

DeanNewbery

City of Norwood, Payneham & St Peters

Payneham Memorial Swimming Centre Gymnasium Project

Section 48 Local Government Act 1999

Prudential Report

February 2026

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1. Introduction

1.1 Scope of Engagement

- 1.1.1 This Prudential Report has been prepared by Dean Newbery (**Reviewer**) for the City of Norwood, Payneham & St Peters (**Council**).
- 1.1.2 Council engaged Dean Newbery to prepare a Prudential Report for the Payneham Memorial Swimming Centre Gymnasium Project (**Project**). This Report has been prepared in accordance with the direction of the Elected Members, as resolved at the Council Meeting held 3 November 2025 (Agenda Item 16.3 – Recommendation 2.3).
- 1.1.3 In preparing this Report, the prescribed criteria for the Prudential Review outlined in Section 48 of the *Local Government Act 1999* (**Act**) has been applied.
- 1.1.4 This Prudential Report has been prepared to support Council to identify and present relevant considerations, risks and issues that Elected Members should consider when determining whether to proceed with the Project.
- 1.1.5 In preparing the assessments, forecasts and estimates contained within this Report, a range of assumptions have necessarily been made by the Administration and their advisors across the financial, operational and delivery aspects of the Project.
- 1.1.6 The identification of risks and like matters within this Report should not be interpreted as to whether Council should or should not proceed with the Project. Rather, the responsibility for determining whether the Project should proceed or otherwise rests with the Council.
- 1.1.7 To prepare this Report, I have relied upon the information and materials provided to me by the Council's Administration.
- 1.1.8 This Report considers, within the scope of the engagement, only the proposed addition of gymnasium facilities (**gym**) and associated infrastructure at the Payneham Memorial Swimming Centre (**PMSC**).
- 1.1.9 In 2014, Council commenced a review of its two Swimming Centres (Payneham Memorial Swimming Centre and Norwood Swimming Centre) which resulted in the current PMSC redevelopment project presently underway. The PMSC redevelopment project is expected to be completed later this year (2026).
- 1.1.10 No due diligence work as to the financial or technical standing of the information provided by the Administration for the purposes of preparing this Prudential Report has been undertaken by Dean Newbery.
- 1.1.11 A draft copy of this Report has been provided to the Administration for their review as well as to ensure the accuracy and completeness of information included in this Report. This Report, where applicable includes the feedback provided by the Administration.
- 1.1.12 Some information referenced within this Report has been sourced from materials which at the time of its production and/or publication, were considered as "Confidential" by Council.

There is also reference to specific internal costs, expected commercial/market rates and procurement information which is commercially confidential to Council.

- 1.1.13 **The Council and Administration may therefore need to consider whether any information contained in this Report should remain confidential.**

