

## TABLED DOCUMENT

### ITEM NO. 9 MEDOWIE SPORTS AND COMMUNITY FACILITY

Capital Expenditure Report: Medowie Sports and Community Facility

ORDINARY COUNCIL MEETING 13  
NOVEMBER 2018



**PORT STEPHENS**  
C O U N C I L



# **Capital Expenditure Report: Meadowie Sports and Community Facility**

**October 2018**

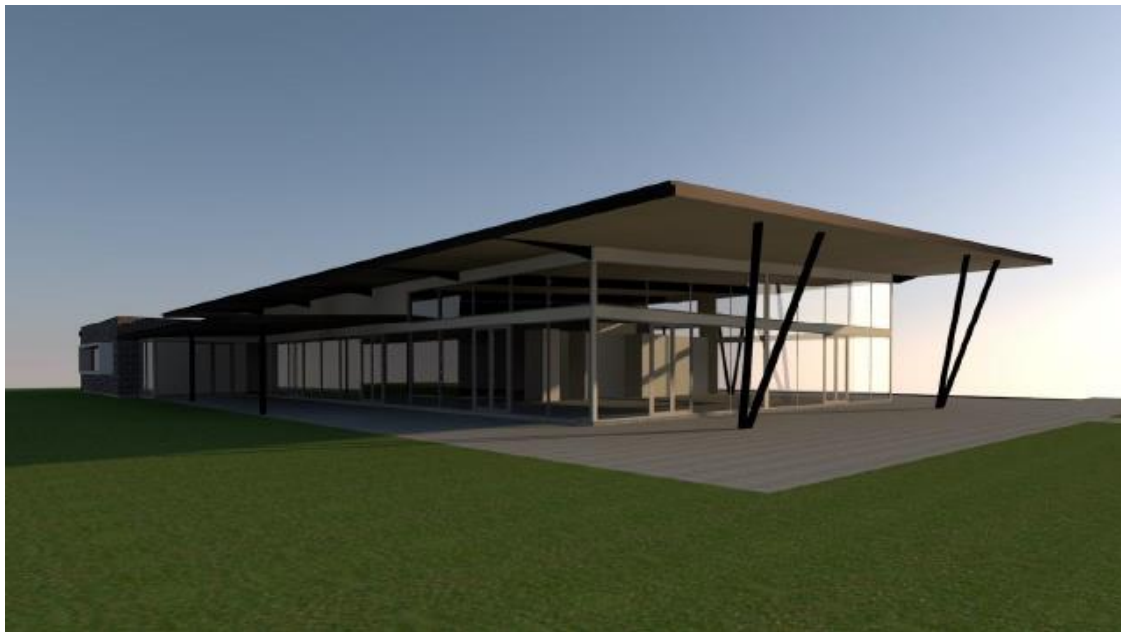
# REPORT ON DIVISION OF LOCAL GOVERNMENT

## CAPITAL EXPENDITURE GUIDELINES

### 1. Outline Proposed Project

The scope of the project is as follows:

- 1) A multipurpose sports and community facility including a lounge areas, kitchen, bar, various function rooms, storage areas and amenities.
- 2) A supporting car parking area providing 100 spaces.
- 3) Two bowling greens, children's play area and associated earthworks, drainage, signage and landscaping.
- 4) Facilities to cater as an Emergency Evacuation Centre



**Attachment 1** is a copy of the approved development plans.

The project will provide a high quality community facility that can be utilised by the growing population of Medowie as well as the wider Port Stephens community.

The project is located at 36A Ferodale Road, Medowie and the total floor area of the project is 859 sq metres with an estimated project cost of \$6.3M.

The Medowie area is a growing suburb within the Port Stephens local government area, offering a semi-rural lifestyle in close proximity to Port Stephens, Newcastle, the Williamtown RAAF base and the Hunter Valley.

## 2. Justify the Need

The facility is an essential piece of community infrastructure, catering for a growing population's community and recreation needs. The facility is co-located within Ferodale Sports Complex and will support the ongoing sport and leisure pursuits in the area. The facility has also been designed to provide supporting services in the event of an emergency and act as an emergency evacuation centre.

The project is linked to the Council's Integrated Plans in the following ways:

- **Community Strategic Plan** - P2 "Infrastructure and facilities – Our community's infrastructure and facilities are safe, convenient, reliable and environmentally sustainable"
- **Delivery and Operational Plan** – P2.2 "Build Council's civil and community infrastructure to support the community"
- **Resource Strategy** - the project is included in Council's Strategic Asset Management Plan and was included in the proposed 2018/19 capital works plan that was advertised with the Integrated Plans.
- **Long Term Financial Plan** – Section 8 "Long Term Reserve Usage Strategies" specifically 8.1.3 S94/94a Developer Contributions

The project is identified within the following local planning strategies:

- **Medowie Planning Strategy** – Principle 1 "Development is supported by infrastructure", and Principle 2 "The town centre is the focus for commercial and community activity"
- **Ferodale Sports Complex Master Plan** - "To enable greater public use and enjoyment of the site through the provision of new infrastructure and facilities, expand opportunities for sporting use as well as organised events and gatherings"

**Attachment 2** provides a preliminary business case analysis of the project

The Council and the inbound community facility operator have entered into a lease arrangement (**Attachment 3**) that is the foundation of how the site will be operated and managed into the future. A cornerstone of this agreement is the need for ongoing public access to the facility and utilisation of funds that are generated for the benefit of the public domain as well as community activities

There is a very clear expectation that Council provides sports and community facilities and for such to be sustainable. Council's approach to this facility is very similar to what other Councils have successfully implemented across the state. Council staff has undertaken a long research program to ensure what is delivered is best practice.



### **3. Assess the Capacity of Council**

Council is adept in planning and delivering this type of community infrastructure. Our track record on design of community facilities is excellent as is our ability to deliver these on time and within budget.

Council has tasked a nominated person to undertake all project management activities. This person has the relevant qualifications for this work and extensive industry experience. However, they do not operate in isolation and a project management team has been set up to provide broader overview of the project. This includes members of Council's senior and executive management team.

Council has outsourced a number of functions of the project which include architectural design, landscape design, structural design, electrical design, hydraulic design and civil design amongst other things. The design component of the project is now complete and the construction of the development has been tendered.

The construction program is expected to span over a 10 to 12 month period. Council's role will be project management, funding and project delivery with contract administration of the project being outsourced. All aspects are catered for in Council's existing Integrated Plans including the 2018/19 budget. Any works that carry over into 2019/20 budget will have corresponding carry of funds from this financial year.

Council has utilised its approved risk management tools to undertake an assessment of the project. Council's risk matrix along with the outcomes of the risk assessment are provided in **Attachment 4**.

As mentioned previously, Council has set up a project management team. This consists of the following people:

- Team Leader Structures (Project Manager)
- Capital Works Program Coordinator
- Capital Works Section Manager
- Community and Recreation Coordinator
- Group Manager - Facilities and Services
- President – Medowie Sports and Community Facility

### **4. Consider Priorities**

As specified within section 2, the proposed works are fully integrated into Council's Community Strategic Plan, Delivery Plan, Operational Plan, Strategic Asset Management Plan and the Long Term Financial Plan.

All of these have been publicly exhibited in 2018 and subsequently adopted by Council. The proposed works were also specifically identified in the Resource Strategy and subordinate Strategic Asset Management Plan.

Whilst being a major project in terms of total costs, the project has not diminished Council's ability to deliver other much needed capital works.

Council continues to focus its efforts on asset rehabilitation and will spend over \$20million in 2018/19 financial year on capital works with approximately 72% of this being spent on existing assets.

## **5. Consider Alternatives**

During the planning process, which has taken over three (3) years in the projects current form, many alternatives have been considered.

The option that has been chosen was done after lengthy deliberations to ensure we provided best value to current and future populations. These considerations accounted for:

- technical asset management issues;
- social issues for our community;
- development and ongoing operational financing considerations;
- the broader economic impact that such an asset will have on the Port Stephens community; and
- Environmental issues that relate to the site.

Staff have worked for the last three (3) years with the president of the Medowie Sports and Community Facility to plan how the project will be managed after construction. Based on research from what best practice is across the state and the proposed use of the site Council has agreed to a lease (**Attachment 3**) that will guide the future management and operation of the facility.

From Council's perspective and that of the local community, not providing the sports and community facility is not an option. The essential services that are provided by this facility to a growing suburb and the wider community will ensure that community needs are catered for in a long term and sustainable way.

Not proceeding would:

- Stifle Council's efforts to provide suitable community infrastructure in line with growing population demands;
- Create a gap in facilities and services provided to the community based on local government benchmarking;
- Place pressure of current like facilities in the region; and
- Impose additional travel pressure on residents in order to access like facilities.

## 6. Financial Implications

The total estimated cost of the project is \$6.3million based on the following breakdown:

### MEDOWIE SPORTS AND COMMUNITY FACILITY PROJECT BUDGET

	Rate (ex. GST)	10% Project Contingency	Total
Estimated costs to date	N/A	N/A	\$300,000.00
Construction	\$5,203,649.00	\$520,364.90	\$5,724,013.90
Contract Administration	\$150,000.00	\$15,000.00	\$165,000.00
Project Management	\$100,000.00	\$10,000.00	\$110,000.00
<b>TOTAL (exc. GST)</b>			<b>\$6,299,013.90</b>

The project is being funded by Council through monies collected in accordance with the adopted Port Stephens Fixed Development Contributions Plan 2006 and supplemented with external loan funds.

It is expected that the new facility will be an income generating asset and will reduce the financial operational burden of both Council and the Medowie Sports and Community Facility management. Therefore, the Council's ongoing financial commitment to the site will be reduced as a result of the project.

Council's project management team will be providing overseeing roles in terms of cost management of the project. The carrying out of the works will increase Council's ability to meet its charter as per the Local Government Act 1993. This is a community asset that will be managed locally but with access for all being enshrined in its operation.

The funds for the works are in the 2018/19 budget and are sufficient to complete the works. Works that are required to be finalised in 2019/20 will have the corresponding carry forward of funds to enable the works to be funded. Council's existing recurrent budget is more than sufficient to cater for ongoing costs. The operation of this asset will reduce Council's ongoing financial commitments to the site.

## 7. Public Consultation Process

Over the last three (3) years, the project has been communicated to the community via the following mediums:

- Community Strategic Plan consultation
- Operational Plan consultation
- Delivery Plan consultation
- Strategic Asset Management Plan
- Medowie Strategy consultation

- Ferodale Sports Complex Master Plan consultation
- Articles in local media - Port Stephens Examiner
- Inclusion in Council's resident newsletter
- Meetings with Medowie Sports and Community Facility executive

Council has also communicated the agreed MoU with the community via the Council business paper and corresponding report.

The development application (and subsequent modifications) also required consultation with the local community. This process followed the requirements of the Environmental Planning and Assessment Act 1979.

## **8. Reporting**

The project has been and will continue to be managed through Council's internal and external reporting processes. These include the following;

- Fortnightly capital works progress report (internal)
- Monthly major projects report (internal)
- Quarterly Council Report (external)
- Annual Council Report (external)

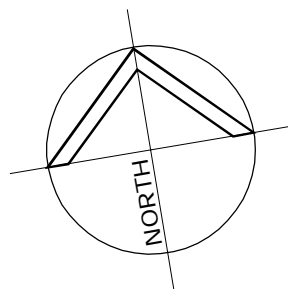
## **ATTACHMENT 1 – APPROVED PLANS**

**EJE ARCHITECTURE**  
ACN 002 912 843 | ABN 52 644 649 849  
Nominated Architect - Peter Campbell | NSW Architects Registration No: 4294  
P +61 2 4929 2353 | F +61 2 4929 3069 | E mail@eje.com.au | W www.eje.com.au  
A 412 KING STREET, NEWCASTLE, NSW 2300

COMPLETION OF THE QUALITY ASSURANCE CHECKS IS VERIFICATION THAT THE DOCUMENT CONFORMS WITH THE REQUIREMENTS OF THE QUALITY PROJECT PLAN. WHERE QUALITY ASSURANCE CHECK IS INCOMPLETE THIS DOCUMENT IS PRELIMINARY FOR INFORMATION PURPOSES ONLY, OR SUCH PURPOSES AS STATED IN THE REVISION COLUMN.

THE IDEAS, INFORMATION AND CONCEPTS CONTAINED IN THIS DOCUMENT ARE THE PROPERTY OF EJE ARCHITECTURE. PHOTOCOPYING OR REPRODUCING THIS DOCUMENT AND PASSING IT ON TO OTHERS WITHOUT THE EXPRESS PERMISSION OF EJE ARCHITECTURE IS AN INFRINGEMENT OF COPYRIGHT. ©

0 25mm 100mm 200mm ON ORIGINAL A1



REV	DATE	COMMENTS
A	30/11/2017	ISSUE FOR REVIEW
B	01/12/2017	ISSUE FOR S96
C	24/01/2018	ISSUE FOR S96

DRN	CHKD	VRFD
CIW	JS	<i>JS</i>
CIW	JS	<i>JS</i>
CIW	JS	<i>JS</i>

PROJECT: MEDOWIE MULTI PURPOSE  
COMMUNITY FACILITY

CLIENT: NORTHROP CONSULTING ENGINEERS  
PTY LTD

SITE: 36 & 36A FERODALE ROAD, MEDOWIE

DRAWING: PROPOSED SITE PLAN/  
ROOF PLAN

WORK IN FIGURED DIMENSIONS IN PREFERENCE TO SCALE. CHECK DIMENSIONS AND LEVELS ON SITE PRIOR TO THE ORDERING OF MATERIALS OR THE COMPLETION OF WORKSHOP DRAWINGS. IF IN DOUBT ASK. REPORT ALL ERRORS AND OMISSIONS.

DRAWN: AB/CIW DATE: JAN 2018 SCALES: 1:500 @ A1

PROJECT No: 11808 PHASE: S96 DRAWING No: A01 REV: C

**PORT STEPHENS COUNCIL**  
This plan relates to  
Development Consent No.

**16-2015-852-4**

**and is subject to conditions  
as shown on that Consent**

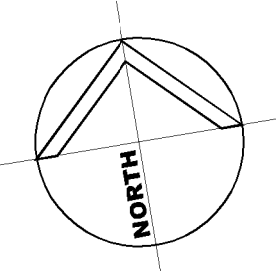
**EJE** architecture

PREVIOUS GFA: 770m<sup>2</sup>  
PROPOSED GFA: 859m<sup>2</sup>

**EJE ARCHITECTURE**  
ACN 002 912 843 | ABN 82 644 649 849  
Nominated Architect - Peter Campbell | NSW Architects Registration No. 4294  
P +61 2 4929 2353 | F +61 2 4929 3069 | E mail@eje.com.au | W www.eje.com.au  
A 412 KING STREET, NEWCASTLE, NSW 2300

COMPLETION OF THE QUALITY ASSURANCE CHECKS IS VERIFICATION THAT THE DOCUMENT CONFORMS WITH THE REQUIREMENTS OF THE QUALITY PROJECT PLAN, WHERE QUALITY ASSURANCE CHECK IS INCOMPLETE THIS DOCUMENT IS PRELIMINARY FOR INFORMATION PURPOSES ONLY, OR SUCH PURPOSES AS STATED IN THE REVISION COLUMN.

THE IDEAS, INFORMATION AND CONCEPTS CONTAINED IN THIS DOCUMENT ARE THE PROPERTY OF EJE ARCHITECTURE. PHOTOCOPYING OR REPRODUCING THIS DOCUMENT AND PASSING IT ON TO OTHERS WITHOUT THE EXPRESS PERMISSION OF EJE ARCHITECTURE IS AN INFRINGEMENT OF COPYRIGHT. ©



0 25mm 100mm 200mm ON ORIGINAL A1

REV	DATE	COMMENTS
A	30/11/2017	ISSUE FOR REVIEW
B	01/12/2017	ISSUE FOR S96

DRN	CHKD	VRFD
CW	JS	<i>JS</i>
CW	JS	<i>JS</i>

PROJECT: MEDOWIE MULTI PURPOSE  
COMMUNITY FACILITY

CLIENT: NORTHROP CONSULTING ENGINEERS  
PTY LTD

SITE: 36 & 36A FERODALE ROAD, MEDOWIE

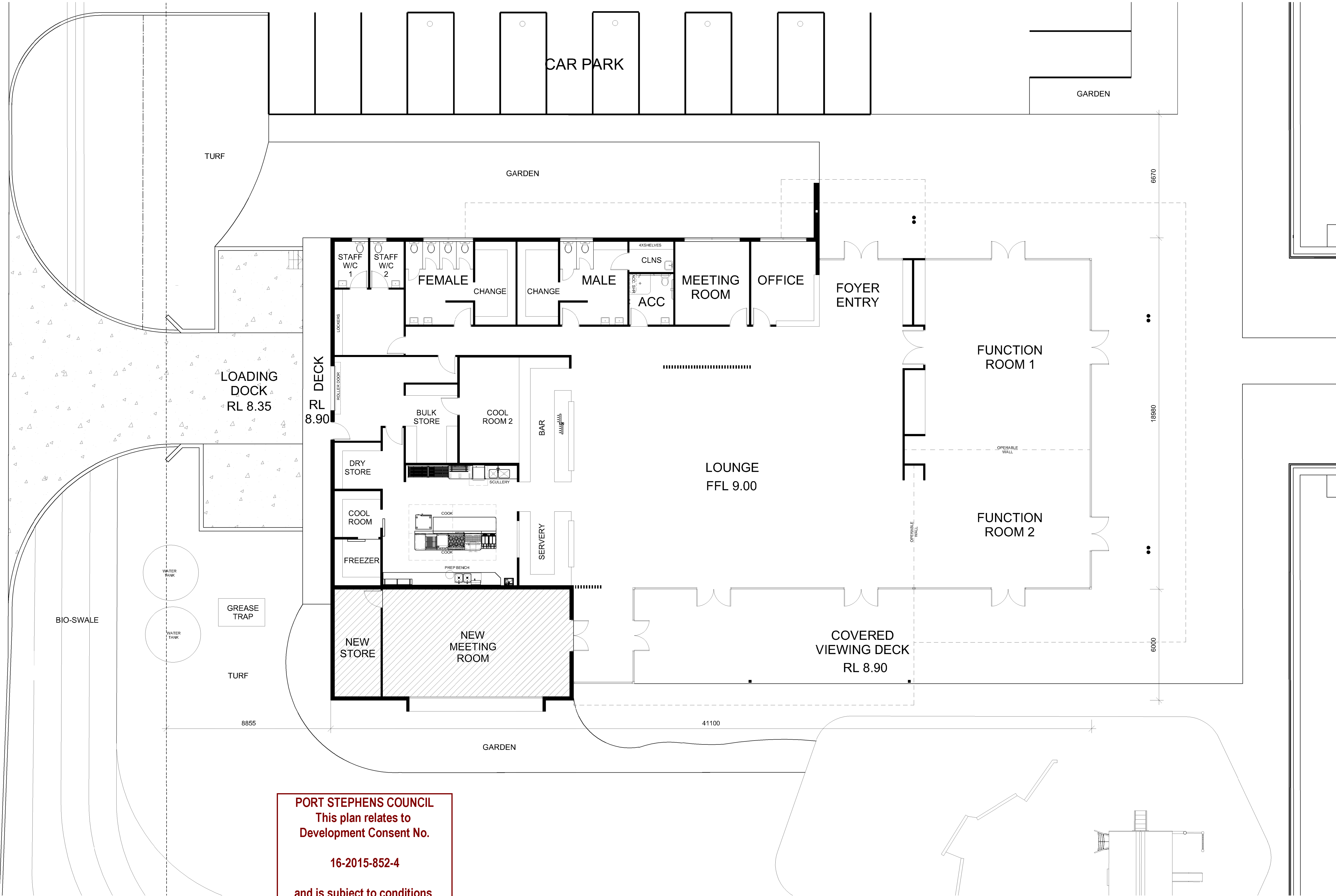
DRAWING: PROPOSED S96 FLOOR PLAN

WORK IN FIGURED DIMENSIONS IN PREFERENCE TO SCALE. CHECK DIMENSIONS AND LEVELS ON SITE PRIOR TO THE ORDERING OF MATERIALS OR THE COMPLETION OF WORKSHOP DRAWINGS. IF IN DOUBT ASK. REPORT ALL ERRORS AND OMISSIONS.

