to identify a suitable construction firm.

The CoU should develop a risk management plan to manage the construction risks associated with the Project.

6.2 Recurrent and Whole of Life Costs, Financial Arrangements

6.2.1 Recurrent Costs

6.2.1.1 Management costs

- (a) The Community and Business Hub component of the redevelopment is expected to be operated from within the existing resources of the CoU Community Services Team. Accordingly, there have been no provisions made for any additional staffing costs.

6.2.1.2 Utilities and maintenance

- (a) A provision of \$35,000 per annum has been estimated and included for additional operating costs for utilities and maintenance etc. The adequacy of this provision should be reviewed once the asset has been constructed.

6.2.1.3 Depreciation

- (a) Progressing the Project will add to the depreciation expense applicable to the Unley Oval precinct due to the increase in the value of the developed assets.
- (b) Consistent with the CoU accounting policies and the proposed design life of the Project, the redevelopment works are expected to have a 50-year useful life.
- (c) A 2.0% provision for Depreciation has been included which equates to \$90,000 per annum.

6.2.1.4 Interest

- (a) Consistent with Council's philosophy on inter-generational equity, it has been assumed that the CoU will borrow on a credit foncier basis to finance their contribution to the Project. For simplicity it is assumed this amount is drawn down in FY2022 as a lump sum.
- (b) The term of the loan is typically set to reflect the useful life of the assets being financed however the longest term offered by the Local Government Finance Authority (LGFA) is 15 years and the current long term rate of 3.15% has been used.
- (c) The forecast operating deficits are funded at the current CAD rate of 2.05%.



6.2.1.5 Revaluation provision

- (a) While Unley Oval is an asset that will be revalued every five years in accordance with accounting policies, there has been no forecast growth in the value of the asset or provisions for capital renewal.

6.2.2 Whole of Life Costs

6.2.2.1 The whole of life cost estimate has been prepared on the following basis.

- (a) A total Project budget capital cost estimate of \$4.500 million (inclusive of preliminary expenditures already incurred of circa \$0.327 million).
- (b) The revenue and operating expenditure assumptions are as detailed in sections 6.1 and 6.2.
- (c) The allocations of \$1.339 and \$0.925 million from the Commonwealth Government Local Roads and Community Infrastructure Program and the \$1.000 million Sturt Football Club contribution have been included as grant income and treated as Amounts Received Specifically for New Assets.
- (d) Capital costs are based on the pre-tender construction cost estimates prepared by independent cost consultants Rider Levett Bucknall (RLB).
- (e) The Project has a useful life of 50 years.

6.2.2.2 Table Four shows the whole of life impact on the Operating Statement.

Table Four: Whole of Life cost estimate

Statement of Comprehensive Income

Income

Rates	-
Statutory Charges	-
Grants Subsidies and Contributions	-
Investment Income	-
Reimbursements	-
Other Income	7,903,512
Total Income	7,903,512

Expenses

Employee Costs	-
Materials, Contracts & Other Expenses	3,001,285
Depreciation, Amortisation & Impairment	4,500,000
Finance Costs	551,372
Total Expenses	8,052,657

Operating Surplus (Deficit) (149,145)

Amount Received Specifically For New Assets	3,264,000
Net Surplus (Deficit)	3,114,855



6.2.3 Financial Arrangements

6.2.3.1 The Sturt Football Club has offered to contribute \$1.000 million towards the Project. While the offer was conditional on the final scope of the funding sources to be realised by the end of May 2021, CoU has advised that the Sturt Football Club has since waived this condition.

6.2.3.2 The CoU has previously allocated \$1.200 million to progress the advancement of the Project through concept and detailed design work, with construction contingent on securing external funding, as per the resolution of Council on 24 August 2020 which stated:

"Unley Oval Grandstand Upgrade Design: Stage 2 – Development Application lodged in late May 2020. Detailed design to commence in June 2020. Works only to proceed if grant to fund project cost gap is received".

6.2.3.3 The CoU will also contribute:

- (a) \$1.339 million of their allocation under the Commonwealth Government Local Roads and Community Infrastructure Program; and
- (b) \$0.925 million of their Stage 3 allocation from the Commonwealth Government Local Roads and Community Infrastructure Program.

6.2.3.4 The CoU will also need to consider allocating a further \$36,000 by way of a budget variation in FY2022 to fund the shortfall in the current Project budget estimate.