2. Project Outline

2.1 Project Overview

- 2.1.1 The Council owns and operates the PMSC. The current design of the PMSC does not incorporate a dry fitness space (gym) within the facilities presently being redeveloped at the site.
- 2.1.2 As at the time of preparing this Report, Council is nearing the completion of the PMSC redevelopment which commenced February 2024. The expected completion of the PMSC redevelopment is scheduled for late 2026.
- 2.1.3 The approved scope of the current PMSC redevelopment project did not include for a gymnasium and/or dry fitness area as part of the precinct design. The Reviewer is unaware as to the reasons why this was not considered as part of the final design for the redevelopment project.
- 2.1.4 The Project, the subject of this Prudential Report, is the construction of a dry fitness area to the existing design of the PMSC currently under construction, which will offer additional dry space recreation facilities for gym equipment and exercise classes to be added to the scope of services to be offered at the PMSC.
- 2.1.5 Council is actively seeking to engage a qualified external contractor to operate the PMSC facility. Should Council proceed with the Project under consideration, it is proposed that the PMSC contractor (manager/operator) would incorporate the gym operations as part of their contractual scope of services.
- 2.1.6 The gym facilities are proposed to incorporate open weights/cardio training areas as well as options for flexible classes. The final design of the gym facility is to be confirmed with the eventual PMSC manager, once appointed, to ensure that the facilities will be purpose fit with the agreed service model.
- 2.1.7 On the basis that a gym is added to the existing PMSC site, the proposed design of the additional facilities would displace an estimated 37 car park spaces, whilst simultaneously requiring additional carpark spaces to be constructed to meet the anticipated higher patronage demand at the precinct.
- 2.1.8 On 28 April 2025, Council held a Special Meeting and considered a report on the proposal of the addition of gym facilities to the design of the redeveloped PMSC.
- 2.1.9 The Administration had earlier engaged BRM Advisory to undertake financial modelling for the Council to consider the financial merits of adding a gym. Council (together with the Administration) are therefore reliant on the financial modelling and supporting information provided by BRM Advisory for the purposes of considering this Project.
- 2.1.10 BRM Advisory concluded from their modelling, based on the information available at that time, that *“the forecast calculates a 7-8 year payback period on the proposed \$4.9 million investment in the gymnasium and associated car park, with \$1 million + annual improvements in the EBITDA in each future year of the model once the gymnasium membership reach maturity”*.

- 2.1.11 It is relevant to note that the Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) payback period does not equate to the repayment term of the underlying borrowings by Council for the Project. That metric reflects the Project's capacity to generate operating financial returns to Council, rather than the timing of debt extinguishment. The borrowings by Council to fund the Project are expected to be repaid over a longer timeframe and will require active long-term debt management beyond the life of the current 10-year (Council) LTFP.
- 2.1.12 While improved financial performance from the gym may well contribute to strengthening the overall financial position of the PMSC and assist in accelerating the repayment of Council's borrowings, the achievement of such outcomes remains subject to a range of market, operational and demand-related uncertainties.
- 2.1.13 Accordingly, given the financial projections by BRM Advisory, this Prudential Review has considered the gym as a stand-alone Project that should complement the financial sustainability over time of the overall PMSC, rather than necessarily as a guaranteed or primary mechanism for loan debt reduction.
- 2.1.14 On 28 April 2025, Council considered the presentation from BRM Advisory and the recommendations and resolved the following:

At its special meeting held on 28 April 2025, the Council resolved the following (Confidential Item 2.1):

1. *That the management and operations of the Payneham Memorial Swimming Centre be outsourced to an external manager;*
2. *The commencement of a procurement process to identify an external manager for the Payneham Memorial Swimming Centre, be approved. hat detailed concept design work to include a gymnasium into the Payneham Memorial Swimming Centre pavilion building, be progressed and presented to the Council for approval.*
3. *That detailed concept design work to include a gymnasium into the Payneham Memorial Swimming Centre pavilion building, be progressed and presented to the Council for approval.*
4. *The Council notes that detailed designs for a new carpark on the northern end of Patterson Reserve, along Turner Street will be progressed, to provide an additional 84 carparks and will be presented to the Council for approval.*
5. *That design work on a bus step-down and bus holding areas be progressed (at an estimated cost of \$35,000).*
6. *That the Chief Executive Officer be authorised to write to the Norwood Swimming Club indicating a desire to negotiate the terms and conditions of potential occupancy of the Payneham Memorial Swimming Centre once a management solution is finalised.*
7. *That the Chief Executive Officer be authorised to hold discussions with the Local Government Finance Authority regarding the proposed gymnasium in the context of the current borrowing limits and notes that the outcomes of the decisions will be reported back to the Council.*

- 2.1.15 Subsequent to the 28 April 2025 Council Meeting, the Administration obtained additional information from Rider Levett Bucknall (RLB) for initial concept design and cost estimates for the construction of a gym and additional carpark facility.
- 2.1.16 RLB estimate that the construction of the additional facilities will total \$5.8 million, made up of the following cost elements:
- | | | |
|----------|-----------------------|----------------|
| 2.1.16.1 | Gym Construction: | \$4.2 million |
| 2.1.16.2 | Carpark Construction: | \$ 1.6 million |