DRAWN: **AB/CIW** DATE: **DEC 2017** SCALES: **1:100 @ A1**

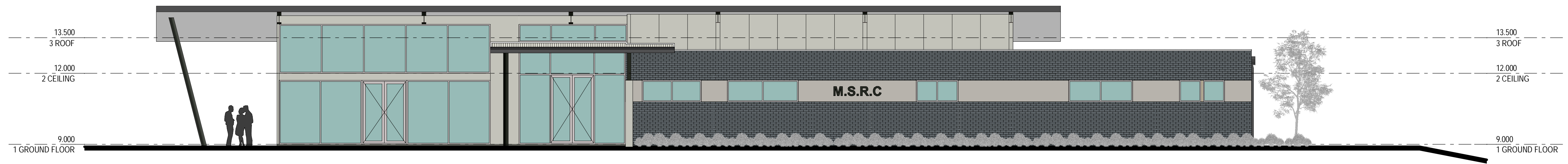
PROJECT No: **11808** PHASE: **S96** DRAWING No: **A02** REV: **B**

**EJE** architecture

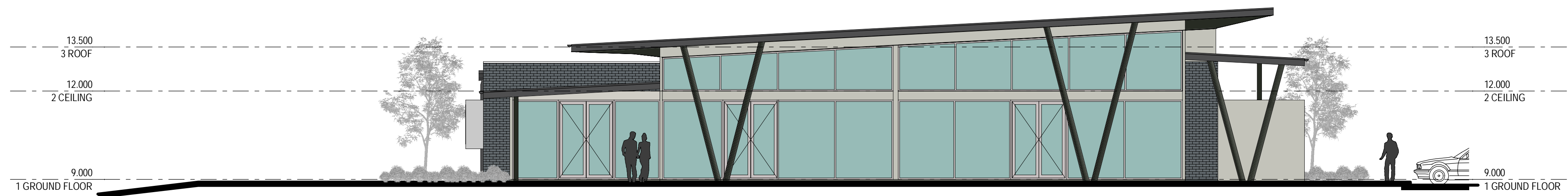


**PORT STEPHENS COUNCIL**  
This plan relates to  
Development Consent No.  
  
**16-2015-852-4**  
  
and is subject to conditions  
as shown on that Consent

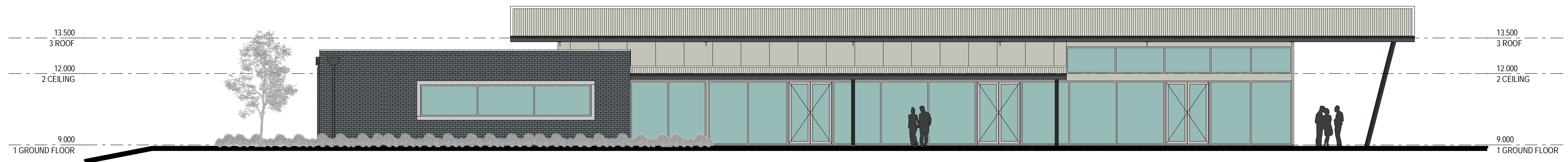




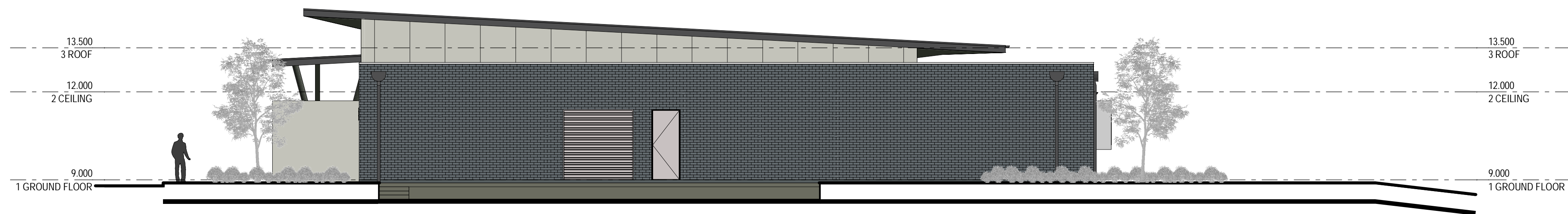
NORTH ELEVATION



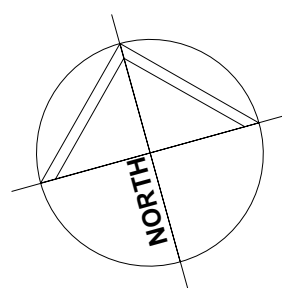
EAST ELEVATION



SOUTH ELEVATION



WEST ELEVATION



REV	DATE	COMMENTS
A	30/11/2017	ISSUE FOR REVIEW
B	01/12/2017	ISSUE FOR S96

DRN	CHKD	VRFD
CIW	JS	<i>[Signature]</i>
CIW	JS	<i>[Signature]</i>

PROJECT: MEDOWIE MULTI PURPOSE  
COMMUNITY FACILITY

SITE: 36 & 36A FERODALE ROAD,  
MEDOWIE,

CLIENT: NORTHROP CONSULTING ENGINEERS  
PTY LTD

DRAWING: ELEVATIONS

WORK IN FIGURED DIMENSIONS IN PREFERENCE TO SCALE. CHECK DIMENSIONS  
AND LEVELS ON SITE PRIOR TO THE ORDERING OF MATERIALS OR THE  
COMPLETION OF WORKSHOP DRAWINGS. IF IN DOUBT ASK. REPORT ALL ERRORS  
AND OMISSIONS.

FILENAME: 11808\_Medowie Rec Centre\_S96.ppt

DRAWN: AB/CIW  
DATE: DEC 2017  
SCALES: 1:100

PROJECT No: 11808  
PHASE: S96  
DRAWING No: A03  
REV: B

PORT STEPHENS COUNCIL  
This plan relates to  
Development Consent No.

16-2015-852-4

and is subject to conditions  
as shown on that Consent





- ## PLANT SCHEDULE

All trees supplied are to comply with NATSPEC's "Specifying Trees a guide to assessment of tree quality"

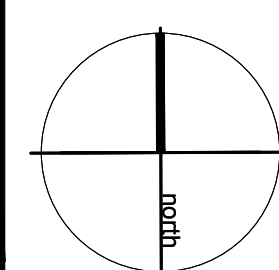
	BOTANICAL NAME	COMMON NAME	HEIGHT	POT SIZE	SPACING	QTY
CA LC FL	TREES					
	<i>Quercus agrifolia</i>	Turkeyoak	5m	45L	as shown	
	<i>Lupinus holosericeus</i>	Brush Bean	10-15m	45L	as shown	
	<i>Leucadendron laurina 'Luscious'</i>	Water Gum	12m	45L	as shown	
SHRUBS						
	Common 'Allyn Magic'	Allyn Magic	1m	SL	2 1/2"	
	Callistone 'Little John'	Little John	1m	SL	2 1/2"	
	Singap 'Burst Christmas'	Little John	2m	SL	2 1/2"	
	<i>Syzygium australe 'Resilience'</i>	Resilience	3m	SL	1 1/2"	
	Westringia 'Jervis Gem'	Jervis Gem	1m	SL	4"	
ACCENTS / PERENNIALS / GROUNDCOVERS						
	<i>Diella grandiflora</i>	Wild Iris	1m	2.5L	4 1/2"	
	<i>Doronicum excolia</i>	Cymris Ray	1.5m	2.5L	2 1/2"	
	<i>Grewia 'Acconade Royal Marlie'</i>	Carvelles 'Royal Marlie'	0.5-1m	2.5L	2 1/2"	
	<i>Hebeclara scandens</i>	Snake Vine	0.3m	2.5L	4 1/2"	
	<i>Lomandra nupurii 'Evergreen Giant'</i>	Ukupo	0.5m	2.5L	6 1/2"	
	<i>Lomandra 'Tender'</i>	Ukupo	0.4m	2.5L	6 1/2"	
	<i>Lomandra 'Kusman'</i>	Lomandra Kottinus	0.8m	2.5L	6 1/2"	
	<i>Myoporum laetifolium</i>	Creeeping boobialla	0.4m	2.5L	3 1/2"	
	<i>Syntherisma alpestrum</i>	Syntherisma alpestrum	0.8m	2.5L	6 1/2"	
	<i>Viola hederaea</i>	Native Violet	0.2m	2.5L	2 1/2"	

This schedule shall be read in conjunction with the landscape plans. Refer to the written specification for further information. The contractor shall check the schedule with the quantities shown on the drawing. Quantities shown in the plant schedule shall take precedence over quantities shown on the drawing. Refer all discrepancies, should they exist, to the superintendent before planting works commences. Order plants as soon as the head contract for the works has been let. Do not make substitutions unless approved in writing.

This schedule shall be read in conjunction with the landscape plans. Refer to the written specification for further information. The contractor shall check the schedule with the quantities shown on the drawing. Quantities shown in the plant schedule shall take precedence over quantities shown on the drawing. Refer all discrepancies, should they exist, to the superintendent before planting works commences. Order plants as soon as the head contract for the works has been let. Do not make substitutions unless approved in writing.

MIX 3 - EXTERNAL BATTER MIX - 7815m<sup>2</sup> - grasses to be planted in scattered groups to meet with APZ requirements

<i>Kennedia rubicunda</i>	Dusky Coral Pea	0.5m tubestock	2/m <sup>2</sup>	39%
---------------------------	-----------------	----------------	------------------	-----



THE IDEAS, INFORMATION AND CONCEPTS CONTAINED IN THIS DOCUMENT ARE THE PROPERTY OF TERRAS LANDSCAPE ARCHITECTS. PHOTOCOPYING OR REPRODUCING THIS DOCUMENT AND PASSING IT ON TO OTHERS WITHOUT THE EXPRESS PERMISSION OF TERRAS LANDSCAPE ARCHITECTS IS AN INFRINGEMENT OF COPYRIGHT AND IS A BREACH OF TERRAS' RIGHTS UNDER THE COMMONWEALTH COPYRIGHT ACT OF 1968 [SECTION 10].

[illegible]

PROJECT:  
MEDOWS SPORTS AND RECREATION  
FACILITY  
CLIENT:  
PORT STEPHENS COUNCIL

SITE:  
FERODALE ROAD, MEDOWIE

DRAWING:  
SECTION 96

address: 412 king street newcastle nsw 2300

ph: 49 294 926      fax: 49 263 069

[www.terras.com.au](http://www.terras.com.au)



WORK TO FIGURED DIMENSIONS IN PREFERENCE TO SCALE. CHECK DIMENSIONS, LEVELS ON SITE PRIOR TO ORDERING MATERIALS OR COMPLETION OF WORKSHOP DRAWINGS.

drawn: GF	scale: 1:400	no in set: 1/1	date: 01.12.17
phase: S96	project no: 11802.5	DWG no: L01	revision no: B



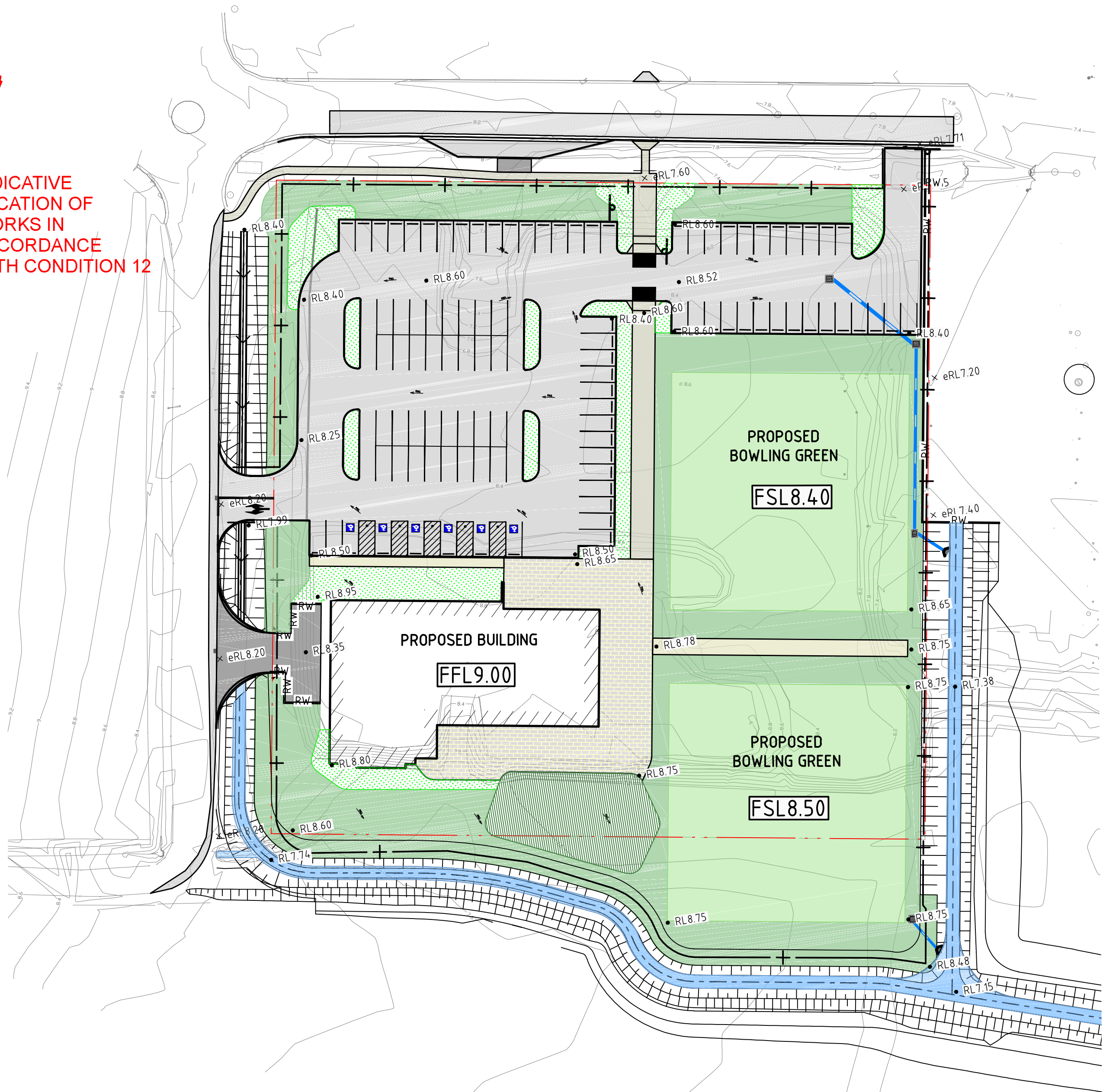






SITE PLAN  
SCALE:1:1000

INDICATIVE  
LOCATION OF  
WORKS IN  
ACCORDANCE  
WITH CONDITION 12



SITE PLAN  
SCALE:1:500

PORT STEPHENS COUNCIL  
This plan relates to  
Development Consent No.  
  
16-2015-852-4  
  
and is subject to conditions  
as shown on that Consent

NOT FOR CONSTRUCTION


DRAWN: L STEEL  
DESIGNED: C PIPER  
JOB MANAGER: C SMITH  
VERIFIER: C SMITH

REVISION	DESCRIPTION	ISSUED	VER'D	APP'D	DATE
1	OVERALL SITE PLAN	LS	-	-	05.02.18



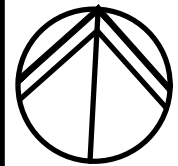
PORT STEPHENS  
COUNCIL

DRAWING NOT TO BE USED FOR CONSTRUCTION UNLESS VERIFICATION  
SIGNATURE HAS BEEN ADDED



terra  
landscape architects

THE COPYRIGHT OF THIS DRAWING REMAINS WITH NORTHROP  
CONSULTING ENGINEERS PTY LTD.



ALL SETOUT TO ARCHITECT'S DRAWINGS.  
DIMENSIONS TO BE VERIFIED WITH THE ARCHITECT  
AND ON SITE BEFORE MAKING SHOP DRAWINGS OR  
COMMENCING WORK.  
NORTHROP ACCEPTS NO RESPONSIBILITY FOR THE  
USABILITY, COMPLETENESS OR SCALE OF DRAWINGS  
TRANSFERRED ELECTRONICALLY.



**NORTHROP**  
Newcastle

Suite 4, 215 Pacific Hwy, Charlestown NSW 2290  
P.O. Box 180, Charlestown NSW 2290  
Ph (02) 4943 1777 Fax (02) 4943 1577  
Email newcastle@northrop.com.au ABN 81 094 433 100

PROJECT

**36 & 36A FERODALE ROAD  
MEADOWIE SPORTS FACILITY  
MEADOWIE N.S.W 2318**

DRAWING TITLE

**OVERALL SITE PLAN**

JOB NUMBER

**NL170783**

DRAWING NUMBER

**C2.00**

REVISION

**1**

DRAWING SHEET SIZE = A1



## **ATTACHMENT 2 – PRELIMINARY BUSINESS CASE**



# **Business Case: Medowie Sports and Community Facility**

Port Stephens Council

October 2018

**Document status**

Ref	Version	Approving director	Date
7341	1	G Smith	October 2018

# Contents

1	Executive Summary	1
2	Case for Change	4
2.1	Background	4
2.2	Rationale for investment	6
2.3	Strategic alignment	7
3	Analysis of the proposal	10
3.1	Base case	10
3.2	Other options considered	10
3.3	Information about the proposal	11
3.4	Project costs	12
3.5	Cost benefit analysis	13
3.6	Financial Analysis	18
3.7	Proposed funding arrangement	19
4	Economic Impact Assessment	21
4.1	Approach	21
4.2	Output	21
4.3	Income	21
4.4	Employment	22
4.5	Value Added	22
4.6	Limitations	22
4.7	Description of Stimulus	23
4.8	Displacements & Leakages	25
4.9	Impact Assessment	26
4.10	Operating Impact	28
4.11	Indirect Tourism Expenditure	30
4.12	Impacts on Other Industries	32
5	Implementation case	34
5.1	Program & milestones	35
5.2	Governance	35
5.3	Risk Management	36
Appendix A	Approved Plans and Designs	
Appendix B	Cashflows – CBA and Financials	
Appendix C	Disaggregated Industry Output	
Appendix D	Risk Matrix and Risk Assessment Outcomes	

# 1 Executive Summary

Port Stephens Council is producing a business case for the development of the Medowie Sports and Community Facility.