6.2.3.5 The proposed financial arrangements are shown in Table Five.

Table Five: Project Funding Source

Funding Source	Amount	Status
City of Unley	\$1,200,000	Allocated
City of Unley	\$36,000	Budget variation required
Commonwealth Government - Local Roads and Community Infrastructure Program	\$2,264,000	Granted
Sturt Football Club	\$1,000,000	Committed
Total	\$4,500,000	

6.3 Financial Viability

6.3.1 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.

6.3.2 Financial viability has been assessed at both the Project level and at Council level.



6.3.3 Project viability

6.3.3.1 The Project involves the redevelopment of existing community infrastructure, to create enhanced Community and Business Hub facilities.

6.3.3.2 The revenue from these facilities is not forecast to be sufficient to meet operating expenses and financial obligations. This is to be expected.

6.3.4 CoU financial viability

6.3.4.1 The Local Government sector has adopted a consistent set of key financial indicators which provide an indication of a council’s financial performance and sustainability.

6.3.4.2 The CoU has adopted the key financial targets shown in Table Six to ensure it operates in a financially sustainable manner.

Table Six: Key Financial Indicators

Financial Indicator	Adopted Target
Operating Surplus Ratio (excluding equity accounted businesses)	5% or greater of total operating income
Net Financial Liabilities Ratio	<80% of total operating income
Asset Renewal Funding Ratio (rolling 10-year average)	>=100%

Source: City of Unley 2020-21 Annual Business Plan

6.3.4.3 The Net Financial Liabilities Ratio of less than 80% is the key target indicator for Council to assess its capacity to borrow in the medium to long term and was forecast to be 42% in the 2021-22 Budget.

(a) Following completion of the 2020-21 Preliminary End of Year Report, this ratio is estimated to peak at 35% in 2021-22 if the Project did not proceed and the carried forward funding of \$0.873 million was used to pay down debt.

(b) Undertaking the Project will bring forward expenditure that is planned in future years and will therefore have a minor negative but manageable impact on this indicator which is forecast to increase to a still very acceptable 36% as a result.

6.3.4.4 Council recognises that borrowings are an important funding source, especially for expenditure relating to the new capital expenditure and to promote inter-generational equity. Where there is a persuasive argument relating to intergenerational equity, Council considers the appropriate use of borrowings. This is managed within financial targets to ensure future cash flows are sufficient to repay borrowings with minimal impact on general operations over the medium term.



- (a) Given the nature of the Project, Council has determined that its contribution to the Project will be funded through borrowings.

6.3.4.5 The Annual Business Plan forecasts that the CoU will raise sufficient income to cover its operating expenses and undertake repayment of some of its debt, which is forecast to be \$13.520 million at the end of FY2022, based on the CoU proposed Budget Review 1 adjusted for draft 2021-22 end of financial year borrowings.



7. PROJECT RISK 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 by the CoU 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 risk management activities to date.

7.1.2 The CoU maintains a Risk Management Framework consistent with the International Standard ISO31000:2018 – Risk Management Guidelines, with the goal of providing a consistent approach to dealing with uncertainties likely to impact on the achievement of Council’s vision.

7.1.3 This is outlined in the Risk Management Policy adopted on 24 May 2010 (C664) and last reviewed on 24 February 2020 (C0189/20).

7.1.4 To support the Risk Management Policy, the CoU has developed a Risk Management Framework that provides the tools and programmes to underpin Council’s approach to achieving a balance between the costs of managing a risk and anticipated benefits.

7.1.5 A number of the delivery, financial and operational risks associated with the Project have been identified and are included in a Project Risk Register prepared in line with the City of Unley’s Risk Management Policy and Risk Management Framework. Under this Risk Management Framework, risks are evaluated using the table shown in Figure One.

Figure One: City of Unley Risk Categorisation

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Almost Certain	Medium	Medium	High	Extreme	Extreme
Likely	Low	Medium	High	High	Extreme
Possible	Low	Medium	High	High	High
Unlikely	Low	Low	Medium	Medium	High
Rare	Low	Low	Low	Medium	Medium

7.1.6 The Project Risk Register details the 25 risks identified along with the existing controls for each risk and the proposed additional controls to mitigate the risk.

7.1.7 The risk ratings, by category, are shown in Table Seven prior to the application of the control measures and the residual rating after the additional control measures have been applied. The Project Risk Register is included as Attachment Three.