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- 2.1.17 Tonkin Consulting (**Tonkin**) was engaged by the Administration to prepare a transport study for the precinct, which was presented to Council at its meeting on 3 November 2025. Based on the information provided by Tonkin, Council has determined that an additional 40 car parking spaces will be required. To accommodate this demand, it is proposed that additional parking be provided on the existing Paterson Reserve site.
- 2.1.18 The revised car parking layout allows for a total of 82 additional spaces at Paterson Reserve and includes a pedestrian footbridge to connect the car park with the western portion of the facility.
- 2.1.19 The construction of the proposed car park will require the demolition and reconstruction of the existing practice batting enclosure (similar to cricket nets) currently used by the East Torrens Baseball Club. The Club has been advocating for the renewal of this infrastructure in recent years and opportunities to secure external funding is to be explored by the Administration to assist with delivery. The preliminary estimate, determined by the Administration, to relocate and renew the practice nets, with an approximate footprint of 237 square metres, is \$227,000.
- 2.1.20 At the Council meeting held on 3 November 2025, Council received a report from the Administration outlining the above proposed costs and consultant's reports from RLB and Tonkin relating to the detailed costing and traffic study findings.
- 2.1.21 The proposed concept design allows for the gym to be delivered as a separate and independent project from the PMSC construction, while achieving a high level of integration with the existing redeveloped facility. The gym is proposed as a ground-level, stand-alone structure located on the southern side of the PMSC pavilion building, extending into the existing car park.
- 2.1.22 The features of the concept design include:
- Integrated entry/exit access corridor integrated with PMSC facility
 - External façade and building materials aligned with PMSC
 - 200m² of flexible programming rooms
 - Large open gym weights/equipment floor space
 - Independent toilet facilities
 - 24hr access provisions from southern carpark (24/7 access would be subject to advice from potential operators and subject to Development Application)
 - Lockers and associated storage requirements
- 2.1.23 The Council anticipates that the overall facility will be managed by an independent outsourced operator. The procurement process for the selection and engagement of a suitable operator for the facility is currently being undertaken by the Administration as at the time of preparing this Report.

- 2.1.24 At the 3 November 2025 Council Meeting, Elected Members were provided with updated financial forecasts reflecting revised capital cost estimates since those provided in April 2025. Following this, and as part of the procurement process to appoint an external manager for the PMSC (ongoing at the time of this Report), additional information was obtained from prospective operators. Based on tender responses from three potential operators, BRM Advisory further updated the Project's financial modelling in January 2026, incorporating revised assumptions informed by operator feedback.
- 2.1.25 New January 2026 updated financial modelling has been provided to undertake this Prudential Review, as well as update Council's LTFP forecasts with this Project. The revised estimated EBITDA payback for the Project, incorporating a gym and carpark option, is now forecasted to be 11 years. This revised estimate is materially consistent with the original forecast estimate presented to Council back in April 2025 by BRM Advisory and forecasts that the gym operations would be financially viable as a stand-alone business.
- 2.1.26 Council will required additional borrowings to fund the estimated \$5.8 million capital construction cost (including for the construction of the required additional car parking). Elected Members have been advised of the additional borrowing requirements and passed a resolution at the 28 April 2025 Council Meeting to authorise the Chief Executive Officer to hold discussions with the Local Government Finance Authority (**LGFA**) regarding the proposed project.
- 2.1.27 As at the time of preparing this Report, Council's Administration was in the process of updating the LTFP to incorporate the revised capital and operational costs from the updated January 2026 financial modelling.
- 2.1.28 Given that there remain a number of variables to be settled in relation to the operating model, there may well be further adjustments to the gym's current financial projections.
- 2.1.29 Elected Members have not yet considered an updated LTFP for the purposes of considering the impact the Project has on the long-term financial performance, position (including debt/borrowing levels) of the Council.
- 2.1.30 The Administration has now updated the LTFP based on the earlier version developed from July 2025:
- 2.1.30.1 Inclusion of the proposed Project with the updated January 2026 financial modelling to incorporate feedback and information sought as noted above.
 - 2.1.30.2 FY25 audited actual carry forward position.
 - 2.1.30.3 FY26 Budget Review 1 forecast changes.
 - 2.1.30.4 Additional \$3 million in capital costs for pool construction.
- 2.1.31 The updated draft LTFP forecasts that Council's debt will peak in FY31 (Year 5), totalling \$112.7 million, whilst the Net Financial Liabilities Ratio is estimated to peak to 177.19% in FY29 (Year 3).