The purpose of this business case is to provide an objective comparison of options available for the provision of a Sports and Community facility, playground, carpark and bowling greens located at the Fedodale Sports Complex and to ascertain the potential benefits derived from the project.

The local area demonstrates a significant demand for a range of sport and community facilities by sporting and community users. This coupled with the population growth and changing demographics will increase the demand and expansion of other activities, such as bowling greens, for the immediate future.

The objective of this project is to foster strong relationships between sporting clubs in the area which will in turn drive facility memberships. Key sporting clubs include cricket, AFL, soccer, netball, rugby union, touch football, tennis and athletics. The project will also encourage sporting users of its own with the inclusion of a synthetic bowls green. Further, the facility, due to its location and purpose, will also attract local residents as it caters for a full range of community activities. The project has been designed to serve as a community space for meetings, functions and events which will support sporting and community club growth and longevity.

The Medowie Sports and Community Facility project will provide a new and expanded user experience and amenities, based on purpose-built facilities that adhere to building compliance standards.

The economic impact and financial analysis are based on two scenarios:

- Base Case – this is the status quo scenario where the Medowie Sports and Community Facility Project does not proceed.
- Option 1 Project Case – this scenario is the completion of the Medowie Sports and Community Facility Project (900m<sup>2</sup> floor area).

The economic evaluation focuses on the incremental impacts of the project over the status quo. As expected there is no economic activity nor benefits that flow from the 'do nothing' option.

The summary results of the economic evaluation in terms of the cost benefit analysis for Option 1 are shown below.



**Table 1 Economic evaluation (PV & NPV) (\$'000)**

Option 1	
Total Capital Cost	6,299
Total Recurrent Costs	3,609
<b>Total Costs</b>	<b>9,908</b>
Cost Savings	5,257
External benefits	27,088
<b>Total Benefits</b>	<b>32,345</b>
<b>Discounted PV Costs</b>	<b>6,750</b>
<b>Discounted PV Benefits</b>	<b>10,840</b>
<b>NPV</b>	<b>4,090</b>
<b>BCR</b>	<b>1.61</b>
<b>IRR</b>	<b>14%</b>

*Note: Economic evaluation was prepared for a 30 year period at a discount rate of 7% p.a. real as per NSW Treasury Guidelines. Due to discounting, NPV values, expressed in year 2018, are generally lower than their corresponding cost or benefit estimates shown in cash flows.*

The results indicate that the development of Medowie Sports and Community Facility has a benefit of \$4.1 million in net present value terms, with a BCR of 1.16.

The financial analysis provides an assessment of the project's financial feasibility against the financial costs and revenues forecasted to arise from the project. The financial results of the project are shown in the table below.

**Table 2 Financial analysis (PV & NPV) (\$'000)**

Option 1	
Total Capital Cost	6,299
Total Recurrent Costs	3,609
<b>Total Costs</b>	<b>9,908</b>
Rent from Lease	399
Residual Value	4015
<b>Total Benefits</b>	<b>4,414</b>
<b>Discounted PV Costs</b>	<b>6,750</b>
<b>Discounted PV Benefits</b>	<b>660</b>
<b>NPV</b>	<b>-6,080</b>
<b>BCR</b>	<b>0.1</b>
<b>IRR</b>	<b>-4%</b>

In conclusion the proposed Medowie Sports and Community Facility will become the preferred destination for sporting clubs, functions and events in the Medowie area and will also significantly improve Port Stephens' disaster management and evacuation capabilities. The key economic outcomes from the proposed Medowie Sports and Community Facility are:

- During the construction phase the \$6.3 million project will generate 11 direct local jobs and support \$6.6 million in additional spending in the community and a further 34 indirect jobs.
- Once operational the Medowie Sports and Community Facility is expected to generate approximately \$0.9 million in turnover initially, creating 8 direct jobs. The flow-on impact to the local community will be a further \$1.3 million in local output and 9 indirect jobs.
- The Facility is conservatively forecast to attract over 8,300 persons per annum, initially to functions and events, including 1,250 visitors to the Port Stephens LGA. The direct spending associated with these visitors is approximately \$0.2 million per year, which will support an additional 3.5 jobs across the region.
- Over the next 30 years, the Medowie Sports and Community Facility will deliver a net present value of \$4.1 million, with almost \$2 in benefits to the community created for every dollar spent in construction and maintenance of the facility.

## 2 Case for Change

### 2.1 Background

The purpose of this Business Case is to provide a comparison of the options available for the provision of a multipurpose sports and community centre servicing the Medowie area and the associated benefits.

This document provides:

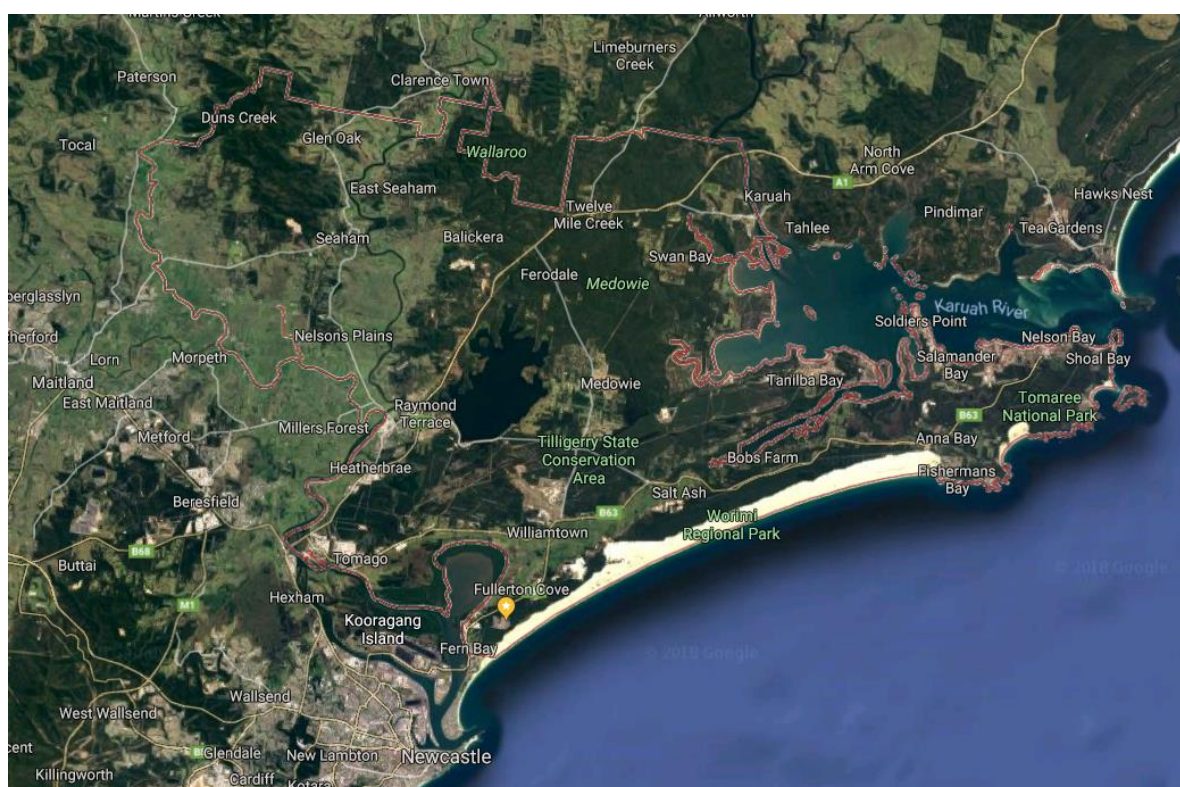
- a review of the current situation
- defining the need for change
- definition of options
- an assessment of options using qualitative, quantitative and financial comparisons
- a management approach for implementation.

Council engaged Morrison Low to produce a Business Case for the proposed project.

#### 2.1.1 About Port Stephens Council Local Government Area

Port Stephens Council Local Government Area (LGA) covers an area of 979 km<sup>2</sup> which extends from Karuah in the north to Tomago / Fern Bay in the south and out to Woodville and Duns Creek in the west. The major areas within the LGA are the Tomaree and Tilligerry Peninsulas, Raymond Terrace and the Pacific Highway corridor, western Port Stephens and central southern areas from Salt Ash to Williamtown and Tomago.

**Figure 1 Port Stephens Local Government Area**

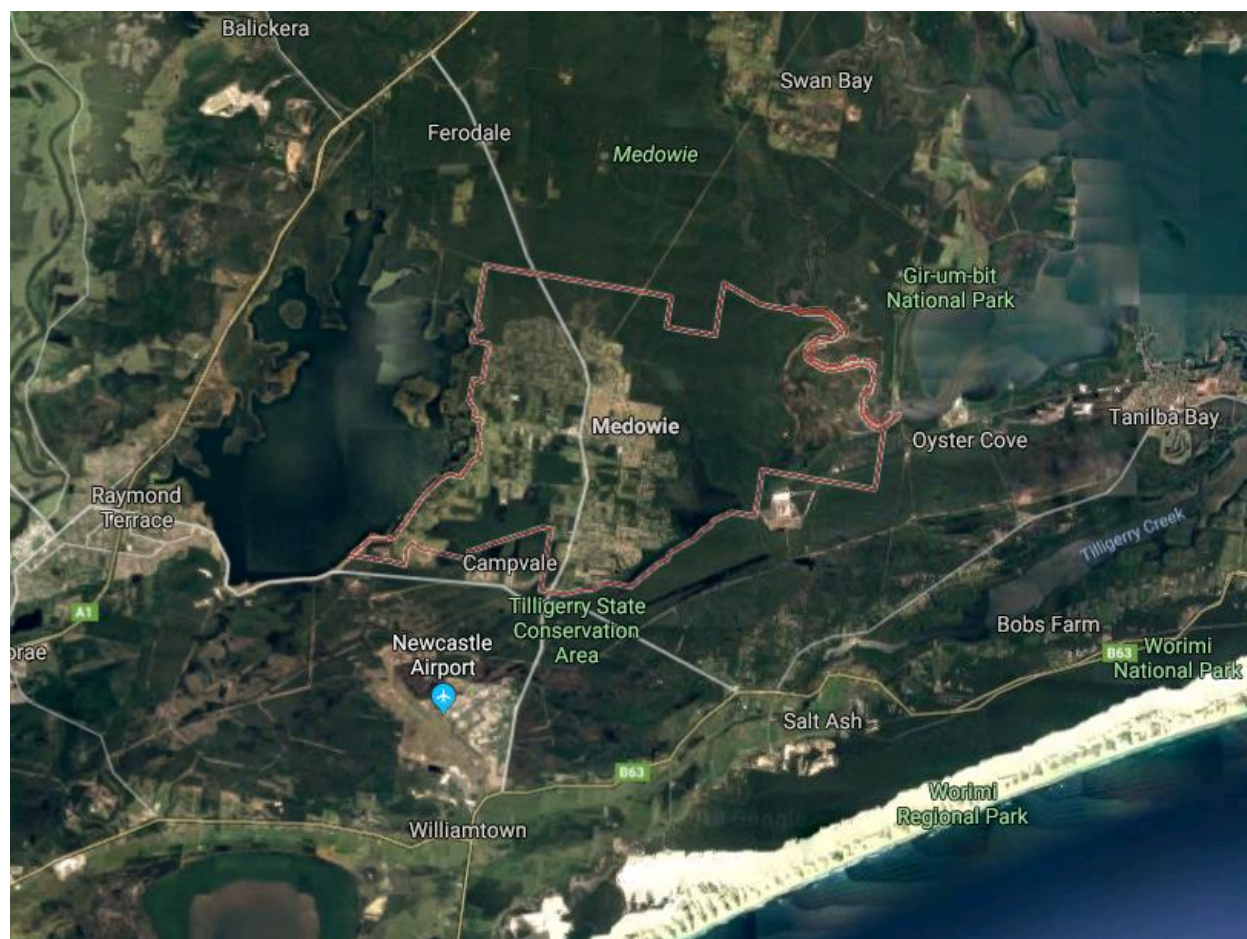


Port Stephens Council's website REMPLAN provides the following data and information on the LGA. The estimated residential population in Port Stephens was 71,118 in 2016, with a project population of 92,800 by 2036<sup>1</sup>. The council area has an estimated Gross Regional Product of \$4.203b<sup>2</sup> with some 1.3 million visitors per year<sup>3</sup>.

### 2.1.2 About Medowie

The suburb of Medowie is the fastest growing in the LGA and is expected to grow from its current population of 9,684 to 16,495 in 2036. Medowie offers residents a semi-rural lifestyle in close proximity to Port Stephens, Newcastle, the Williamstown RAAF base and the Hunter Valley. The high demand for lifestyle properties coupled with a steady release of new residential land ensures that the Medowie population continues to grow.

Figure 2 Medowie locality map



The Medowie population profile shown in Figure 3 below illustrates that there is a higher proportion of youth and younger persons living in the suburb than that of the Council area and state averages. 22.9% of Port Stephens Council population is over 65, compared to 11.5% of Medowie and 16.3% of the state. At the other end of the spectrum the youth population (0-15 years) represents 25.4% of the Medowie population and around 19% of the Council area and state populations.

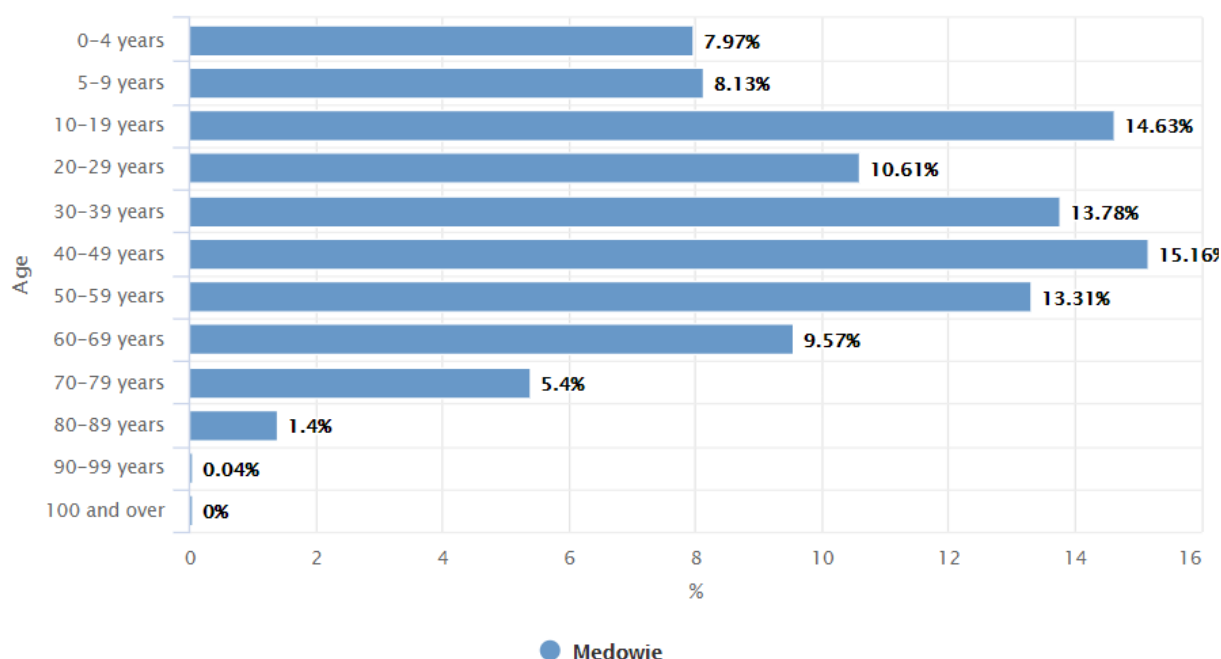
<sup>1</sup> NSW Department of Planning and Environment, 2016

<sup>2</sup> ABS, June 2016

<sup>3</sup> Tourism Research Australia, 2014



**Figure 3 Medowie Population profile<sup>4</sup>**



## 2.2 Rationale for investment

The Medowie area is the fastest growing suburb of the Port Stephens LGA, with one of the youngest age profiles within the Council area. As the population grows and ages, additional community facilities and infrastructure is required to cater for the community and recreation needs of these residents.

Community centres and sports facilities are essential pieces of public infrastructure which foster relationships and support both local residents and visitors to the area. The facility is to be co-located within Ferodale Sports Complex and will support the ongoing sport and leisure pursuits in the area. Medowie has a variety of sporting clubs that regularly use Council's facilities.

The provision of community spaces for meetings, events and functions in the Medowie area is limited. The Medowie Community Hall on the corner of Ferodale Road and Medowie Road provides spaces for general community use such as dance classes, community group workshops and play groups. It services the neighbourhood community centre need and recent reports from the 355C committee noted that the facility is at capacity. This facility does not currently provide for the sport and leisure needs of the Medowie community, nor cater for corporate style meetings, sporting group events or larger functions.

A purpose built facility will provide a range of benefits for the local economy and community including:

- Economic benefits in the form of additional jobs and visitations.
- User benefits resulting from increased growth and spread of activities.

Further qualitative benefits will arise in the form of personal, family and community interaction and wellbeing, being enhanced with the incorporation of the bowling greens and the children's play area.

<sup>4</sup> Australian Bureau of Statistics 2016 Census of Population and Housing, [REMPLAN Community](#).

Given Medowie's expected population growth and increasing demand for leisure, recreation and social activities, the current capacity, standard and range of facilities will not meet either the demand or expectations of the users and community.

The comparative facility for these uses in the area is the Pacific Dunes Greenhouse event space. This is a privately operated commercial enterprise catering for weddings, corporate events and similar. The space is not specifically targeted at sports and community group events and has costs associated with hire that creates a barrier to use for these groups. Sporting clubs and community groups are required to travel to Raymond Terrace, Anna Bay, Nelson Bay and Newcastle to host meetings and events at a cost to residents.

The proposed Medowie Sports and Community Facility project will provide meeting rooms, 2 function rooms for events with the capacity to be combined, cover decking as well as an open lounge dining and bar area. This facility will provide for a suitably designed facility, centrally located within Medowie and able to cater of the growing needs of the population into the future.

Community centres and sports facilities are essential pieces of public infrastructure which foster relationships and support both local residents and visitors to the area. The facility is to be co-located within Ferodale Sports Complex and will support the ongoing sport and leisure pursuits in the area.

Medowie has a variety of sporting clubs that regularly use Council's facilities. The objective of this project is to foster strong relationships between sporting clubs in the area which will in turn drive facility memberships. Key sporting clubs include cricket, AFL, soccer, netball, rugby union, touch football, tennis and athletics. The project will also encourage sporting users of its own with the inclusion of a synthetic bowls green.