Table Seven: Project Risk Summary

Risk category	Inherent Risk Rating				Residual Risk Rating			
	Low	Medium	High	Extreme	Low	Medium	High	Extreme
Infrastructure		1	1		1	1		
Financial		2	7		3	5	1	
Health, Safety & Welfare			1			1		
Business Performance and Service Delivery		1	3		1	3		
Environment								
Reputation	4	4	1		5	4	1	
Total	4	8	13	-	9	15	1	

7.1.8 Table Seven shows that there are no risks rated as 'Extreme' which is the highest level of risk under the Risk Management Framework. While the risk that grant funds are not received has an inherent risk rating of 'High' it is understood that the Project will not proceed if State Government grant funds are not received.

7.2 Risk Mitigation

7.2.1 While the initial risk assessment demonstrates that the Project carries a relatively low level of residual risk the CoU should ensure that the mitigation strategies identified for the risks associated with the Project are implemented and also progressively updated as the Project progresses.

7.2.2 The Project Risk Register should be comprehensively reviewed once a construction contractor has been appointed.

7.2.3 Should the Project proceed then 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 Mechanism for carrying out the Project

8.1.1 The CoU Procurement Policy provides direction for procurement to ensure consistency and control over procurement activities and encourage best practice. The Policy outlines the following five core principles that underpin all procurement activities:

- Open and effective competition;
- Value for money;
- Ethical behaviour and fair dealing;
- Social, economic and environmental sustainability; and
- Risk management.

8.1.2 Project procurement will occur within the framework of the Procurement Policy which for a procurement of this value requires a formal tender process.

8.1.3 Consistent with the Policy the CoU has developed an Acquisition Plan, with a Request for Tender issued in September 2021 and construction expected to be completed within a twelve month timeframe (to meet the requirements of the LRCI grant). The current Project delivery timetable is shown in Table Eight.

Table Eight: Project Delivery Timetable

Activity	Status / Timeframe
Development Approval granted	9 February 2021
Request for Tender (RFT) issued	September 2021
RFT close	October 2021
RFT Evaluation	October 2021
Successful tenderer appointed	To be determined
Construction commencement	December 2021
Construction completion	To be confirmed but expected by December 2022

8.2 Procurement Implications

8.2.1 The CoU Procurement Policy, adopted on 28 May 2012 (C420/12) was last reviewed on 14 December 2020 (C0403/20), provides clear direction for procurement within the City of Unley to ensure consistency and control over procurement activities and



encourage best practice. The Policy outlines five core principles that underpin all procurement activities at the CoU, as follows:

- 8.2.1.1 Open and Effective Competition;
- 8.2.1.2 Value for Money;
- 8.2.1.3 Ethical Behaviour and Fair Dealing;
- 8.2.1.4 Social, Economic and Environmental Sustainability; and
- 8.2.1.5 Risk management.

8.2.2 The Procurement Policy specifies minimum procurement requirements based the value of purchases. These are shown in Figure Two.

Figure Two: CoU Minimum Procurement Requirements

Value of Purchase (excluding GST)	Sourcing Method	Minimum Written Quotes	Evaluation Method	Acquisition Plan
\$0 to \$2,000	Direct	Nil	1 officer	Short Form when a contract is required
\$2,000 to \$10,000	Direct	1	1 officer	
\$10,000 to \$50,000	Competitive	3	2 officer evaluation	Short Form
\$50,000 to \$100,000	Competitive	3	3 officer (minimum) evaluation panel	Medium Form
Greater than \$100,000	Competitive tender	3 submissions		Long Form

8.2.3 To date the CoU has utilised a combination of approaches to procure services to progress the Project, these are shown in Table Nine.

Table Nine: Procurement approaches applied

Supplier	Activity	Sourcing Method
Bell Architects	Detailed design	Select tender
Rider Levett Bucknall	Pre- tender construction cost estimate	Select tender
Build Serv	Building Rules Private certification	Select tender
Norman Waterhouse	Preparation of lease for Sturt Football Club	Direct
BRM Advisory	Preparation of a prudential report.	Direct

Note: Rider Levett Bucknall and Build Serv were engaged as project sub-consultants in the Select tender process which resulted in the appointment of Bell Architects