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- 2.1.32 Council's Net Financial Liabilities ratio is not forecasted to drop below 107% for the 10-year life of the draft LTFP, whether the gym project proceeds or not. This indicates that the Council has limited, if any, additional loan funding capacity to take on any additional projects and/or sustain significant adverse financial events without additional revenue sources, funding and/or cutting of other costs.
- 2.1.33 Council will also need to consider what impact, if any, the proposed FY27 budget will have on the financial projections contained within the revised LTFP, to ensure that appropriate integration of all known data is contained in the LTFP being considered for this Project.
- 2.1.34 Should the PMSC precinct not meet its forecasted financial targets, this may result in additional funding needed from Council to subsidise costs for operating the facility, which has not been reflected in the LTFP forecast.

2.2 Outstanding Project Matters identified by the Prudential Review

- 2.2.1 The Elected Members and the Audit & Risk Committee have not yet considered a revised LTFP incorporating the Project. We recommend that a financial sensitivity analysis of the LTFP be undertaken, to assess Council's capacity to absorb potential variations in key assumptions and the potential impact to other commitments/projects the Council may be considering outside of this Project (e.g. FY26 Budget Review 2, draft FY27 Budget consideration, etc.).
- 2.2.2 Council should consider whether additional public consultation should be undertaken on key elements, including (but not limited to) the design, service offerings and the ongoing financial implications for the Council, in particular projected debt levels.
- 2.2.3 A detailed design process has progressed and is awaiting completion until the eventual appointment of the PMSC contractor to ensure their feedback is incorporated into the design. Once this is completed, Council will be in a position to confirm that the proposed facilities can be delivered within the approved capital cost estimates and to minimise the risk of cost escalation.
- 2.2.4 Approval from the LGFA for the additional forecasted borrowings has not been finalised and remains outstanding.
- 2.2.5 The procurement process and contractual agreements for the engagement of the preferred contractor to manage and operate the PMSC precinct is being undertaken as at the time of preparing this Report – that therefore remains an outstanding item to be completed (expected to occur in March 2026).
- 2.2.6 The Council's Audit & Risk Committee have yet to receive and consider the Project Risk Register.
- 2.2.7 A whole-of-life cost assessment beyond the current 10-year forecast period has not been undertaken by Council's Administration. Future updates to Council's Long-Term Infrastructure and Asset Management Plans (IAMP) and LTFP will need to incorporate forecast maintenance requirements and capital renewal or upgrade costs beyond the

10-year horizon of the current LTFP. These longer-term costs will require separate funding consideration at that time by Council.

- 2.2.8 A Development Application (DA) has been lodged for the Project by Council's own Planning Division. This process has been deferred, to ensure that appropriate feedback from the eventual PMSC manager is incorporated into the final design that will be incorporated in the final Development Application considered.
- 2.2.9 A review of Council's Prudential Management Policy as published on its web site notes that the policy is overdue for review as of February 2025. An update to the policy should now be undertaken.