Further, the facility, due to its location and purpose, will also attract local residents as it caters for a full range of community activities. The project has been designed to serve as a community space for meetings, functions and events which will support sporting and community club growth and longevity.

The Medowie Sports and Community Facility project will provide for improved emergency management infrastructure in the area. This facility will benefit the broader area including Campvale, Williamtown and Salt Ash. The Medowie Community Centre currently acts as the evacuation and management base for Medowie. The suburb of Medowie is characterised by its bushland setting and natural surrounds. Whilst this is one of the attractions that is driving the growth of the suburb, it also presents increased capacity and risk considerations for Council.

The Medowie Sports and Community Facility project would provide a centrally located and contemporary emergency management centre. This would provide significant improvements to the costs incurred as part of the current emergency response.

The project is considered to meet a wide range of community needs and will cater for a growing Medowie population for years to come.

## 2.3 Strategic alignment

The proposed development of the Medowie Sports and Community Facility align and contribute to relevant plans and strategies including, but not limited to:

- The Value of Community Sport Infrastructure - Australian Sports Commission, KPMG, La Trobe University, 2018.

- Council's Integrated Planning and Reporting documents.
- Local Planning Strategies.

***The Value of Community Sport Infrastructure*** - Australian Sports Commission, KPMG, La Trobe University, 2018

This report presents an assessment of the benefits of community sport infrastructure at a macroeconomic, Australia-wide level. It defines Community Sport Infrastructure as local, regional or state-level infrastructure which is operated and maintained primarily for the purpose of facilitation of community sport activities.

It presents an analysis of the benefits of the availability and use of community sports infrastructure, namely:

- to enable physical activity and, by extension, support health and wellness in our communities;
- to provide a space for people from different walks of life to connect around common objectives;
- supporting employment and the economy;
- are a critical requirement for liveable cities and neighbourhoods;
- and creates a framework for assessing the financial value of these benefits.

The broad benefits identified include:

- Economic – increasing activity and productivity and the contribution of volunteers.
- Health – personal and health system.
- Social benefits.

The proposed project will increase the spread of sporting, recreational and social facilities driving increased participation in physical activity, socialisation and wellbeing of the local and regional users and community.

### ***Integrated Planning and Reporting***

The proposed project is consistent with Council's Integrated Planning and Reporting documents. These documents and the proposed project have been part of the community engagement process for the Council area and local community.

The multipurpose sports and community centre project is aligned to the Council's Integrated Plans in the following ways:

- ***Community Strategic Plan*** - P2 "Infrastructure and facilities – Our community's infrastructure and facilities are safe, convenient, reliable and environmentally sustainable".
- ***Delivery and Operational Plan*** – P2.2 "Build Council's civil and community infrastructure to support the community".
- ***Resource Strategy*** - The project is included in Council's Strategic Asset Management Plan and was included in the proposed 2018/19 capital works plan that was advertised with the Integrated Plans.
- ***Long Term Financial Plan*** – Section 8 "Long Term Reserve Usage Strategies", specifically 8.1.3 S7.11 Developer Contributions.

### ***Local Planning Strategy***

The proposed project is further aligned with the following Council developed local planning strategies. These strategies have also formed part of Council's engagement process.

- **Medowie Planning Strategy** – Principle 1 "Development is supported by infrastructure", and Principle 2 "The town centre is the focus for commercial and community activity".
- **Ferodale Sports Complex Master Plan** - "To enable greater public use and enjoyment of the site through the provision of new infrastructure and facilities, expand opportunities for sporting use as well as organised events and gatherings".

Council's strategic plans and associated strategies clearly articulate the demand and need from the growing population for additional active and passive recreation and community facilities.



## 3 Analysis of the proposal

### 3.1 Base case

The Base Case identified for this business case is considered a 'do nothing' base case. The status quo is maintained with no development of a multipurpose community facility.

### 3.2 Other options considered

To provide justification through benchmarking for the Medowie Sports and Community Facility, a review of available standards compared to population data has been used. These standards are as follows:

- Multipurpose community space / Neighbourhood community centre (300m<sup>2</sup> floor area) – 1 per 5,000 persons.
- Sport and leisure centre – 1 per 7,500 persons (equivalent to 450m<sup>2</sup> floor area).
- District Community Centre (900m<sup>2</sup> floor area) – 1 per 15,000 persons<sup>5</sup>.

The suburb of Medowie is expected to grow from its current population of 9,684 to 16,495 in 2036. The above standards for community facilities are not mutually exclusive and the community demand for facilities can be serviced by projects that cater for multiple purposes. Relative to this project, the Medowie Sports and Community Facility would provide for a community centre and sport and leisure centre. Given the estimated population in 2036 it is not unreasonable to develop a District Community Centre with a floor area of 900m<sup>2</sup>, constituting Option 1 in this business case.

The options considered included:

#### *Base Case – retain and operate*

The base case is also known as the 'status quo' option. The base case represented the scenario where the business continues to operate as it is currently operating.

Under this option a sports and community facility will not be constructed.

From Council's perspective and that of the local community, not providing the sports and community facility is not an option. The essential services that are provided by this facility to a growing suburb and the wider community will ensure that community needs are catered for in a long term and sustainable way.

Not proceeding would:

- Stifle Council's efforts to provide suitable community infrastructure in line with growing population demands.
- Create a gap in facilities and services provided to the community based on local government benchmarking.
- Place pressure on current like facilities in the region.

<sup>5</sup> Source: AEC – 'Review of Standard Guiding the provision of Council's Community and Recreational Facilities' and Parks and Leisure Australia – 'Guidelines for Community Infrastructure'

- Impose additional travel pressure on residents in order to access like facilities.
- Have likely negative social and cultural consequences for the community.

### **Option 1 – Construct Medowie Sports and Community Facility**

Under Option 1, Council would construct the Sports and Community facility, with a floor area of 900m<sup>2</sup>.

During the planning process, which has taken over three (3) years in the projects current form, many alternatives have been considered. The option that has been chosen was selected after lengthy deliberations to provide the best value to current and future populations. These considerations took into account

- technical asset management issues
- social issues for our community
- development and ongoing operational financing considerations
- the broader economic impact that such an asset will have on the Port Stephens community
- environmental issues that relate to the site.

Council staff have worked for the last three (3) years with the representatives of the Medowie Sports and Community Facility on planning and how the project will be managed after construction. Based on research on best practice across the state and the proposed use of the site Council has agreed to a lease arrangement that will guide the future management and operation of the facility.

## **3.3 Information about the proposal**

The project involves the construction of the proposed multipurpose Sports and Community facility located at the Ferodale Sports Complex. The project works are as follows:

- A multipurpose sports and community facility including a lounge area, kitchen, bar, various function rooms, storage areas and amenities.
- A supporting car parking area providing 100 spaces.
- Two bowling greens, children's play area and associated earthworks, drainage, signage and landscaping.
- Facilities to cater as an Emergency Evacuation Centre.

The approved plans and designs are provided in Appendix A.

The new works will generally comprise of:

**Table 3 Building Works**

Site Preparation	Substructure	Columns
Roof	External Wall	External & Internal doors
Windows	Internal Walls	Screens & Borrowed Light
Wall finish	Floor Finish	Celling Finish
Fitments	Sanitary Fixtures	Sanitary Drainage
Water Supply	Ventilation	Air Conditioning
Fire Protection	Light & Power	
Roads & Footpaths	Retaining Walls	Landscape
Site Drainage	Sanitary Drainage	Water Supply

Details of these works and quantity estimates come from Quantity Surveys report prepared by Denary Quantity Surveying<sup>6</sup>.

## 3.4 Project costs

The construction and operating costs are provided in this section of the business case.

### 3.4.1 Project Case Capital Expenditure

The estimated capital costs for the Medowie Sports and Community Facility are shown in Table 4 below. The project costing has been benchmarked against like projects that have previously been undertaken by Port Stephens Council. The building has a comparative cost per m<sup>2</sup> to that of the surf lifesaving facilities constructed at Fingal Bay and Birubi Point (\$4,568/m<sup>2</sup>). Additional external works required for the extensive car parking area, drainage works, bowls green, landscaping, signage and playground equipment make up the costs over and above this rate.

<sup>6</sup> Medowie Sports Facility – Medowie NSW – 50% Design Estimates Denary Quantity Surveyors; March 2018.

**Table 4 Estimated Capital Costs**

	Rate (ex. GST)	10% Project Contingency	Total
Estimated costs to date	N/A	N/A	\$300,000
Construction	\$5,203,649	\$520,365	\$5,724,014
Contract Administration	\$150,000	\$15,000	\$165,000
Project Management	\$100,000	\$10,000	\$110,000
<b>Total (exc. GST)</b>			<b>\$6,299,014</b>

### 3.4.2 Project Case Lease Arrangement

The Council and the inbound community facility operator will enter into a lease arrangement, the foundation of how the site will be operated and managed into the future. A cornerstone of this agreement is the need for ongoing public access to the facility and the utilisation of funds that are generated for the benefit of the public domain as well as community activities.

There is a very clear expectation that Council provides sports and community facilities and for such to be sustainable. Council's approach to this facility is very similar to what other councils have successfully implemented across the state. Council staff have undertaken a long research program to ensure what is delivered is best practice.

## 3.5 Cost benefit analysis

### 3.5.1 Evaluation Framework

The economic assessment is based on a generalised Cost Benefit Analysis (CBA) framework which quantifies and compares the direct infrastructure cost (capital and recurrent) of a project with the change in economic value (benefits /cost savings) generated with the project.

The assessment has been undertaken in accordance with the relevant guidelines for CBA, specifically the New South Wales Treasury Guidelines for Economic Appraisal. Where these guidelines do not cover specific methodologies required to estimate benefits of the project (e.g. estimating wider impacts), other benefit guidance has been sought from domestic and international literature and guidelines.

The overall appraisal framework is based on welfare economic theory. This framework defines the change in economic value in terms of the following theoretical concepts:

- User consumer surplus.
- Producer surplus.

- Resource cost corrections.
- Externalities.

The purpose of the CBA was to determine whether the community will enjoy a net benefit as a result of completion of the proposed Medowie Sports and Community Facility Project and to ensure efficient allocation of public resources. The CBA takes into account:

- the potential direct benefits and costs that would not otherwise occur in the absence of the proposed Medowie Sports and Community Facility
- the costs of construction and ongoing maintenance of the proposed Medowie Sports and Community Facility Project.

The CBA framework is based on an annual discounted cash flow model. The model develops 'streamed' infrastructure costs and benefits over an evaluation period extending 30 years from the first full year of operation of the proposed Medowie Sports and Community Facility (inclusive).

Future costs and benefits are converted to a common time dimension, the present value (PV). Present values are calculated by discounting future values using a recommended discount rate (which reflects the time value of money). The discounted costs and benefits are then combined using specific equations to produce conventional measures of economic performance.

The CBA model produces the following key measures of economic performance:

- Net Present Value (NPV) – the difference between the PV of total incremental benefits and the PV of the total incremental costs, which allows the project options to be compared on the same basis to allow determination of the greatest net benefit to the community or the most efficient use of resources. Project options that yield a positive NPV indicate that the (discounted) incremental benefits of a scenario exceed the incremental costs over the evaluation period.
- Benefit Cost Ratio (BCR) – ratio of the PV of total incremental benefits to the PV of total incremental costs. A BCR greater than 1.0 indicates that project benefits exceed project costs. However, generally, a project with a higher BCR may be preferred to protect against unexpected project delays, optimism bias or cost overruns.

### 3.5.2 Key Inputs and Assumptions

The streamed costs and benefits are based on underlying profiles of costs and demand that have been developed by the project's technical advisors and economist. For the Medowie Sports and Community Facility Project, infrastructure cost estimates were developed by the project proponent, Port Stephens Council, and Denary Quantity Surveying.

#### 3.5.2.1 Costs

The CBA incorporates the following economic costs relevant to the construction and ongoing maintenance of the

Project:

- Fixed infrastructure costs, including earthworks, drainage and other infrastructure;
- Systems infrastructure;
- Other construction costs such as investigation, design and project management costs;

- Planned construction and operation risk;
- Land acquisition costs; and
- Recurrent costs, such as scheduled maintenance and operating costs.

Specifically, the proposed Medowie Sports and Community Facility has a capital expenditure component of approximately \$6.3 million during the construction phase. Capital maintenance costs have been estimated to be 1.5% of the building cost plus applicable insurances, or approximately \$94,500 per annum and adjusted annually based on the local government Council Cost Index (CCI) of 2.21%. Depreciation expense has been calculated based upon a 60-year life with 25% residual value and is approximately \$78,700 per annum.

### 3.5.2.2 Benefits

Direct and indirect incremental benefits of the proposed Medowie Sports and Community Facility which have been considered as part of the CBA include:

- Increase in value added to regional economy (i.e. direct and supply chain effects) associated with the construction of the proposed facility;
- Increase in direct value added generated from operations to be conducted at the facility, due to the increased capacity created through construction of the proposed Medowie Sports and Community Facility;
- Net economic benefits flowing from visitation and spending impacts associated with visitors attending functions and events at the proposed Medowie Sports and Community Facility, including community, sporting and cultural events;
- Consumer surplus associated with users of the Facility, particularly where there is either no direct fee or reduced/subsidised charges involved with participation or attendance in organised events or programs;
- The residual value or scrap value of the project asset at year 30, given its operational life has been assessed as 60 years.

Other indirect incremental benefits of the proposed Medowie Sports and Community Facility which were not considered as part of the CBA due to the level of difficulty in quantifying include:

- Non-use benefits derived from non-users of cultural, environmental and recreational facilities who are often willing to pay for the facilities because they value the option to use the facility in future; the fact that other members of the community can use it; and the fact that future generations will enjoy the endowment left to them in the facility; and,
- Social capital enhancement via volunteering benefits, which is valued by volunteers' opportunity cost of time (i.e. the value they could have generated to society doing the next best alternative).

### 3.5.2.3 Consumer Surplus

The travel cost method is used to estimate economic use values associated with sites such as the proposed Medowie Sports and Community Facility that are used for community recreation, leisure and other activities, especially where there is either no direct fee or reduced / subsidised charges for participants. The basic premise of the travel cost method is that the time and travel cost expenses that people incur to visit a site represent the "price" of access to the site. Thus, peoples' willingness to pay to visit the site can be estimated based on the number of trips that they make at different travel costs. This is analogous to estimating peoples' willingness to pay for a marketed good based on the quantity demanded at different prices.

Application of the travel cost method varies with respect to whether an individual or zonal approach is used. The zonal travel cost method, which is applied by collecting information on the number of visits to the site from different distances, has been adopted for this analysis. Because the travel and time costs will increase with distance, this information allows calculation of the number of visits “purchased” at different “prices”, which is then used to construct the demand function for the site and estimate the consumer surplus, or economic benefits, for the recreational services of the site.

Using the mean distance, time to the sites and estimated number of visits presented in Table 5 along with average vehicle operating costs of \$0.70 per kilometre for a medium car (NRMA) and a value of travel time of approximately one-half the average ordinary earnings in New South Wales, or \$0.63 per minute (Australian Bureau of Statistics), the total consumer surplus associated with future initial use of the proposed Medowie Sports and Community Facility for projected bowling patronage is estimated at \$229,270 per annum. The net consumer surplus, discounting the projected combined income from memberships and green fees of approximately \$61,300, is approximately \$168,000.

**Table 5 Community Use Benefits of Proposed Medowie Sports and Community Facility**

Zone	Estimated total visits per annum	Mean round trip (RT) travel distance (km)	Mean RT travel time (minutes)	Driving cost per visit (\$0.75/km)	Trip time cost per visit (\$0.63/min.)	Annual consumer surplus
1 (0-10km)	16,560	6	10	35, 935	104,328	140,263
2 (11-30km)	900	29	36	9,135	20,412	29,547
3 (31-50KM)	360	72	59	9,072	13,381	22,453
4 (51-200KM)	180	240	193	15,120	21,886	37,006
<b>Total</b>	<b>18,000</b>	-	-	<b>69, 262</b>	<b>160,007</b>	<b>229,270</b>

Source: ABS 6302.0, RACQ

### 3.5.3 Evaluation Period

The base price year adopted is 2018, whilst the assumed construction period for the proposed Medowie Sports and Community Facility is January 2019 to October 2019. The appraisal period for the economic assessment is 2018 up to and including 30 years (i.e. 2047).

### 3.5.4 Discount Rate

Consistent with relevant guidelines, a real discount rate of 7% has been adopted for the CBA. For the purposes of sensitivity testing, real discount rates of 3% and 10% have also been applied.

### 3.5.5 Results

The results of the CBA for the proposed Medowie Sports and Community Facility Project are summarised in the following table, including the total (discounted) present value incremental costs and benefits and resulting NPV and BCR. Also included are sensitivity results for lower and upper range discount rates (3% and

10%).

As expected for this type of project, costs are dominated by capital expenditures, whereas benefits are more broadly distributed across different categories, with consumer surplus, indirect visitor expenditure and direct and indirect increases in regional value added through both construction and operating phases providing significant contributions.

**Table 6 Present Value Incremental Costs and Benefits (\$ million), NPV and BCR (Discount rate 7%)**

Description	Total Value (\$)
<b>Direct Infrastructure Costs</b>	
Capital	6,299,014
Operating and maintenance (excl. depreciation)	3,609,374
<b>Total Infrastructure Costs</b>	<b>9,908,388</b>
<b>Cost Savings and External Benefits</b>	
Increased value added from construction phase	1,240,345
Operating revenue (direct value added)	16,322,845
Consumer surplus	6,695,235
Increased visitor expenditure	4,071,052
Residual value	4,015,621
<b>Total Benefits</b>	<b>32,345,099</b>
<b>Net Present Value (\$ million)</b>	
Discounted (PV) costs	6.75
Discounted (PV) benefits	10.84
<b>NPV</b>	<b>4.09</b>
<b>IRR</b>	<b>14%</b>
<b>BCR</b>	<b>1.61</b>



Description	Total Value (\$)
<b>Scenario analysis</b>	
Discount rate (3%)	
NPV (\$ million)	<b>11.02</b>
BCR	<b>2.36</b>
Discount rate (10%)	
NPV (\$ million)	<b>1.63</b>
BCR	<b>1.27</b>

In aggregate, the NPV analysis suggests there will be significant net benefits of approximately \$4.1 million flowing from the proposed Medowie Sports and Community Facility, with a BCR of 1.61 and internal rate of return (IRR) of 14%, indicating that the project offers significant societal benefits well in excess of costs. This also takes into account timing differences between the earlier incurrence of costs and ongoing receipt of facility users and other benefits over the evaluation period.

Given the large volume of upfront costs and the (in general) stream of ongoing benefits, the CBA moves as expected insofar as the lower discount rate (3%) increases the NPV and BCR for the project, whilst the higher rate (10%) decreases the NPV and BCR relative to the base case, although all BCR's recorded are significantly higher than break-even. Refer to Appendix B for Project Cashflows – Cost Benefit Analysis.