8.2.4 The Project construction works will be the subject of an Open Tender.



- 8.2.4.1 Given the timeframes involved to meet grant funding conditions it is intended that companies who are pre-qualified building contractors (Category GB2 or above) with the South Australian Government Department for Infrastructure and Transport will be approached to respond.
- 8.2.4.2 This approach is consistent with the Procurement Policy.
- 8.2.5 The CoU Procurement Policy would appear to have been complied with in progressing 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 **Valuation of Land**

9.1.1 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 the Prudential Management Policy and Section 48 of the Local Government Act and to provide Council with a comprehensive understanding of the prudential issues relating to the Unley Oval (Stage 2) Redevelopment Project.
- 10.2 The Project is the Unley Oval (Stage 2) Redevelopment which will create a new multi-purpose Community and Business hub at a cost of \$4.500 million and involves community infrastructure works consisting of proposed alterations and additions to the existing Oatey Stand including a three-storey addition to the south, alterations to the western (Trimmer Terrace) façade; and the creation of offices, meeting rooms and multipurpose spaces for use by sporting and community groups, functions and events.
- 10.3 Progressing the redevelopment of Unley Oval is consistent with the Master Plan adopted by Council and the creation of a multi-purpose Community and Business hub will assist to progress two of the four themes in the Community Plan. The Project is also aligned with two key elements of South Australian Government strategy. It will contribute to the advancement of the 30 Year Plan for Greater Adelaide by advancing the Health, well-being and inclusion policy theme and the Growth State plan for economic growth through the creation of economic and social infrastructure which assist to enhance the economy and liveability of South Australia.
- 10.4 The City of Unley received Development Approval on 9 February 2021.
- 10.5 The construction phase of this Project is expected to have a direct increase in economic output of \$7.900 million, which the corresponding creation of direct jobs is estimated at 14 jobs in the first year of construction. 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 8 jobs. The consumption effects of the direct and indirect economic output is estimated to further boost employment by 4 jobs, bringing employment supported by the Project to up to 26 jobs.
- 10.6 The proposed works have been the subject to a number of community consultation and engagement processes, the most recent of which confirmed there was unmet demand for the community infrastructure to be created.
- 10.7 The Project will generate revenues from user charges and lease fees, these are expected to cover the increase in operating costs excluding depreciation. The Project is to be funded through a combination of a \$1.000 million contribution from the Sturt Football Club, the Council allocating \$2.250 million in Commonwealth Government LRCI grant funds, and the balance from the existing Council budget allocation and a \$36,000 budget variation.
- 10.8 A Project Risk Register has been prepared in accordance with the Risk Management Policy, and Risk Management Framework. The Project currently has a relatively low risk rating.
- 10.9 The City of Unley has developed a Procurement Strategy for the Project in accordance with the Procurement Policy which favours those using local suppliers and which confirms that the construction works could be completed within 12 months. Procurement to date has also been undertaken in accordance with the Policy.



ATTACHMENT ONE: PROJECT DEVELOPMENT SITE



 Subject Site  Locality  Development Site



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.
- (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.



City of Unley
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ATTACHMENT THREE: PROJECT RISK REGISTER