3. Key Project Risks

3.1 Summary of Key Project Risks identified by the Prudential Review

- 3.1.1 The risks outlined below are highlighted to assist Council in its consideration for the Project.
- 3.1.2 In considering the risks outlined below, Elected Members and Council should refer to the Project Risk Register attached to this Report, prepared by the Administration, together with the accompanying report provided to support this Prudential Review. These documents should be used to assess whether the identified risks have been appropriately mitigated to Council's satisfaction prior to any decision to proceed with the Project.
- 3.1.3 A summary of the key project risks are highlighted as follows:
- 3.1.3.1 Insolvency event for PMSC operator results in an inability to continue running and operating the facility which potentially results in operational constraints and financial losses to the Council.
- 3.1.3.2 Large scale developments such as this Project more often than not have high potential for cost blow-outs. This highlights the importance of Council ensuring that it has in place high standard contract documentation and contract management procedures 'fit for purpose' for the Project.
- 3.1.3.3 Insolvency event for the builder and/or key contractors result in inability to claim on warranties and/or obtain major repairs (if required) on any defects.
- 3.1.3.4 Projected annual operating losses for running the PMSC (once operational) are greater than that projected/included in the draft LTFP, and independent financial modelling prepared for the Council. Escalating staffing, energy, utility, maintenance and other operating costs (e.g. insurance costs) may diminish margins and reduce long-term sustainability.
- 3.1.3.5 Increases in interest rates on Council borrowings may result in higher debt servicing costs than forecast, requiring additional operating subsidies to be funded through rates and placing pressure on Council's long-term financial position.
- 3.1.3.6 Membership demand and revenue may potentially be lower than projected, resulting in ongoing operating deficits and the need for rate-funded subsidy.
- 3.1.3.7 Council may have limited ability to increase gym membership fees in future years due to (but not limited to) factors such as user affordability and market competition. If fee increases do not keep pace with rising operating costs, this may result in a need for rate-funded operating subsidies (should the gym not operate at a profit).
- 3.1.3.8 Additional capital investment and borrowing requirements may constrain Council's future financial capacity and flexibility for other priorities/projects.
- 3.1.3.9 Opposition from the local community or underperformance may adversely impact Council's reputation.

- 3.1.3.10 Independent facilities managers appointed by Council lack appropriate expertise and/or do not perform to Council's performance expectations, leading to sub-optimal programming, utilisation, and customer experience.
- 3.1.3.11 Competition from other privately operated and/or 24-hour gyms, existing or new, along with changing fitness trends, may impact patronage and user retention.
- 3.1.3.12 As part of considering the Project Risk Register, Council will need to consider the above risks and determine whether appropriate mitigating controls have been implemented to manage these risks prior to proceeding with the Project.

4. Section 48(2)(a) - the relationship between the project and relevant strategic management plans

4.1 Project Alignment – City Plan 2030

4.1.1 A review of Council’s strategic plans notes that the Project is not explicitly listed a stand-alone project.

4.1.2 The Project does however have direct links to Objective 1 *Social Equity* within the City Plan. In particular, directly link with the following objectives:

4.1.2.1 Objective 1.1 – *Convenient and accessible services, information and facilities.*

4.1.2.2 Objective 1.4 – *A strong, healthy, resilient and inclusive community.*

4.1.3 The Project is aligned with the Council’s adopted City Plan.

4.2 Long Term Financial Plan (LTFP)

4.2.1 As noted earlier within this Report, the Council is in the process of updating its LTFP to incorporate the Project.

4.2.2 The revised LTFP will need to be presented to the Audit & Risk Committee and Council for consideration and endorsement.

4.2.3 The Project is currently not aligned with the adopted LTFP or other asset management strategic plans.

4.2.4 As recommended above within this Report, Given the financial risks associated with the Project, including the increased borrowing levels and operating performance, it is recommended that a sensitivity analysis of the LTFP be undertaken to assess Council’s capacity to absorb potential variations in key assumptions.

4.2.5 Council will also need to consider what impact, if any, the proposed FY27 budget will have on the financial projections contained within the revised LTFP to ensure that appropriate integration of all known data is contained in the LTFP being considered for this Project.