### 3.6 Financial Analysis

The financial analysis provides an assessment of the project's financial feasibility against the financial costs and revenues forecasted to arise from the project. The following indicators are the outcomes of the financial analysis:

- Financial revenue-cost ratio.
- Financial net present value.
- Internal rate of return.

Unlike the (economic) cost-benefit analysis, the financial appraisal only considers the real cash impacts of the proposed investment by Council.

The financial results of the proposed Medowie Sports and Community Facility project are summarised in the following table, including the total (discounted) present value incremental costs and benefits and resulting NPV and BCR. Also included are sensitivity results for lower and upper range discount rates (3% and 10%). A summary of cash flows for the financial evaluation is contained in Appendix B.

The financial costs are as detailed in the previous project cost section of this report. The financial revenues are assessed as the returns that the Council would realise from the Medowie Sports and Community Facility project, which currently are anticipated to include income from lease payments of \$10,000 annually, along with the residual value of the facility after 30 years.

**Table 7 Present Value Incremental Costs and Benefits, NPV and BCR (Discount rate 7%)**

Description	Total Value (\$)
<b>Direct Infrastructure Costs</b>	
Capital	6,299,014
Operating and maintenance (excl. depreciation)	3,609,374
<b>Total Infrastructure Costs</b>	<b>9,908,388</b>
<b>Cost Savings and External Benefits</b>	
Revenue from lease	398,598
Residual value	4,015,621
<b>Total Benefits</b>	<b>4,414,219</b>
<b>Net Present Value (\$ million)</b>	
Discounted (PV) costs	6.75
Discounted (PV) benefits	0.66
<b>NPV</b>	<b>-6.08</b>
<b>IRR</b>	<b>-4%</b>
<b>BCR</b>	<b>0.10</b>

The results of the financial analysis at a discount rate of 7% are as follows:

- Present value of the project revenue is \$0.6 million over the evaluation period.
- Present value of the project costs are estimated at \$6.7 million over the evaluation period.
- Net benefit (in NPV terms) value at -\$6.1 million over the evaluation period.
- Revenue/cost ratio of 0.1.

### 3.7 Proposed funding arrangement

The project is being funded by Council through monies collected in accordance with the adopted Port Stephens Fixed Development Contributions Plan 2006 and loan funding.

**Table 8 Project Funding**

Source of Funds	Funding (\$)	Comment
Developer Contributions (\$7.11)	\$2,850,000	
External Loan	\$3,450,000	
<b>Total</b>	\$6,300,000	Funds included in 2018/19 and 2019/20 budgets

Given the scale of the Sports and Community facility, a limited procurement options analysis has been undertaken. The relevant characteristics of the Project which lead to minimal consideration of procurement options include:

- The scope of works and risks of delivery are well understood and unlikely to change materially during the delivery stage.
- The scope of construction is relatively simple.
- There are unlikely to be significant environmental risks.
- Delivery will require close engagement between Council, stakeholders and contractors.
- The project is not considered large enough for more complex procurement approaches, such as a public private partnership (PPP).

## 4 Economic Impact Assessment

### 4.1 Approach

Community and sporting facilities such as the proposed Medowie Sports and Community Facility generate economic benefits for the regional economy through operational expenditure associated with the facility as well as benefits associated with tourism expenditure / turnover within the region. As a part of ongoing operations, economic impacts from the proposed Project are generated by organisational and facility operations, whilst subsequent rounds of spending include indirect or off-site tourism expenditure and business supply chain purchases.

The contribution made by the proposed Medowie Sports and Community Facility to the economies of the Port Stephens local government area (LGA), New South Wales and Australia has been assessed using the LocalImpact regional economic model, based on input-output tables developed specifically for each region.

The stimulus from economic activity can be traced through the economy in several different ways:

- The first-round effect, or direct effect, are those from the activities expenditure in purchasing goods from other industries.
- The second-round effects are those from the supplying industries increasing their purchases to meet the additional demand. The second and subsequent rounds of purchasing are termed the indirect effects.
- The consumption-induced effects, which recognise that the level of local production is important in determining regional levels of household consumption, will in turn be spent locally to a large extent and therefore influence the level of regional consumption and the level of output of each sector.

Note: caution should be exercised when interpreting the consumption impacts as they are generally expected to overestimate the actual impact.

These effects can be represented by multipliers. There are commonly four different types of multipliers:

- Output.
- Income.
- Employment.
- Value added.

### 4.2 Output

The output impact measures the increase in gross sales throughout the whole economy by summing all the individual transactions resulting, directly and indirectly, from the economic stimulus. The output impacts are however regarded as overstating the impact on the economy as they count all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.

### 4.3 Income

The income impact measures the additional amount of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the stimulus to the economy.

## 4.4 Employment

The employment impact measures the number of jobs created by the stimulus, both directly and indirectly. It should be noted that the short-term response to increased demand might be for employers to ask existing staff to work overtime. As a consequence, lower employment than the level indicated by the economic impact of the stimulus will result. This short-term scenario is particularly true where the demand stimulus is seen as temporary or where there is spare capacity in the economy (i.e. unemployment).

## 4.5 Value Added

The value added or Gross Regional Product<sup>1</sup> (GRP) impact measures only the net activity at each stage of production. GRP is defined as the addition of consumption, investment and government expenditure, plus exports of goods and services, minus imports of goods and services for a region. The GRP impacts are the preferred measure for the assessment and contribution of a stimulus to the economy.

## 4.6 Limitations

Limitations or qualifiers that should be raised when using input-output analysis include:

- The inputs purchased by each industry are a function of the level of output of that industry. The input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs).
- Each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies that there is only one method used to produce each commodity and that each sector has only a single primary output.
- The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the additivity assumption. This generally does not reflect real world operations.
- The system is in equilibrium at given prices. This is obviously not the case in an economic system subject to external influences.
- In the static input-output model, there are no capacity constraints so that the supply of each good is perfectly elastic. Each industry can supply whatever quantity is demanded of it and there are no capital restrictions. This assumption would come into play depending upon the magnitude of the changes in quantities demanded, brought about through changes in taxation levels.
- The input-output model is an optimisation model that allocates resources between sectors to their most efficient use. This is not expected to happen all of the time in the “real world” and as such results from the input output analysis may overestimate the actual impact delivered on ground.

Input-output techniques provide a solid approach for taking account of the inter-relationships between the various sectors of the economy in the short-term and hence are an appropriate tool for determining the direct and indirect economic impact of the proposed Medowie Sports and Community Facility.

---

<sup>1</sup>This is also known as Gross State Product (GSP) or Gross National Product (GNP) depending on the level of the analysis.

## 4.7 Description of Stimulus

### 4.7.1 Data Inputs

The assessment is to estimate the economic impact to the Port Stephens LGA of the operations of the proposed Medowie Sports and Community Facility and the indirect tourism benefits generated by increased visitor levels. Demand projections have been prepared based on the existing use of the Ferodale Sporting Complex as well as similar facilities in other regional centres across New South Wales and Australia.

The proposed operating model for the Medowie Sports and Community Facility has been based on a demand profile that includes use by sporting clubs currently utilising the Ferodale Sporting Complex along with new activity generated through the two synthetic bowling greens being constructed as part of the facility. Currently the Ferodale Sporting Complex services approximately 1,520 registered local players across a number of sports; in annual terms, the total number of visitors/patrons currently using the Ferodale Sporting Complex is estimated at 60,900 persons per annum, of which approximately 6,900 are visitors from outside the Port Stephens LGA. Upon construction of the Medowie Sports and Community Facility and the establishment of a permanent bowling club and associated membership (assumed to be 120 persons), annual usage of Ferodale Sporting Complex is expected to be approximately 79,640 persons. Annual demand is forecast to increase to approximately 135,650 persons annually by 2036 based on population and participation growth for the Medowie area.

The Medowie Sports and Community Facility will also host community groups, as well as cultural, business and tourism events and attractions, for both local residents and visitors to the region. The estimated total number of persons that will attend functions and events at the Medowie Sports and Community Facility upon initial operation is conservatively forecast at 8,320 persons per annum, of which approximately 1,250 are projected to be visitors from outside the region.

Based on this demand profile, the forecast revenue for the Medowie Sports and Community Facility is approximately \$922,450 upon full development and operation, whilst the total annual expenditure is estimated at \$784,250, including wages and salaries for approximately 8.0 full-time equivalent employees (FTEs) and all purchases of goods and services. A summary of forecast input purchases by type and region is provided in the following table.

**Table 9 Forecast Operating Budget, Medowie Sports and Community Facility**

Description	Amount (\$)	% of total
<b>Revenue</b>		
Turnover from trading activities	770,100	83.5%
Members subscriptions	14,600	1.6%
Green fees	46,700	5.1%
Sponsorship/advertising	12,200	1.3%
Raffles & promotion income	64,200	7.0%
Sundry income	14,650	1.6%
<b>Total revenue</b>	<b>922,450</b>	<b>100.0%</b>
<b>Expenditure</b>		
Main bar	135,900	17.3%
Employee benefits	404,000	51.5%
Depreciation & amortisation	78,850	10.1%
Other expenses	165,500	21.1%
<b>Total expenditure</b>	<b>784,250</b>	<b>100.0%</b>
Operating surplus/deficit	<b>138,200</b>	
Gross margin	15.0%	

Taking into account regional length of stay, visitor origin and expenditure patterns, the gross annual stimulus to the economy of the Port Stephens LGA associated with the total attendance numbers at the proposed the Medowie Sports and Community Facility were estimated at \$0.2 million. A summary of the indirect tourism expenditure is provided in the following table.

**Table 10 Gross Indirect Tourism Expenditure by Type, Medowie Sports and Community Facility (\$ million)**

Expenditure type	Level	% of total
Accommodation	0.040	20.2%
Food & beverage	0.073	36.8%
Road transport	0.007	3.3%
Retail shopping	0.067	33.6%
Attractions	0.007	3.4%
Other	0.005	2.7%
<b>Total off-site expenditure</b>	<b>0.199</b>	<b>100.0%</b>
Annual visitors:		
Domestic day	900	72.0%
Domestic overnight	350	28.0%
<b>Total</b>	<b>1,250</b>	<b>100.0%</b>

Disaggregated industry outputs were provided as part of the analysis to demonstrate the impacts of the proposed Medowie Sports and Community Facility on all 114 sectors included in the input-output model; these are provided in Appendix C.

## 4.8 Displacements & Leakages

Displacement arises when an economic stimulus such as the proposed Medowie Sports and Community Facility takes market share from other existing local firms or organisations, or 'displaces' alternative uses of project funds that might otherwise have occurred. For the purpose of this analysis, there are expected to be some minor displacement effects relating to the regionally-sourced component of project funding, although only to a limited extent; therefore, a low level of displacement has been assumed (10%).

Leakages are defined as the proportion of project outputs that flow out of the catchment area, i.e. purchases from outside the region. During the construction phase of the proposed Medowie Sports and Community Facility project, it has been assumed that the majority of benefits/purchases will be retained within the catchment area, with consequently a low level of leakages allowed for (10%).



In relation to the operational phase of the proposed Medowie Sports and Community Facility and the indirect tourism benefits, for the purpose of this analysis it has been assumed that the Port Stephens LGA is a closed economy, i.e. any displacement and leakages are considered marginal. All expenditure related to these elements of the project is therefore assumed to be made within the region, where not otherwise identified, in order to represent the additional economic activity generated by the proposed Medowie Sports and Community Facility.

## 4.9 Impact Assessment

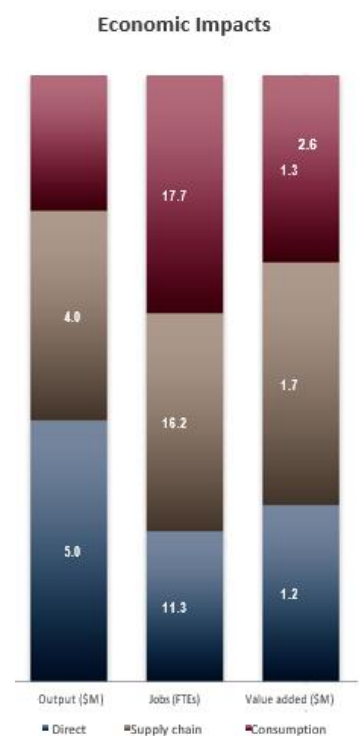
### 4.9.1 Construction

The proposed Medowie Sports and Community Facility has associated construction costs of approximately \$6.3 million during the development phase. After assumed displacement and leakages are taken into account, the gross stimulus for the regional economy will be approximately \$5.0 million. The net regional economic impact – i.e. direct, indirect and consumption-induced – associated with the construction of the Medowie Sports and Community Facility on the Port Stephens LGA include (refer to table below):

- An estimated direct output of \$5.0 million and additional flow on increases in output of \$4.0 million through other industries, for a total industry impact of \$9.1 million. A further \$2.6 million in output in the region can be associated with consumption-induced effects.
- Estimated direct income (wages and salaries) of \$0.5 million, with \$0.9 million in additional income generated through flow on effects in other industries and a further \$0.7 million from household spending.
- Approximately 11.3 direct full-time equivalent (FTE) employment positions, with an estimated additional 33.9 employment positions supported indirectly through other industries and household consumption for a total employment impact of 45.2 FTEs.
- An estimated contribution to GRP of \$1.2 million from direct effects, with a further flow on impact of \$1.7 million through other industries for a total industry value added of \$2.9 million. An additional \$1.3 million in gross regional product can be attributed to consumption-induced effects.

**Table 11 Economic Impact of Proposed Medowie Sports and Community Facility, Construction Phase**

	Port Stephens	New South Wales	Australia
<b>Output (\$ million)</b>			
Direct	5.0	6.3	6.3
Indirect	4.0	6.8	9.1
Consumption	2.6	6.1	6.2
<b>Total</b>	<b>11.6</b>	<b>19.2</b>	<b>21.5</b>
<b>Income (\$ million)</b>			
Direct	0.5	0.7	0.7
Indirect	0.9	1.6	2.1
Consumption	0.7	2.2	2.2
<b>Total</b>	<b>2.2</b>	<b>4.4</b>	<b>5.0</b>
<b>Employment (fte persons)</b>			
Direct	11.3	14.1	14.1
Indirect	16.2	25.3	31.4
Consumption	17.7	33.5	34.4
<b>Total</b>	<b>45.2</b>	<b>72.9</b>	<b>79.9</b>
<b>Value added (\$ million)</b>			
Direct	1.2	1.6	1.6
Indirect	1.7	3.0	3.9
Consumption	1.3	3.7	4.5
<b>Total</b>	<b>4.2</b>	<b>8.3</b>	<b>10.0</b>



## 4.10 Operating Impact

The net annual regional economic impact – i.e. direct, indirect and consumption-induced – associated with the operation of the proposed Medowie Sports and Community Facility on the Port Stephens LGA include (refer to table below):

- An estimated direct output of \$0.9 million and additional flow on increases in output of \$0.6 million through other industries, for a total industry impact of \$1.6 million. A further \$0.7 million in output in the region can be associated with consumption-induced effects.
- Estimated direct income (wages and salaries) of \$0.4 million, with \$0.1 million in additional income generated through flow on effects in other industries and a further \$0.2 million from household spending.
- Approximately 8.0 direct full-time equivalent (FTE) employment positions, with an estimated additional 8.8 employment positions supported indirectly through other industries and household consumption for a total employment impact of 16.8 FTEs.
- An estimated contribution to GRP of \$0.4 million from direct effects, with a further flow on impact of \$0.3 million through other industries for a total industry value added of \$0.7 million. An additional \$0.4 million in gross regional product can be attributed to consumption-induced effects.

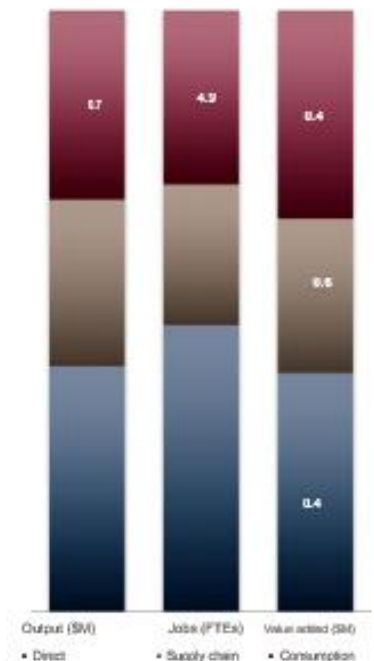
**Table 12 Economic Impact of Proposed Medowie Sports and Community Facility, Direct Operating Impact**

	Port Stephens	New South Wales	Australia
<b>Output (\$ million)</b>			
Direct	0.9	0.9	0.9
Indirect	0.6	0.7	0.9
Consumption	0.7	1.1	1.1
<b>Total</b>	<b>2.3</b>	<b>2.8</b>	<b>2.9</b>
<b>Income (\$ million)</b>			
Direct	0.4	0.4	0.4
Indirect	0.1	0.2	0.2
Consumption	0.2	0.4	0.4
<b>Total</b>	<b>0.7</b>	<b>1.0</b>	<b>1.0</b>
<b>Employment (fte persons)</b>			
Direct	8.0	8.0	8.0
Indirect	3.9	4.3	4.7
Consumption	4.9	6.9	7.0
<b>Total</b>	<b>16.8</b>	<b>19.1</b>	<b>19.6</b>
<b>Value added (\$ million)</b>			
Direct	0.4	0.4	0.4
Indirect	0.3	0.3	0.4
Consumption	0.4	0.7	0.9
<b>Total</b>	<b>1.0</b>	<b>1.5</b>	<b>1.6</b>

Note: Annual impact upon full development and operation

x x x  
x x x  
x x x  
x x x

**Economic Impacts**



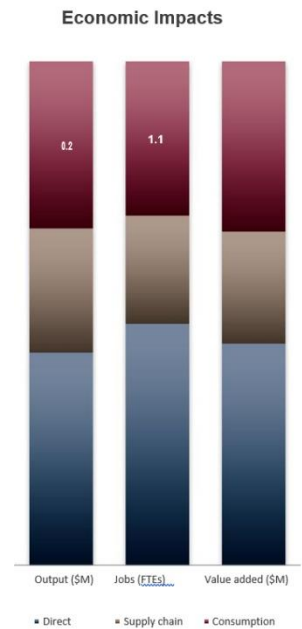
#### 4.11 Indirect Tourism Expenditure

The economic impact of the indirect tourism expenditure associated with visitors to functions and events to be held at the proposed Medowie Sports and Community Facility on the Port Stephens LGA include (refer to table below):

- An estimated direct output of \$0.2 million and additional flow on increases in output of \$0.1 million through other industries and a further \$0.2 million associated with consumption-induced effects.
- Estimated direct income (wages and salaries) of \$0.1 million associated with approximately 1.7 direct full-time equivalent (FTE) employment positions, with an estimated additional 1.8 employment positions supported indirectly through other industries and household consumption for a total employment impact of 3.5 FTEs.
- An estimated contribution to GRP of \$0.1 million from direct effects, with a further flow on impact of \$0.1 million through other industries and an additional \$0.1 million attributed to consumption-induced effects.