3. PROJECT RISK REGISTER										
Ref	Risk Description	Risk Category	Existing Controls in Place	Consequence	Likelihood	Rating	Additional Controls to be put in place	Consequence	Likelihood	Revised Rating
1.	Unable to reach agreement on Lease terms with key Leasees (SFC & LifeChanger)	Financial	Draft Lease provided to SFC on similar terms and conditions to existing lease.	Major	Possible	High	Regular communication between Cou and SFC	Major	Unlikely	Medium
2.	Grant funding application is unsuccessful	Financial	Project will only proceed if grant funding is received	Critical	Possible	High	Business case prepared to meet requirements of State Government Local Government Infrastructure Partnership Program	Critical	Possible	High
3.	Project tendered costs exceed budgeted amount	Financial	- CoU Procurement Policy - Credible, reliable cost estimates by independent estimator - Calls for Tenders in accordance with Council policy	Moderate	Possible	High	- Give consideration to fixed price tenders with penalty provisions for late completion - Review budget regularly	Moderate	Unlikely	Medium
4.	Lack of demand for community facilities	Reputation	Community engagement process undertaken	Minor	Unlikely	Low	Undertake community expression of interest process during construction to secure community users	Insignificant	Rare	Low
5.	Community expectations - commercial vs. community use of space	Reputation	Community engagement process undertaken	Minor	Unlikely	Low	Enter into new lease arrangements with Sturt Football Club	Minor	Unlikely	Low
6.	Community expectations - noise and disturbance during construction	Reputation		Minor	Likely	Medium		Minor	Likely	Medium
7.	Increased traffic congestion	Reputation	Independent traffic assessment undertaken	Minor	Possible	Medium	Monitor surrounding areas post construction to collate data to objectively assess whether there is any increase in traffic congestion	Minor	Possible	Medium
8.	Community expectations - increased building footprint	Reputation		Minor	Unlikely	Low		Minor	Unlikely	Low
9.	Inappropriate contractor selection	Business Performance and Service Delivery	CoU Procurement Policy	Major	Possible	High	Consider an independent consultant (on behalf of Council) to be engaged to ensure design is undertaken according to Council requirements and budget	Major	Unlikely	Medium
10.	General construction risks including project planning, demolition, earthworks, all construction work on site	Financial	Full risk assessment to be undertaken as part of the detailed design process.	Critical	Possible	High	- Risk register to be maintained - Contractor to take possession of the site upon commencement of construction works	Major	Unlikely	Medium
11.	General construction risks including project planning, demolition, earthworks, all construction work on site	Health, Safety and Welfare	Full risk assessment to be undertaken as part of the detailed design process.	Critical	Possible	High	- Risk register to be maintained - Contractor to take possession of the site upon commencement of construction works	Major	Unlikely	Medium
12.	General construction risks including project planning, demolition, earthworks, all construction work on site	Infrastructure	Full risk assessment to be undertaken as part of the detailed design process.	Critical	Possible	High	- Risk register to be maintained - Contractor to take possession of the site upon commencement of construction works	Major	Unlikely	Medium
13.	Project unable to be delivered in time to satisfy grant conditions	Reputation	Project is shovel ready	Critical	Possible	High	Realistic timeframe and quality contractors sought	Moderate	Unlikely	Medium
14.	Lack of Council support	Reputation	Strong existing support from Council	Moderate	Rare	Low	Ongoing communication with and feedback from Council	Moderate	Rare	Low
15.	Construction contract risks	Financial	CoU standard contracts contain appropriate risk management provisions	Moderate	Unlikely	Medium	Obtain legal advice prior to entering in to final construction contracts	Minor	Rare	Low
16.	Design does not meet Council objectives/ requirements	Business Performance and Service Delivery	Project brief has detailed specifications	Major	Unlikely	Medium	CoU to prepare design basis report for approval by project team	Moderate	Unlikely	Medium
17.	Contractors Tender submission has not addressed all elements required (potential for significant variations)	Business Performance and Service Delivery	Detailed / specific design brief developed	Moderate	Possible	High	Ensure there is sufficient project budget contingency	Minor	Unlikely	Low
18.	Quality of Contractor works do not meet CoU requirements.	Reputation	CoU officers to attend inspections during construction, and Practical/ Final Completion inspections	Major	Unlikely	Medium	CoU officers to attend site and inspect works	Moderate	Unlikely	Medium
19.	Budget Scope Creep (variations)	Financial	Variations to be assessed and approved by a CoU officer with the appropriate financial delegation.	Minor	Possible	Medium	Manage and report on project budget and additional works required.	Insignificant	Unlikely	Low
20.	Constructed works do not meet specifications	Infrastructure	Ensure designer involved as part of construction observation process including check points	Major	Unlikely	Medium	Incorporate hold points and schedule reviews	Moderate	Rare	Low
21.	Built works does not meet end user needs	Reputation	Validate design against client brief	Moderate	Unlikely	Medium	Monitor during design phase	Moderate	Rare	Low
22.	Non-compliance with terms of the grant funding (i.e. completion date)	Financial	Update and monitor program throughout project	Major	Possible	High		Major	Unlikely	Medium
23.	Design and construction contract disputes	Business Performance and Service Delivery	Undertake detailed construction risk assessment to identify possible risks and consider contract clauses to be included to mitigate the risk	Moderate	Possible	High	Monitor during construction	Minor	Possible	Medium
24.	Construction contingency allowance is insufficient	Financial	Obtain Pre-Tender Cost Estimates from independent cost estimator	Moderate	Likely	High	Review and increase current budget contingency provision	Minor	Possible	Medium
25.	Items excluded from Pre-Tender cost estimates incur costs	Financial	Pre-Tender Cost estimate obtained	Moderate	Likely	High	Review and increase current budget provision	Minor	Possible	Medium