5. Section 48(2)(b) - the objectives of the Development Plan in the area where the project is to occur

5.1 Development Approval

- 5.1.1 Given the nature of the Project, Development Approval is required for amendments to the existing PMSC facility design.
- 5.1.2 Should the Council decide to proceed with the Project, this is noted as an outstanding matter that will need to be completed.
- 5.1.3 Council has already lodged a Development Application using its own internal Planning Division. This process has been paused to allow for feedback to be sought from the eventual PMSC manager s that any design changes are incorporated into the final design and Development Application considered.
- 5.1.4 Given the nature and scale of the Project, it is expected that community consultation on the Development Application will need to be carried out. Given Council's experience in this matter, it is considered a future matter which the Council is able to address within its existing resources and capabilities.
- 5.1.5 Consideration will need to be given to the impact works may have on surrounding businesses, residents and the PMSC facility which is expected to be operational when construction works are expected to commence.
- 5.1.6 Council will need to ensure that it has appropriately considered the impact that works may have on surrounding stakeholders to ensure minimal disruption.

6. Section 48(3)(c) - the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place

6.1 Contribution of the Project to Economic Development

6.1.1 Economic development refers to initiatives aimed at enhancing the economic wellbeing and quality of life of a community through the creation and retention of employment opportunities, and by supporting economic growth (e.g. income generating activities).

6.1.2 The Project has a positive impact on the local economy during all phases of the Project noting that it will create/sustain employment opportunities during the construction phase as well as provide additional employment opportunities with the operation of the gym facilities/activities in post-construction phase.

6.1.3 An assessment as to the number of potential employment opportunities has not been undertaken for the purposes of this Project as it is not able to be reliably quantified given the number of unknown factors to still be determined.

6.1.4 There is an expectation however, noting that the construction will be undertaken by external contractors and the ongoing management of the PMSC will be externally managed, that additional opportunities will be delivered by those external service providers.

6.2 Fair Competition

6.2.1 Council will need to ensure that the pricing of gym memberships and associated services is established in a manner consistent with the principles of competitive neutrality and fair competition. Competitive neutrality is based on the principle that government-owned/operated business activities should not enjoy a net competitive advantage over private sector operators as a result of public ownership or access to public funding.

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- 7. Section 48(2)(d) - the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes**
- 7.1 Community Consultation**
- 7.1.1 Community consultation has not been undertaken in relation to the Project at this stage.
- 7.1.2 Should Council wish to proceed, consideration should be given to whether community consultation is appropriate, having regard to the nature, scale and potential impacts of the Project.
- 7.1.3 Consultation may assist Council in understanding community views on the proposed development, service offerings and the associated financial commitment.
- 7.1.4 Council should note that its Community Consultation Policy provides that Council *may choose to follow the Policy in relation to other matters*, including projects classified as *major development programmes or physical infrastructure*.
- 7.1.5 The Community Consultation Policy further states that any decision to undertake consultation in this regard is at the discretion of Council.
- 7.1.6 In this context, Council should consider and resolve whether community consultation is to be undertaken for the purposes of this Project prior to progressing further.

8. Section 48(2)(e) - if the project is intended to produce revenue, revenue projections and potential financial risks

8.1 Revenue Projections from the Project

8.1.1 The results of the independent financial modelling and assumptions surrounding the operating model of the Project have been presented to Council at the 28 April 2025 and has now been subsequently updated in January 2026 by BRM Advisory to account for additional information obtained as noted above.

8.1.2 Council's Administration, in conjunction with BRM Advisory, has market-tested the assumptions underpinning the financial modelling with prospective operators of the PMSC, to improve the reliability and accuracy of information relating to the potential operation of a gymnasium. As the procurement process was ongoing at the time of preparing this Report and responses received by Council are confidential, the Reviewer has relied on the information and representations provided by the Administration for the purposes of undertaking this Review.