**Table 13 Economic Impact of Proposed Medowie Sports and Community Facility, Indirect Tourism Spend**

	Port Stephens	New South Wales	Australia
<b>Output (\$ million)</b>			
Direct	0.2	0.2	0.2
Indirect	0.1	0.1	0.2
Consumption	0.2	0.3	0.3
<b>Total</b>	<b>0.5</b>	<b>0.6</b>	<b>0.6</b>
<b>Income (\$ million)</b>			
Direct	0.1	0.1	0.1
Indirect	0.0	0.0	0.0
Consumption	0.0	0.1	0.1
<b>Total</b>	<b>0.1</b>	<b>0.2</b>	<b>0.2</b>
<b>Employment (fte persons)</b>			
Direct	1.7	1.7	1.7
Indirect	0.8	0.8	0.9
Consumption	1.1	1.5	1.5
<b>Total</b>	<b>3.5</b>	<b>4.0</b>	<b>4.1</b>
<b>Value added (\$ million)</b>			
Direct	0.1	0.1	0.1
Indirect	0.1	0.1	0.1
Consumption	0.1	0.2	0.2
<b>Total</b>	<b>0.2</b>	<b>0.3</b>	<b>0.4</b>



Note: Annual impact upon full development and operation

## 4.12 Impacts on Other Industries

The flow-on impacts from the proposed Medowie Sports and Community Facility to other industries across the Port Stephens LGA is significant and has been disaggregated in order to measure the contribution in other areas of the economy. The following table demonstrates that the Accommodation & Food Services industry benefits most in terms of total output (\$1.1 million), followed by Manufacturing (\$0.4 million) and Retail Trade (\$0.2 million).

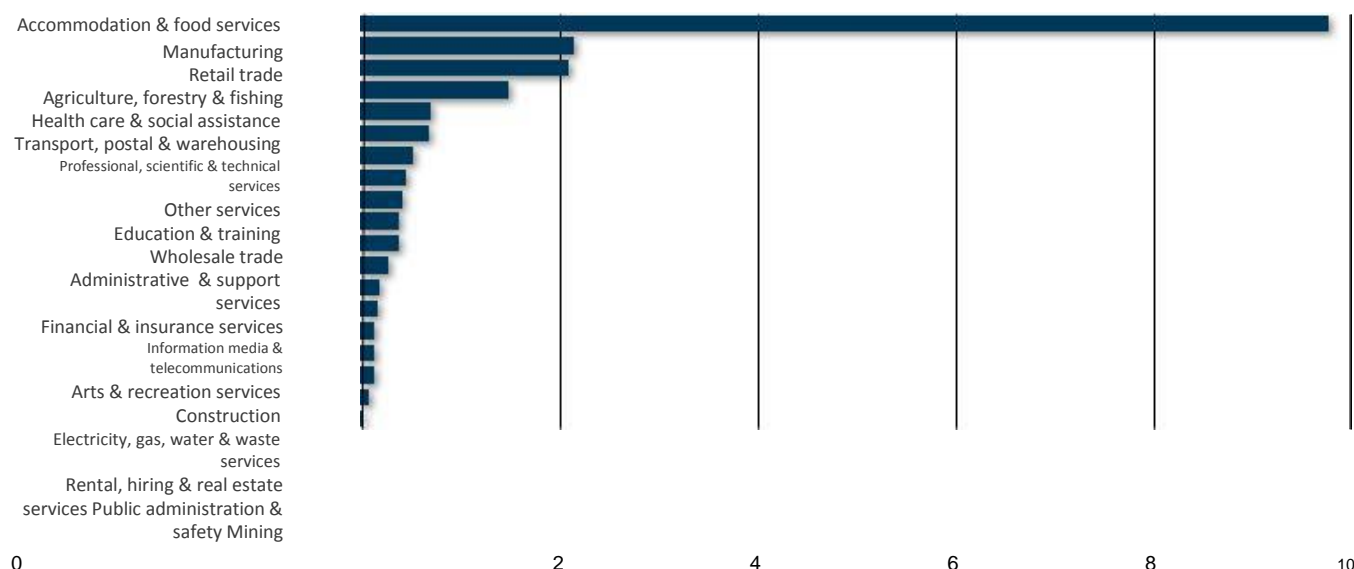
**Table 14** Estimated Disaggregated Annual Industry Impacts of Proposed Medowie Sports and Community Facility

Industry division	Operating impact		Indirect visitor expenditure	
	Industry output (\$ million)	Direct employment (FTEs)	Industry output (\$ million)	Direct employment (FTEs)
Agriculture, Forestry and Fishing	0.064	1.2	0.012	0.3
Mining	0.007	0.0	0.001	0.0
Manufacturing	0.323	1.9	0.052	0.3
Electricity, Gas, Water and Waste Services	0.066	0.1	0.013	0.0
Construction	0.038	0.1	0.008	0.0
Wholesale Trade	0.076	0.3	0.014	0.1
Retail Trade	0.139	1.2	0.096	0.9
Accommodation and Food Services	1.004	8.7	0.132	1.1
Transport, Postal and Warehousing	0.070	0.5	0.021	0.2
Information Media and Telecommunications	0.054	0.2	0.013	0.0
Financial and Insurance Services	0.073	0.2	0.016	0.0
Rental, Hiring and Real Estate Services	0.057	0.1	0.013	0.0
Professional, Scientific and Technical Services	0.076	0.4	0.019	0.1
Administrative and Support Services	0.054	0.3	0.015	0.1
Public Administration and Safety	0.011	0.1	0.003	0.0
Education and Training	0.030	0.3	0.007	0.1
Health Care and Social Assistance	0.063	0.6	0.014	0.1
Arts and Recreation Services	0.019	0.1	0.011	0.1
Other Services	0.043	0.3	0.016	0.1
<b>Total</b>	<b>2.267</b>	<b>16.8</b>	<b>0.474</b>	<b>3.5</b>



**Figure 4 Estimated Annual Employment Supported by Medowie Sports and Community Facility**

Port Stephens LGA (FTEs)



In summary, the economic activity generated from the annual operation of the proposed Medowie Sports and Community Facility and the associated visitor spending impacts are substantial. Therefore, based on the conservative assumptions presented in this analysis, the net economic impact on the Port Stephens LGA is highly positive.

## 5 Implementation case

This implementation section of the Business Case demonstrates that the construction of the Medowie Sports and Community Facility option can be delivered as an investment with the expected outcomes. Council is adept in planning and delivering this type of community infrastructure. Council's track record on design of community facilities is excellent as is our ability to deliver these on time and within budget.

Council has tasked a nominated person to undertake all project management activities. This person has the relevant qualifications for this work and extensive industry experience. However, they do not operate in isolation and a project management team has been set up to provide a broader overview of the project. This includes members of Council's senior and executive management team.

Council has outsourced a number of functions of the project, including architectural design, landscape design, structural design, electrical design, hydraulic design and civil design amongst other things. The design component of the project is now complete and the construction of the development has been tendered.

The construction program is expected to span over a 12 month period. Council's role will be project management, funding, project delivery and contract administration, with construction of the project being outsourced. All aspects are catered for in Council's existing Integrated Plans including the 2018/19 and 2019/20 budget.

## 5.1 Program & milestones

The Project has a number of check points before construction can be completed. The indicative milestones for the project are shown in the table below.

**Table 15 High level investment schedule**

Milestones	Activities	Inter-dependencies	Position Responsible	Planned Results Delivery Timing
Final Business Case	Preparation of Final Business Case	Council approvals	Port Stephens Council	Complete by October 2018
Project Assurance	Assurance reviews	Provision of Business Case and supporting documentation	Port Stephens Council	Complete by November 2018
Funding approval and Funding release	Funding approval	Council Approvals	Port Stephens Council	Complete by November 2018
Design complete	Signoff of Detailed Design	Concept and Preliminary Designs	Port Stephens Council	Complete by November 2018
Project Approval	Council to approve project	Funding release	Port Stephens Council	Complete by November 2018
Material Procurement	Procure materials	Project approval and Detailed design	Port Stephens Council	Complete by November 2018
Construction	Construction activities as required	Contractor performance	Construction entity	Complete by December 2019
Commissioning	Operational readiness	Completion of construction	Port Stephens Council	Complete by December 2019

## 5.2 Governance

The development of a governance structure for the project is an important stage in the planning and construction process. An effective governance structure will ensure consistency in the decision-making process and will assign responsibility to the relevant groups for the ongoing management and delivery of the project.

### 5.2.1 Indicative Governance Structure during Implementation

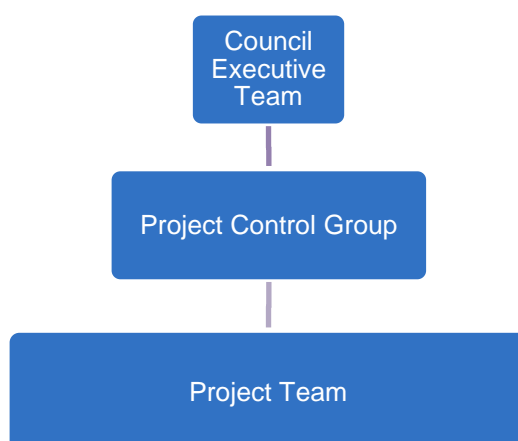
The governance arrangements during the implementation stage of the project have yet to be finalised. The governance and project management structure will need to facilitate appropriate engagement by Port Stephens Council.

The groups are anticipated to consist of the following:

- Council Executive Team, which will be responsible for the overarching delivery of the Project, including the expenditure to construct the projects. The Project Control Group (PCG) will report to the Council executive on a monthly basis or as needed to report on progress, material issues affecting construction and expenditure versus an established budget.
- Project Control Group, which will meet monthly to receive a report from the Project Manager on behalf of the Project Team. The PCG will be responsible for reporting to the Steering Committee and managing the Project Team. The Control Group will consist of the Team Leader Structures, Capital Works Program Coordinator, Capital Works Section Manager, Community and Recreation Coordinator, Group Manager – Facilities and Services and the Medowie Sports and Community Facility President.
- Project Team, will be responsible for delivering the project and will consist of the Team Leader Structures, Capital Works Program Coordinator.

The proposed governance structure is detailed in the figure below.

**Figure 5 Proposed Governance Structure**



Source: Port Stephens Council

## 5.3 Risk Management

### 5.3.1 Council Risk and Work Health Safety

Council has a comprehensive Risk & Work Health Safety Management System (RWHSMS), a framework that it adheres to daily. The framework sets out Council's risk management processes and key risk management activities, which consists of a set of program elements including:

#### Element 1 – Key Policies and Commitment

Council clearly states its direction, intentions and commitment to risk management and continuous improvement of workplace health and safety. This is reflected in Council's overarching policies, as available from their internet page.

## Element 2 – Planning

Council develops a corporate RWHS plan consistent with Council’s objectives, which is reflected in management and strategic plans throughout the organisation to ensure continuous improvement and legislative compliance.

## Element 3 – Implementation

For effective implementation Council develops the capabilities and support mechanisms necessary to achieve its Risk Management and WHS policies, objectives and targets and embeds a risk management approach into all operations and culture.

## Element 4 – Evaluation and Management Review

Council ensures that RWHS performance is regularly reviewed at both the workplace and corporate levels to continually improve its overall Management System (MS).

Risks are assessed and categorised according to the Australian Standard for Risk Management, and their overall level of risk is determined using an accepted Risk Matrix.

Risks with a High or Extreme risk rating require escalation to the General Manager, specific controls, budget allocations and constant monitoring.

### 5.3.2 Key Risks

Council has utilised its approved risk management tools to undertake an assessment of the project. Council’s risk matrix along with the outcomes of the risk assessment are provided in Appendix D.

A range of risks were identified. The primary risks to be managed if proceeding with development of Medowie Sports and Community Facility project include:

- The delivery of the capital costs – time, quality and cost need to be managed against clear benchmarks and budgets.
- Stakeholder issues.
- Wet weather periods will decrease site production.
- Procurement and construction direct costs are not finalised.
- Delivery of the projects beyond the construction timeframes.

The list in the table below is intended to show risks specific to the Project.

**Table 16 Medowie Sports and Community facility project risks**

Project delivery risk	Potential causes	Consequence	Likelihood	
<b>Delays to construction works</b>	Change in commercial priorities	Minor	Unlikely	Low
<b>Delays to construction works</b>	Wet weather delays as a result of Inadequate allowance for wet weather in the construction program	Insignificant	Unlikely	Low
<b>Active interference by the community leading to legal challenge</b>	Inadequate consideration of community impact Inadequate communication of community benefits	Moderate	Very Unlikely	Low
<b>Construction works disruption</b>	Delay to construction resulting in community disruption	Minor	Unlikely	Low
<b>Safety incident causing injury / death to workers or members of the public</b>	Unsafe working practices	Severe	Unlikely	High
<b>Damage to existing Infrastructure</b>	Unsafe working practices	Minor	Unlikely	Low



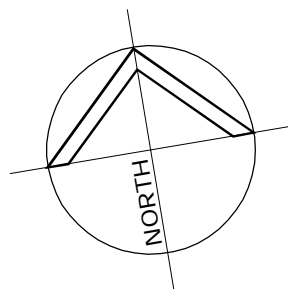
## Appendix A      Approved Plans and Designs

**EJE ARCHITECTURE**  
ACN 002 912 843 | ABN 52 644 649 849  
Nominated Architect - Peter Campbell | NSW Architects Registration No: 4294  
P +61 2 4929 2353 | F +61 2 4929 3069 | E mail@eje.com.au | W www.eje.com.au  
A 412 KING STREET, NEWCASTLE, NSW 2300

COMPLETION OF THE QUALITY ASSURANCE CHECKS IS VERIFICATION THAT THE DOCUMENT CONFORMS WITH THE REQUIREMENTS OF THE QUALITY PROJECT PLAN. WHERE QUALITY ASSURANCE CHECK IS INCOMPLETE THIS DOCUMENT IS PRELIMINARY FOR INFORMATION PURPOSES ONLY, OR SUCH PURPOSES AS STATED IN THE REVISION COLUMN.

THE IDEAS, INFORMATION AND CONCEPTS CONTAINED IN THIS DOCUMENT ARE THE PROPERTY OF EJE ARCHITECTURE. PHOTOCOPYING OR REPRODUCING THIS DOCUMENT AND PASSING IT ON TO OTHERS WITHOUT THE EXPRESS PERMISSION OF EJE ARCHITECTURE IS AN INFRINGEMENT OF COPYRIGHT. ©

0 25mm 100mm 200mm ON ORIGINAL A1



REV	DATE	COMMENTS
A	30/11/2017	ISSUE FOR REVIEW
B	01/12/2017	ISSUE FOR S96
C	24/01/2018	ISSUE FOR S96

DRN	CHKD	VRFD
CIW	JS	<i>JS</i>
CIW	JS	<i>JS</i>
CIW	JS	<i>JS</i>

PROJECT: MEDOWIE MULTI PURPOSE  
COMMUNITY FACILITY

CLIENT: NORTHROP CONSULTING ENGINEERS  
PTY LTD

SITE: 36 & 36A FERODALE ROAD, MEDOWIE

DRAWING: PROPOSED SITE PLAN/  
ROOF PLAN

WORK IN FIGURED DIMENSIONS IN PREFERENCE TO SCALE. CHECK DIMENSIONS AND LEVELS ON SITE PRIOR TO THE ORDERING OF MATERIALS OR THE COMPLETION OF WORKSHOP DRAWINGS. IF IN DOUBT ASK. REPORT ALL ERRORS AND OMISSIONS.

DRAWN: AB/CIW DATE: JAN 2018 SCALES: 1:500 @ A1

PROJECT No: 11808 PHASE: S96 DRAWING No: A01 REV: C

**PORT STEPHENS COUNCIL**  
This plan relates to  
Development Consent No.

**16-2015-852-4**

**and is subject to conditions  
as shown on that Consent**

**EJE** architecture

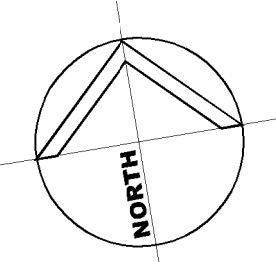


PREVIOUS GFA: 770m<sup>2</sup>  
PROPOSED GFA: 859m<sup>2</sup>

**EJE ARCHITECTURE**  
ACN 002 912 843 | ABN 82 644 649 849  
Nominated Architect - Peter Campbell | NSW Architects Registration No. 4294  
P +61 2 4929 2353 | F +61 2 4929 3069 | E mail@eje.com.au | W www.eje.com.au  
A 412 KING STREET, NEWCASTLE, NSW 2300

COMPLETION OF THE QUALITY ASSURANCE CHECKS IS VERIFICATION THAT THE DOCUMENT CONFORMS WITH THE REQUIREMENTS OF THE QUALITY PROJECT PLAN, WHERE QUALITY ASSURANCE CHECK IS INCOMPLETE THIS DOCUMENT IS PRELIMINARY FOR INFORMATION PURPOSES ONLY, OR SUCH PURPOSES AS STATED IN THE REVISION COLUMN.

THE IDEAS, INFORMATION AND CONCEPTS CONTAINED IN THIS DOCUMENT ARE THE PROPERTY OF EJE ARCHITECTURE. PHOTOCOPYING OR REPRODUCING THIS DOCUMENT AND PASSING IT ON TO OTHERS WITHOUT THE EXPRESS PERMISSION OF EJE ARCHITECTURE IS AN INFRINGEMENT OF COPYRIGHT. ©



0 25mm 100mm 200mm ON ORIGINAL A1

REV	DATE	COMMENTS
A	30/11/2017	ISSUE FOR REVIEW
B	01/12/2017	ISSUE FOR S96

DRN	CHKD	VRFD
CW	JS	<i>JS</i>
CW	JS	<i>JS</i>

PROJECT: MEDOWIE MULTI PURPOSE  
COMMUNITY FACILITY

CLIENT: NORTHROP CONSULTING ENGINEERS  
PTY LTD

SITE: 36 & 36A FERODALE ROAD, MEDOWIE

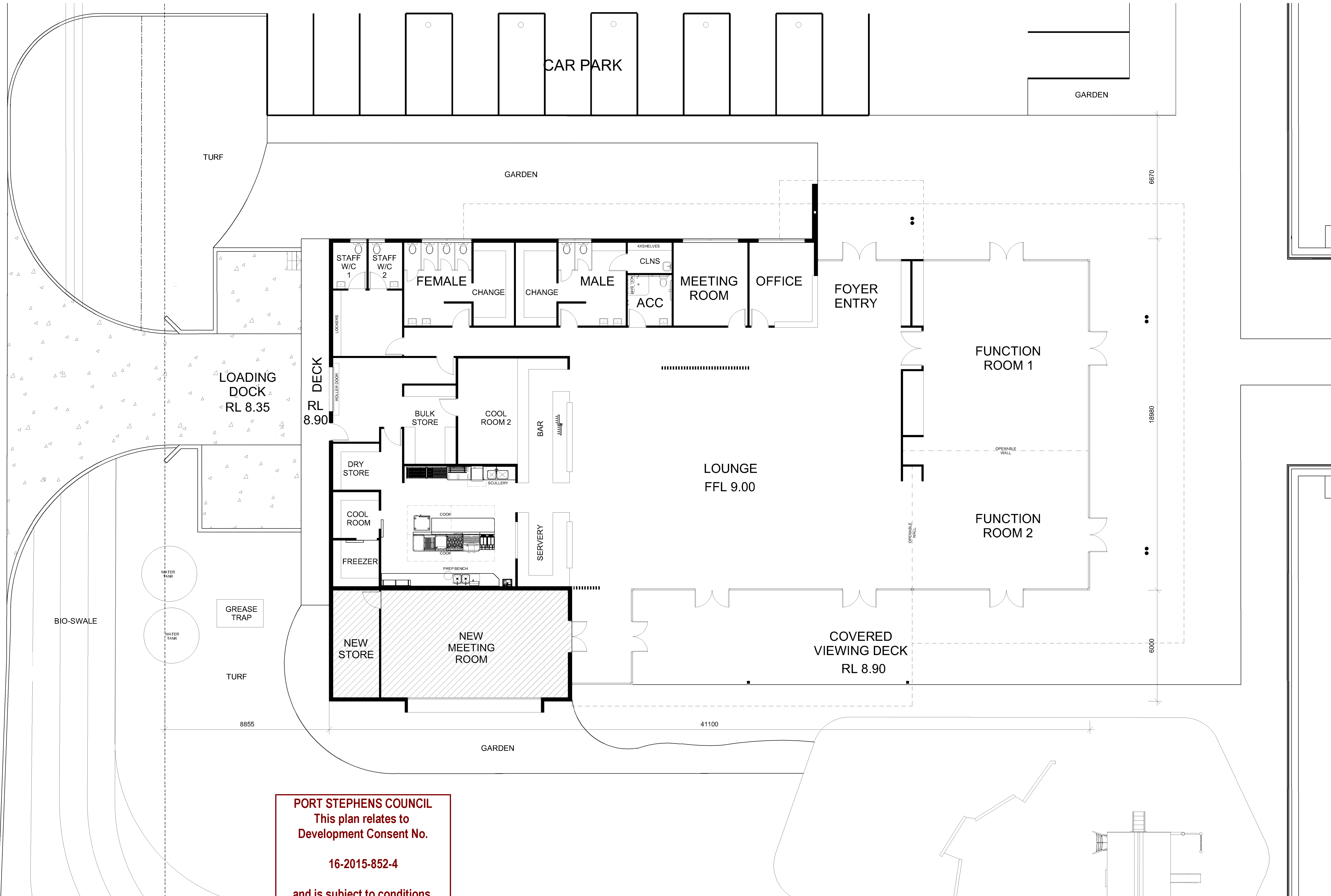
DRAWING: PROPOSED S96 FLOOR PLAN

WORK IN FIGURED DIMENSIONS IN PREFERENCE TO SCALE. CHECK DIMENSIONS AND LEVELS ON SITE PRIOR TO THE ORDERING OF MATERIALS OR THE COMPLETION OF WORKSHOP DRAWINGS. IF IN DOUBT ASK. REPORT ALL ERRORS AND OMISSIONS.

DRAWN: **AB/CIW** DATE: **DEC 2017** SCALES: **1:100 @ A1**

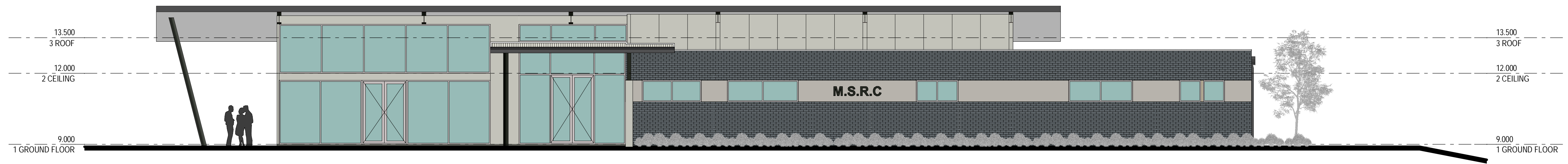
PROJECT No: **11808** PHASE: **S96** DRAWING No: **A02** REV: **B**

**EJE** architecture

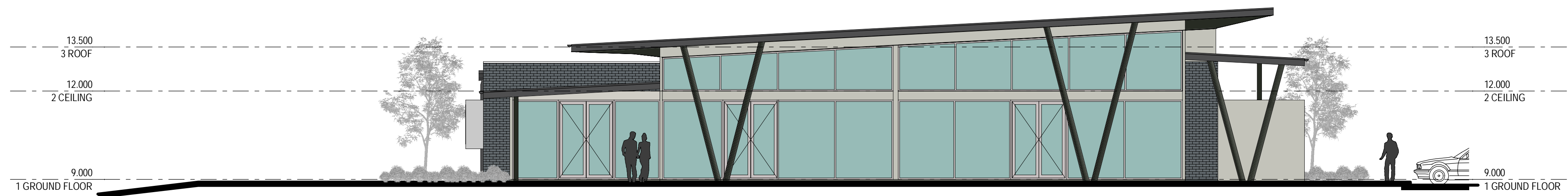


**PORT STEPHENS COUNCIL**  
This plan relates to  
Development Consent No.  
  
**16-2015-852-4**  
  
and is subject to conditions  
as shown on that Consent

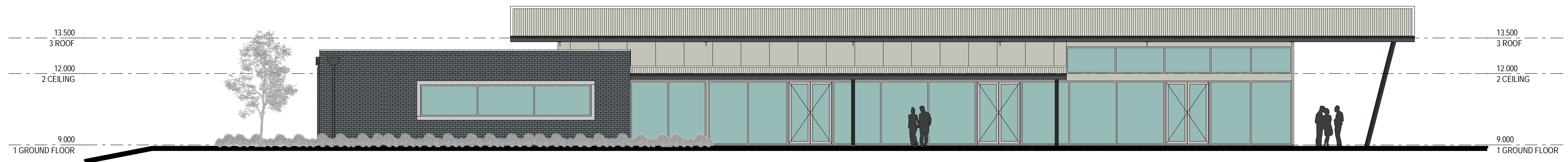




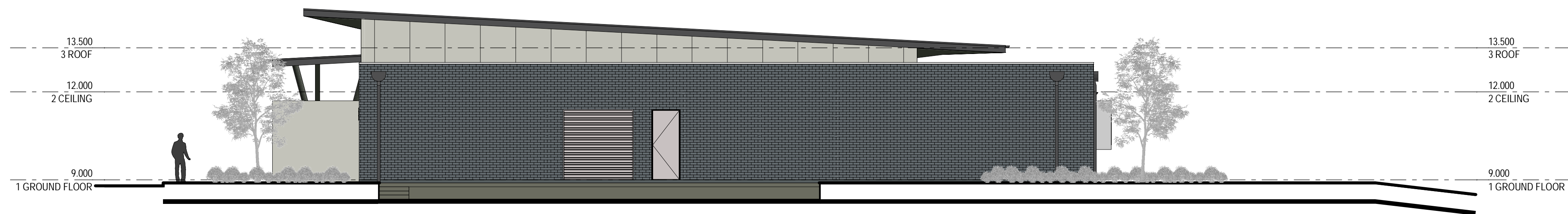
NORTH ELEVATION



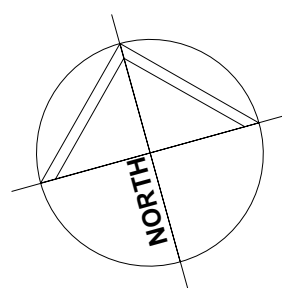
EAST ELEVATION



SOUTH ELEVATION



WEST ELEVATION



REV	DATE	COMMENTS
A	30/11/2017	ISSUE FOR REVIEW
B	01/12/2017	ISSUE FOR S96

DRN	CHKD	VRFD
CIW	JS	<i>[Signature]</i>
CIW	JS	<i>[Signature]</i>

PROJECT: MEDOWIE MULTI PURPOSE COMMUNITY FACILITY

SITE: 36 & 36A FERODALE ROAD, MEDOWIE,

CLIENT: NORTHROP CONSULTING ENGINEERS PTY LTD

DRAWING: ELEVATIONS

WORK IN FIGURED DIMENSIONS IN PREFERENCE TO SCALE. CHECK DIMENSIONS AND LEVELS ON SITE PRIOR TO THE ORDERING OF MATERIALS OR THE COMPLETION OF WORKSHOP DRAWINGS. IF IN DOUBT ASK. REPORT ALL ERRORS AND OMISSIONS.

FILENAME: 11808\_Medowie Rec Centre\_S96.ppt

DRAWN: DATE: SCALES:

AB/CIW DEC 2017 1:100

PROJECT No: 11808 PHASE: S96 DRAWING No: A03 REV: B

PORT STEPHENS COUNCIL  
This plan relates to  
Development Consent No.

16-2015-852-4

and is subject to conditions  
as shown on that Consent



<p>WORK TO FIGURED DIMENSIONS IN PREFERENCE TO SCALE. CHECK DIMENSIONS, LEVELS ON SITE PRIOR TO ORDERING MATERIALS OR COMPLETION OF WORKSHOP DRAWINGS.</p>			
drawn:	scale:	no in set:	date:
GF	1:400	1/1	01.12.17
phase:	project no:	DWG no:	revision no:
\$96	11802.5	L01	B











## **Appendix B      Cashflows – Cost Benefit Analysis and Financials**

## Project Cash Flows – Cost Benefit Analysis (Economic)

Period	Total	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Year		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>Costs</b>													
Capital	6,299,014		6,299,014										
Operating and maintenance (excl. depreciation)	3,609,374			94,485	96,573	98,708	100,889	103,119	105,398	107,727	110,108	112,541	115,028
<b>Total cost</b>	<b>9,908,388</b>	<b>0</b>	<b>6,299,014</b>	<b>94,485</b>	<b>96,573</b>	<b>98,708</b>	<b>100,889</b>	<b>103,119</b>	<b>105,398</b>	<b>107,727</b>	<b>110,108</b>	<b>112,541</b>	<b>115,028</b>
<b>Benefits</b>													
Increased value added from construction phase	1,240,345		1,240,345										
Operating revenue (direct value added)	16,322,845			409,506	419,744	430,238	440,994	452,018	463,319	474,902	486,774	498,944	511,417
Consumer surplus	6,695,235			167,970	172,169	176,473	180,885	185,407	190,042	194,793	199,663	204,655	209,771
Increased visitor expenditure	4,071,052			102,134	104,688	107,305	109,987	112,737	115,556	118,444	121,406	124,441	127,552
Residual value	4,015,621												
<b>Total Benefits</b>	<b>32,345,099</b>	<b>0</b>	<b>1,240,345</b>	<b>679,610</b>	<b>696,601</b>	<b>714,016</b>	<b>731,866</b>	<b>750,163</b>	<b>768,917</b>	<b>788,140</b>	<b>807,843</b>	<b>828,039</b>	<b>848,740</b>
<b>Net cash flow (NCF)</b>	<b>22,436,711</b>	<b>0</b>	<b>-5,058,669</b>	<b>585,125</b>	<b>600,027</b>	<b>615,308</b>	<b>630,977</b>	<b>647,044</b>	<b>663,519</b>	<b>680,413</b>	<b>697,735</b>	<b>715,498</b>	<b>733,712</b>
<b>Decision criteria:</b>													
Discount rate	3%	7%	10%										
NPV (\$M)	11.02	4.09	1.63										
BCR	2.36	1.61	1.27										
IRR	14%	14%	14%										

Note: Cash flow only shown for first 10 years post construction for presentational purposes. Total evaluation is undertaken over a 30-year period.

## Project Cash Flows – Financial Analysis

Period	Total	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029
Year		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12
<b>Costs</b>													
Capital	6,299,014		6,299,014										
Operating and maintenance (excl. depreciation)	3,609,374			94,485	96,573	98,708	100,889	103,119	105,398	107,727	110,108	112,541	115,028
<b>Total cost</b>	<b>9,908,388</b>	<b>0</b>	<b>6,299,014</b>	<b>94,485</b>	<b>96,573</b>	<b>98,708</b>	<b>100,889</b>	<b>103,119</b>	<b>105,398</b>	<b>107,727</b>	<b>110,108</b>	<b>112,541</b>	<b>115,028</b>
<b>Benefits</b>													
Revenue from lease	398,598			10,000	10,250	10,506	10,769	11,038	11,314	11,597	11,887	12,184	12,489
Residual value	4,015,621												
<b>Total Benefits</b>	<b>4,414,219</b>	<b>0</b>	<b>1,240,345</b>	<b>679,610</b>	<b>696,601</b>	<b>714,016</b>	<b>731,866</b>	<b>750,163</b>	<b>768,917</b>	<b>788,140</b>	<b>807,843</b>	<b>828,039</b>	<b>848,740</b>
<b>Net cash flow (NCF)</b>	<b>-5,494,169</b>	<b>0</b>	<b>-6,299,014</b>	<b>-84,485</b>	<b>-86,323</b>	<b>-88,201</b>	<b>-90,120</b>	<b>-92,081</b>	<b>-94,084</b>	<b>-96,130</b>	<b>-98,221</b>	<b>-100,357</b>	<b>-102,540</b>
<b>Decision criteria:</b>													
Discount rate	3%	7%	10%										
NPV (\$M)	-6.23	-6.08	-5.75										
BCR	0.23	0.10	0.05										
IRR	-4%	-4%	-4%										

Note: Cash flow only shown for first 10 years post construction for presentational purposes. Total evaluation is undertaken over a 30-year period.

## Appendix C      Disaggregated Industry Output



Industry sector	Construction		Operating impact		Visitor spend	
	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)
Sheep, Grains, Beef and Dairy Cattle	0.0	1.9	0.0	1.0	0.0	0.3
Poultry and Other Livestock	0.0	0.0	0.0	0.0	0.0	0.0
Other Agriculture	0.0	0.2	0.0	0.1	0.0	0.0
Aquaculture	0.0	0.0	0.0	0.0	0.0	0.0
Forestry and Logging	0.0	0.0	0.0	0.0	0.0	0.0
Fishing, hunting and trapping	0.0	0.0	0.0	0.0	0.0	0.0
Agriculture, Forestry and Fishing Support Services	0.0	0.0	0.0	0.0	0.0	0.0
Coal mining	0.0	0.0	0.0	0.0	0.0	0.0
Oil and gas extraction	0.0	0.0	0.0	0.0	0.0	0.0
Iron Ore Mining	0.0	0.0	0.0	0.0	0.0	0.0
Non Ferrous Metal Ore Mining	0.0	0.1	0.0	0.0	0.0	0.0
Non Metallic Mineral Mining	0.0	0.1	0.0	0.0	0.0	0.0
Exploration and Mining Support Services	0.0	0.0	0.0	0.0	0.0	0.0
Meat and Meat Product Manufacturing	0.0	0.1	0.0	0.1	0.0	0.0
Processed Seafood Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Dairy Product Manufacturing	0.0	0.1	0.0	0.2	0.0	0.0
Fruit and Vegetable Product Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Oils and Fats Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Grain Mill and Cereal Product Manufacturing	0.1	0.1	0.0	0.0	0.0	0.0
Bakery Product Manufacturing	0.0	0.2	0.0	0.1	0.0	0.0
Sugar and Confectionery Manufacturing	0.0	0.0	0.0	0.1	0.0	0.0
Other Food Product Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Soft Drinks, Cordials and Syrup Manufacturing	0.0	0.0	0.0	0.1	0.0	0.0
Beer Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Wine, Spirits and Tobacco	0.0	0.3	0.0	0.8	0.0	0.1
Textile Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0

Industry sector	Construction		Operating impact		Visitor spend	
	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)
Tanned Leather, Dressed Fur and Leather Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Textile Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Knitted Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Clothing Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Footwear Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Sawmill Product Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Other Wood Product Manufacturing	0.1	0.4	0.0	0.0	0.0	0.0
Pulp, Paper and Paperboard Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Paper Stationery and Other Converted Paper Product Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Printing (including the reproduction of recorded media)	0.0	0.0	0.0	0.0	0.0	0.0
Petroleum and Coal Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Human Pharmaceutical and Medicinal Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Veterinary Pharmaceutical and Medicinal Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Basic Chemical Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Cleaning Compounds and Toiletry Preparation Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Polymer Product Manufacturing	0.1	0.2	0.0	0.0	0.0	0.0
Natural Rubber Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Glass and Glass Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Ceramic Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Cement, Lime and Ready-Mixed Concrete Manufacturing	0.1	0.1	0.0	0.0	0.0	0.0
Plaster and Concrete Product Manufacturing	0.1	0.1	0.0	0.0	0.0	0.0
Other Non-Metallic Mineral Product Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0

Industry sector	Construction		Operating impact		Visitor spend	
	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)
Iron and Steel Manufacturing	0.1	0.4	0.0	0.0	0.0	0.0
Basic Non-Ferrous Metal Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Forged Iron and Steel Product Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Structural Metal Product Manufacturing	0.2	0.4	0.0	0.0	0.0	0.0
Metal Containers and Other Sheet Metal Product manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Other Fabricated Metal Product manufacturing	0.1	0.1	0.0	0.0	0.0	0.0
Motor Vehicles and Parts; Other Transport Equipment manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Ships and Boat Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Railway Rolling Stock Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Aircraft Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Professional, Scientific, Computer and Electronic Equipment Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Electrical Equipment Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Domestic Appliance Manufacturing	0.0	0.0	0.0	0.0	0.0	0.0
Specialised and other Machinery and Equipment Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Furniture Manufacturing	0.0	0.1	0.0	0.0	0.0	0.0
Other Manufactured Products	0.0	0.0	0.0	0.0	0.0	0.0
Electricity Generation	0.1	0.1	0.0	0.0	0.0	0.0
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	0.1	0.1	0.0	0.0	0.0	0.0
Gas Supply	0.0	0.1	0.0	0.0	0.0	0.0
Water Supply, Sewerage and Drainage Services	0.0	0.1	0.0	0.0	0.0	0.0
Waste Collection, Treatment and Disposal Services	0.0	0.2	0.0	0.0	0.0	0.0
Residential Building Construction	0.1	0.4	0.0	0.0	0.0	0.0
Non-Residential Building Construction	5.1	11.3	0.0	0.0	0.0	0.0
Heavy and Civil Engineering Construction	0.1	0.1	0.0	0.0	0.0	0.0