8.1.3 The updated January 2026 financial modelling provided by BRM Advisory forecasts the following summary in key financial metrics – the PMSC without a gym and with a gym annual gross revenue projections:

Financial Year	Without Gym (\$)	With Gym (\$)	Annual Difference (\$)	Accumulated Difference (\$)
2027	2,218,357	2,218,357	-	-
2028	2,633,872	2,979,753	345,881	345,881
2029	3,252,305	4,248,858	996,552	1,342,433
2030	3,718,469	4,963,661	1,245,192	2,587,625
2031	3,826,305	5,333,719	1,507,414	4,095,039
2032	3,937,268	5,488,397	1,551,130	5,646,169
2033	4,051,448	5,647,561	1,596,112	7,242,281
2034	4,168,940	5,811,340	1,642,400	8,884,680
2035	4,289,840	5,979,869	1,690,029	10,574,710
2036	4,414,245	6,153,285	1,739,040	12,313,750

8.1.4 The gym is not expected to be operational until mid FY28 (as from January 2028), to allow time for construction and facility furnishment to be up and running.

8.1.5 Key Assumptions included within the revenue are projections include:

8.1.5.1 It is assumed by the Administration that for the first 3 years of operation the gymnasium will not be operating at full capacity and that a gradual increase in patronage will occur

ranging from 25% in first year of trading (noting that it is estimated to only be a half year of trading as the facility is expected to be operational from 1 January 2028) up to 70% in Year 2 and increasing to 100% capacity from Year 4 onwards.

- 8.1.5.2 100% capacity is estimated by the Administration and BRM Advisory to be the equivalent of 1,400 members. Accordingly, via the information obtained through the procurement process, the Administration advise that the 1,400-member estimate is considered to be conservative when compared to other like facilities and estimates provided by other potential operators.

8.2 Potential Financial Risks

- 8.2.1 The Project Risk register developed by the Administration has identified 1 'High' and 2 'Substantial' residual risks associated with the Project. Those risks being:
- 8.2.1.1 Inadequate carparking for users during and/or following the development (Risk 12 of the Project Risk Register – High Risk).
- 8.2.1.2 The risk that the gym's performance is less than forecast (Risk 24 of the Project Risk Register – Substantial Risk).
- 8.2.1.3 The risk that new competition results in the PMSC gym not being competitive (Risk 28 on the Project Risk Register – Substantial Risk).
- 8.2.2 Ongoing and regular review of the facilities operational and financial performance is necessary to monitor whether key financial targets are being achieved.
- 8.2.3 A summary of key financial risks associated with the Project which, has been reflected in the Project Risk Register, are as follows:
- 8.2.3.1 Tendered price for construction of Project exceeds existing budget allocation.
- 8.2.3.2 The design does not achieve an acceptable outcome for the Project within the proposed budget allocation.
- 8.2.3.3 Construction costs escalate due to inflation.
- 8.2.3.4 Latent conditions not identified that cause cost increases and contract variations and/or delay in opening of gym facility.
- 8.2.3.5 Inadequate carpark provisions result in loss in revenue due to limited facility use and/or lack of community interest/take-up.
- 8.2.3.6 Facility operator becomes insolvent (or exits the contract due to an inability to remain sufficiently profitable).
- 8.2.3.7 Gym performance is less than forecast leading to increased need for financial contributions from Council to meet costs (this includes costs associated with meeting

debt servicing costs/interest repayments, utility costs, lack of revenue generated from activities, etc.).

- 8.2.4 Although the focus of this Report is that of the gym operations at the PMSC, it should be noted that should the aquatic activities not meet their operational and/or financial targets, this may have an adverse impact on the gymnasium operations (e.g. membership numbers, public interest in the facilities, etc.).
- 8.2.5 The Council should ensure that where possible, the risks noted need to be carefully considered and reflected within the eventual contractual agreements held with contractor(s) so as to protect its financial interests.