Industry sector	Construction		Operating impact		Visitor spend	
	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)
Construction Services	0.8	2.6	0.0	0.1	0.0	0.0
Wholesale Trade	0.3	1.2	0.1	0.3	0.0	0.1
Retail Trade	0.5	4.6	0.1	1.2	0.1	0.9
Accommodation	0.0	0.3	0.0	0.1	0.0	0.3
Food and Beverage Services	0.3	2.4	1.0	8.6	0.1	0.8
Road Transport	0.1	0.8	0.0	0.2	0.0	0.1
Rail Transport	0.0	0.1	0.0	0.0	0.0	0.0
Water, Pipeline and Other Transport	0.0	0.1	0.0	0.0	0.0	0.0
Air and Space Transport	0.0	0.7	0.0	0.2	0.0	0.1
Postal and Courier Pick-up and Delivery Service	0.0	0.2	0.0	0.1	0.0	0.0
Transport Support services and storage	0.1	0.3	0.0	0.1	0.0	0.0
Publishing (except Internet and Music Publishing)	0.1	0.1	0.0	0.0	0.0	0.0
Motion Picture and Sound Recording	0.0	0.0	0.0	0.0	0.0	0.0
Broadcasting (except Internet)	0.0	0.1	0.0	0.0	0.0	0.0
Internet Publishing and Broadcasting and Services Providers, Websearch Portals and Data Processing Services	0.0	0.0	0.0	0.0	0.0	0.0
Telecommunication Services	0.1	0.2	0.0	0.1	0.0	0.0
Library and Other Information Services	0.0	0.0	0.0	0.0	0.0	0.0
Finance	0.2	0.5	0.0	0.1	0.0	0.0
Insurance and Superannuation Funds	0.1	0.2	0.0	0.1	0.0	0.0
Auxiliary Finance and Insurance Services	0.1	0.4	0.0	0.1	0.0	0.0
Rental and Hiring Services (except Real Estate)	0.1	0.2	0.0	0.0	0.0	0.0
Ownership of Dwellings	0.0	0.0	0.0	0.0	0.0	0.0
Non-Residential Property Operators and Real Estate Services	0.4	0.7	0.0	0.1	0.0	0.0
Professional, Scientific and Technical Services	0.6	3.2	0.1	0.4	0.0	0.1
Computer Systems Design and Related Services	0.0	0.3	0.0	0.1	0.0	0.0
Employment, Travel Agency and Other Administrative Services	0.2	0.8	0.0	0.1	0.0	0.0

Industry sector	Construction		Operating impact		Visitor spend	
	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)	Industry output (\$ million)	Total employment (FTEs)
Building Cleaning, Pest Control and Other Support Services	0.1	0.7	0.0	0.2	0.0	0.0
Public Administration and Regulatory Services	0.0	0.3	0.0	0.0	0.0	0.0
Defence	0.0	0.0	0.0	0.0	0.0	0.0
Public Order and Safety	0.0	0.1	0.0	0.0	0.0	0.0
Primary and Secondary Education Services (incl Pre-Schools and Special Schools)	0.1	0.8	0.0	0.2	0.0	0.0
Technical, Vocational and Tertiary Education Services (incl undergraduate and postgraduate)	0.0	0.2	0.0	0.0	0.0	0.0
Arts, Sports, Adult and Other Education Services (incl community education)	0.0	0.3	0.0	0.1	0.0	0.0
Health Care Services	0.1	1.2	0.0	0.3	0.0	0.1
Residential Care and Social Assistance Services	0.1	0.9	0.0	0.2	0.0	0.1
Heritage, Creative and Performing Arts	0.0	0.1	0.0	0.0	0.0	0.1
Sports and Recreation	0.0	0.2	0.0	0.1	0.0	0.0
Gambling	0.0	0.0	0.0	0.0	0.0	0.0
Automotive Repair and Maintenance	0.1	0.4	0.0	0.1	0.0	0.0
Other Repair and Maintenance	0.0	0.2	0.0	0.0	0.0	0.0
Personal Services	0.1	0.5	0.0	0.1	0.0	0.1
Other Services	0.0	0.2	0.0	0.1	0.0	0.0
<b>Total</b>	<b>11.6</b>	<b>45.2</b>	<b>2.3</b>	<b>16.8</b>	<b>0.5</b>	<b>3.5</b>

## Appendix D      Risk Matrix and Risk Assessment Outcomes

## Port Stephens Council Risk Matrix

							LIKELIHOOD						
							Intuitive (Program/Project)	Unlikely to happen	Likely to occur in less than 1 in 10 projects of this kind	Likely to occur in between 1 in 4 projects of this kind	Likely to occur in 1 in 2 projects of this kind	Likely to occur in more than 1 in 2 projects of this kind	
							Probability	<5%	5-20%	20-50%	50-90%	>90%	
							Frequency	1 in 20 year event or less	1 in 8 year event	1 in 4 year event	1 in 2 year event	Annual	
CONSEQUENCE							Description	Would be very surprised if the risk occurred	Risk is not expected to occur, would be quite surprised if it did	Risk is not expected to occur, but would also not be surprised if it did	Risk is expected to occur (Would be quite surprised if it didn't)	Clear indication that the risk will materialise (Would be very surprised if it didn't)	
Project Consequences	Governance/Compliance	Public Image & Reputation	Safety & People	Environment	Financial	Operations / Service Delivery (Business Continuity)	LIKELIHOOD	L1	L2	L3	L4	L5	
							CONSEQUENCE	Rare	Unlikely	Possible	Likely	Almost Certain	
<b>Time:</b> Project failure <b>Quality:</b> Major deficiencies with all project deliverables. No requirements met. <b>Cost:</b> Budget expanded without achieving any key deliverables	Extreme regulatory consequence which could result in dismissal of Council. Non-compliance or breach of legislation with litigation, prosecution and/or penalty with fines	Significant customer/morale sensitivity and damage to Council name, significant international media & social media attention and impacting noticeably on business activities	Any fatality or multiple permanent disability or ill health	Significant ongoing impact, irreversible and not contained to site/project life	25% of budget for service unit/s or >\$20M for the organisation as a whole	Severe long term disruption or permanent loss of capability to provide critical services to customers for 10+ days	C5	Extreme	HIGH	HIGH	HIGH	EXTREME	EXTREME
<b>Time:</b> Major impact on project milestones <b>Quality:</b> A majority of key requirements may not be met <b>Cost:</b> Significant additional costs delaying project	Major regulatory consequence resulting in material fines or restrictions on Council operations. Probably litigation or prosecution and/or penalty	Major customer/morale sensitivity, damage to Council name attracting national media & social interest and some impact on business activities	Extensive injuries that are life threatening, or multiple serious injuries and hospitalisation	Significant impact contained to site/project, irreversible or long term remediation required	10% of budget for service unit/s or >\$10M for organisation as a whole	Continuing difficulties in servicing customers over prolonged period (5-10 days) across majority of service locations that will result in a large amount of complaints	C4	Major	MEDIUM	MEDIUM	HIGH	HIGH	EXTREME
<b>Time:</b> Moderate to high impact on project milestones <b>Quality:</b> Some key requirements may not be met <b>Cost:</b> Additional costs requirement submission for supplementary funding	Moderate regulatory consequence which may result in fines. Contractual non-compliance or breach of legislation with threat of litigation, prosecution and/or penalty	Moderate customer/morale sensitivity and damage to Council name with minor local interest	Injury requiring ongoing medical treatment and/or lost time	Moderate impact, reversible with medium term remediation required	5% of budget for service unit/s or >\$5M for the organisation as a whole	Moderation disruption to services (1-5 days). Medium to large % of customers inconvenienced and will receive complaints	C3	Moderate	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
<b>Time:</b> Minimal impact on project milestones <b>Quality:</b> A key requirement may not be met <b>Cost:</b> Additional costs requiring reprioritisation and/or reallocation of project funds	Minor regulatory consequence with formal warning / instruction with unlikely litigation, prosecution or penalty	Minimal customer/morale sensitivity or minimal damage to Council name	Minor injury that may require medical attention with no ongoing treatment	Minor impact, reversible with short-term remediation required	2.5% of budget for service unit/s or >\$1M for the organisation as a whole	Minor to moderate disruption to service activities. Minor to moderate % of customers inconvenienced and may receive some complaints	C2	Minor	LOW	LOW	MEDIUM	MEDIUM	HIGH
<b>Time:</b> Insignificant impact on project milestones <b>Quality:</b> Some non-key requirements are not met <b>Cost:</b> Justifiable additional costs that can be absorbed in the projects budget	No regulatory consequence, no litigation, prosecution or penalty	No impact on reputation/staff morale & no public/media interest	Local first aid may be required	Negligible impact with no remediation required	1% of budget for services unit/s or >\$100k for the organisation as a whole	Insignificant disruption to service activities. Negligible impact on service provision. Short term inconvenience.	C1	Insignificant	LOW	LOW	LOW	MEDIUM	MEDIUM

## Medowie Sports and Community Facility Risk Assessment Outcomes

Consequence rating	Likelihood	Public Image & Reputation	Safety & People	Environmental	Financial	Operations / Service Delivery (Business Continuity)
C3	L2 (Unlikely)	Moderate customer/morale sensitivity and damage to Council name with minor local interest				
C2	L1 (Rare)		Minor injury that may require medical attention with no ongoing treatment			
C3	L1 (Rare)			Moderate impact, reversible with medium term remediation required.		
C1	L3 (Possible)				>\$100k for the organisation as a whole	
C1	L1 (Rare)					Insignificant disruption to service activities. Negligible impact on service provision. Short term inconvenience.
	<b>Overall Risk</b>	<b>Medium</b>	<b>Low</b>	<b>Medium</b>	<b>Low</b>	<b>Low</b>



## **ATTACHMENT 3 – LEASE DOCUMENTATION**

## ATTACHMENT 4 – RISK ASSESSMENT

### Port Stephens Council Risk Matrix

							LIKELIHOOD						
							Intuitive (Program/Project)	Unlikely to happen	Likely to occur in less than 1 in 10 projects of this kind	Likely to occur in between 1 in 4 projects of this kind	Likely to occur in 1 in 2 projects of this kind	Likely to occur in more than 1 in 2 projects of this kind	
							Probability	<5%	5-20%	20-50%	50-90%	>90%	
							Frequency	1 in 20 year event or less	1 in 8 year event	1 in 4 year event	1 in 2 year event	Annual	
CONSEQUENCE							Description	Would be very surprised if the risk occurred	Risk is not expected to occur, would be quite surprised if it did	Risk is not expected to occur, but would also not be surprised if it did	Risk is expected to occur. Would be quite surprised if it didn't	Clear indication that the risk will materialise. Would be very surprised if it didn't	
Project Consequences	Governance/Compliance	Public Image & Reputation	Safety & People	Environment	Financial	Operations / Service Delivery (Business Continuity)	LIKELIHOOD		L1	L2	L3	L4	L5
							CONSEQUENCE	Rare	Unlikely	Possible	Likely	Almost Certain	
<b>Time:</b> Project failure <b>Quality:</b> Major deficiencies with all project deliverables. No requirements met. <b>Cost:</b> Budget expanded without achieving any key deliverables	Extreme regulatory consequence which could result in dismissal of Council. Non-compliance or breach of legislation with litigation, prosecution and/or penalty with fines	Significant customer/morale sensitivity and damage to Council name, significant international media & social media attention and impacting noticeably on business activities	Any fatality or multiple permanent disability or ill health	Significant ongoing impact, irreversible and not contained to site/project life	25% of budget for service unit/s or >\$20M for the organisation as a whole	Severe long term disruption or permanent loss of capability to provide critical services to customers for 10+ days	C5	Extreme	HIGH	HIGH	HIGH	EXTREME	EXTREME
<b>Time:</b> Major impact on project milestones <b>Quality:</b> A majority of key requirements may not be met <b>Cost:</b> Significant additional costs delaying project	Major regulatory consequence resulting in material fines or restrictions on Council operations. Probably litigation or prosecution and/or penalty	Major customer/morale sensitivity, damage to Council name attracting national media & social interest and some impact on business activities	Extensive injuries that are life threatening, or multiple serious injuries and hospitalisation	Significant impact contained to site/project, irreversible or long term remediation required	10% of budget for service unit/s or >\$10M for organisation as a whole	Continuing difficulties in servicing customers over prolonged period (5-10 days) across majority of service locations that will result in a large amount of complaints	C4	Major	MEDIUM	MEDIUM	HIGH	HIGH	EXTREME
<b>Time:</b> Moderate to high impact on project milestones <b>Quality:</b> Some key requirements may not be met <b>Cost:</b> Additional costs requirement submission for supplementary funding	Moderate regulatory consequence which may result in fines. Contractual non-compliance or breach of legislation with threat of litigation, prosecution and/or penalty	Moderate customer/morale sensitivity and damage to Council name with minor local interest	Injury requiring ongoing medical treatment and/or lost time	Moderate impact, reversible with medium term remediation required	5% of budget for service unit/s or >\$5M for the organisation as a whole	Moderate disruption to services (1-5 days). Medium to large % of customers inconvenienced and will receive complaints	C3	Moderate	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
<b>Time:</b> Minimal impact on project milestones <b>Quality:</b> A key requirement may not be met <b>Cost:</b> Additional costs requiring reprioritisation and/or reallocation of project funds	Minor regulatory consequence with formal warning / instruction with unlikely litigation, prosecution or penalty	Minimal customer/morale sensitivity or minimal damage to Council name	Minor injury that may require medical attention with no ongoing treatment	Minor impact, reversible with short-term remediation required	2.5% of budget for service unit/s or >\$1M for the organisation as a whole	Minor to moderate disruption to service activities. Minor to moderate % of customers inconvenienced and may receive some complaints	C2	Minor	LOW	LOW	MEDIUM	MEDIUM	HIGH
<b>Time:</b> Insignificant impact on project milestones <b>Quality:</b> Some non-key requirements are not met <b>Cost:</b> Justifiable additional costs that can be absorbed in the projects budget	No regulatory consequence, no litigation, prosecution or penalty	No impact on reputation/staff morale & no public/media interest	Local first aid may be required	Negligible impact with no remediation required	1% of budget for services unit/s or >\$100k for the organisation as a whole	Insignificant disruption to service activities. Negligible impact on service provision. Short term inconvenience.	C1	Insignificant	LOW	LOW	LOW	MEDIUM	MEDIUM

## ATTACHMENT 5 – RISK ASSESSMENT

### Port Stephens Council Risk Matrix

							LIKELIHOOD						
							Intuitive (Program/Project)	Unlikely to happen	Likely to occur in less than 1 in 10 projects of this kind	Likely to occur in between 1 in 4 projects of this kind	Likely to occur in 1 in 2 projects of this kind	Likely to occur in more than 1 in 2 projects of this kind	
							Probability	<5%	5-20%	20-50%	50-90%	>90%	
							Frequency	1 in 20 year event or less	1 in 8 year event	1 in 4 year event	1 in 2 year event	Annual	
CONSEQUENCE							Description	Would be very surprised if the risk occurred	Risk is not expected to occur, would be quite surprised if it did	Risk is not expected to occur, but would also not be surprised if it did	Risk is expected to occur. Would be quite surprised if it didn't	Clear indication that the risk will materialise. Would be very surprised if it didn't	
Project Consequences	Governance/Compliance	Public Image & Reputation	Safety & People	Environment	Financial	Operations / Service Delivery (Business Continuity)	LIKELIHOOD		L1	L2	L3	L4	L5
							CONSEQUENCE	Rare	Unlikely	Possible	Likely	Almost Certain	
<b>Time:</b> Project failure <b>Quality:</b> Major deficiencies with all project deliverables. No requirements met. <b>Cost:</b> Budget expanded without achieving any key deliverables	Extreme regulatory consequence which could result in dismissal of Council. Non-compliance or breach of legislation with litigation, prosecution and/or penalty with fines	Significant customer/morale sensitivity and damage to Council name, significant international media & social media attention and impacting noticeably on business activities	Any fatality or multiple permanent disability or ill health	Significant ongoing impact, irreversible and not contained to site/project life	25% of budget for service unit/s or >\$20M for the organisation as a whole	Severe long term disruption or permanent loss of capability to provide critical services to customers for 10+ days	C5	Extreme	HIGH	HIGH	HIGH	EXTREME	EXTREME
<b>Time:</b> Major impact on project milestones <b>Quality:</b> A majority of key requirements may not be met <b>Cost:</b> Significant additional costs delaying project	Major regulatory consequence resulting in material fines or restrictions on Council operations. Probably litigation or prosecution and/or penalty	Major customer/morale sensitivity, damage to Council name attracting national media & social interest and some impact on business activities	Extensive injuries that are life threatening, or multiple serious injuries and hospitalisation	Significant impact contained to site/project, irreversible or long term remediation required	10% of budget for service unit/s or >\$10M for organisation as a whole	Continuing difficulties in servicing customers over prolonged period (5-10 days) across majority of service locations that will result in a large amount of complaints	C4	Major	MEDIUM	MEDIUM	HIGH	HIGH	EXTREME
<b>Time:</b> Moderate to high impact on project milestones <b>Quality:</b> Some key requirements may not be met <b>Cost:</b> Additional costs requirement submission for supplementary funding	Moderate regulatory consequence which may result in fines. Contractual non-compliance or breach of legislation with threat of litigation, prosecution and/or penalty	Moderate customer/morale sensitivity and damage to Council name with minor local interest	Injury requiring ongoing medical treatment and/or lost time	Moderate impact, reversible with medium term remediation required	5% of budget for service unit/s or >\$5M for the organisation as a whole	Moderate disruption to services (1-5 days). Medium to large % of customers inconvenienced and will receive complaints	C3	Moderate	MEDIUM	MEDIUM	HIGH	HIGH	HIGH
<b>Time:</b> Minimal impact on project milestones <b>Quality:</b> A key requirement may not be met <b>Cost:</b> Additional costs requiring reprioritisation and/or reallocation of project funds	Minor regulatory consequence with formal warning / instruction with unlikely litigation, prosecution or penalty	Minimal customer/morale sensitivity or minimal damage to Council name	Minor injury that may require medical attention with no ongoing treatment	Minor impact, reversible with short-term remediation required	2.5% of budget for service unit/s or >\$1M for the organisation as a whole	Minor to moderate disruption to service activities. Minor to moderate % of customers inconvenienced and may receive some complaints	C2	Minor	LOW	LOW	MEDIUM	MEDIUM	HIGH
<b>Time:</b> Insignificant impact on project milestones <b>Quality:</b> Some non-key requirements are not met <b>Cost:</b> Justifiable additional costs that can be absorbed in the projects budget	No regulatory consequence, no litigation, prosecution or penalty	No impact on reputation/staff morale & no public/media interest	Local first aid may be required	Negligible impact with no remediation required	1% of budget for services unit/s or >\$100k for the organisation as a whole	Insignificant disruption to service activities. Negligible impact on service provision. Short term inconvenience.	C1	Insignificant	LOW	LOW	LOW	MEDIUM	MEDIUM

## Medowie Sports and Community Facility Risk Assessment Outcomes

Consequence rating	Likelihood	Public Image & Reputation	Safety & People	Environmental	Financial	Operations / Service Delivery (Business Continuity)
C3	L2 (Unlikely)	Moderate customer/morale sensitivity and damage to Council name with minor local interest				
C2	L1 (Rare)		Minor injury that may require medical attention with no ongoing treatment			
C3	L1 (Rare)			Moderate impact, reversible with medium term remediation required.		
C1	L3 (Possible)				>\$100k for the organisation as a whole	
C1	L1 (Rare)					Insignificant disruption to service activities. Negligible impact on service provision. Short term inconvenience.
	<b>Overall Risk</b>	<b>Medium</b>	<b>Low</b>	<b>Medium</b>	<b>Low</b>	<b>Low</b>