9. Section 48(2)(f) - the recurrent and whole-of-life costs associated with the project including and costs arising out of proposed financial arrangements

9.1 Operation & Financial Overview

- 9.1.1 Council will own and be responsible for the maintenance and replacement of all infrastructure and other assets located at the PMSC.
- 9.1.2 A key assumption relating to the provision of gym equipment is that all equipment installed will be leased by Council. The financial modelling assumes that an annual leasing expense totalling \$125,000 (base year escalated each year thereafter) is included in the financial modelling prepared by BRM Advisory.
- 9.1.3 Council is in the process of procuring the services of an external contractor to run and operate the facility on behalf of Council. This process is being undertaken as at the time of preparing this Report and it is expected that interviews of potential contractors will be undertaken in March 2026.
- 9.1.4 Council will need to work with the successful contractor to formulate an appropriate operating model, which includes targeted financial returns to the Council. This includes determining an appropriate management fee model (e.g. revenue share, profit share, etc.).
- 9.1.5 Within the draft LTFP, Council has assumed as a guide that a Corporate Recovery Fee totalling 4% and a Management Fee totalling 2% of annual gross revenue will be payable to the eventual manager of the facility. The eventual management fee and potential other costs associated with the engagement of a manager for the facility will need to be considered and reflected in further updates of the LTFP based on negotiations held with the eventual contractor engaged.
- 9.1.6 Based on the financial modelling, the Project is expected to generate a net financial benefit (operating surplus) to the PMSC operations over a 10-year period totalling \$1.876 million.
- 9.1.7 The \$1.876 million net benefit in financial performance is after allowing for additional depreciation and interest costs (operating expense) because of the additional assets constructed and borrowings required for the PMSC facility.
- 9.1.8 No allowance has been made in the draft LTFP for increases in forecast depreciation expense to reflect future asset revaluation movements. It is expected that depreciation assumptions will be updated once the constructed assets are fully recognised and incorporated into future updates of Council's Asset Management Plans and LTFP.
- 9.1.9 A whole-of-life cost assessment beyond the current 10-year forecast period has not been undertaken. Future updates to Council's LTFP and Infrastructure and Asset Management Plans (**IAMP**) will need to incorporate forecast maintenance requirements and capital renewal/upgrade costs beyond the 10-year horizon of the present LTFP being updated. These longer-term costs will require separate funding consideration at that time.

- 9.1.10 A summary of the differences in annual revenues and expenses associated with the operation of the Project under the gym option at the PMSC, as prepared by BRM Advisory, is set out below:

Financial Year	Total Additional Revenue (\$)	Total Additional Expenses (\$)	Net Result (\$)	Accumulated Net Result (\$)
2026	-	258,671	-258,671	-258,671
2027	-	363,142	-363,142	-621,812
2028	345,881	685,854	-339,973	-961,785
2029	996,552	1,044,367	-47,815	-1,009,601
2030	1,245,192	1,077,307	167,884	-841,716
2031	1,507,414	1,111,585	395,830	-445,887
2032	1,551,130	1,133,290	417,840	-28,047
2033	1,596,112	1,155,624	440,488	412,441
2034	1,642,400	1,178,606	463,793	876,235
2035	1,690,029	1,202,254	487,775	1,364,009
2036	1,739,040	1,226,589	512,451	1,876,461

- 9.1.11 The financial modelling supports that the Project is estimated to have a net financial benefit to the PMSC operations based on the assumptions modelled above from FY33 onwards.
- 9.1.12 As noted in 8 above, there remains a number of assumptions and variables that can adversely impact the eventual financial performance of the Project and therefore, ensuring that there are adequate monitoring and reporting controls in place to mitigate these risks is of high importance to the long-term success of the Project.
- 9.1.13 Notwithstanding the risks and uncertainties outlined in this Report, it should also be recognised that there is potential for the financial and operational performance of the gym to exceed the outcomes currently forecast in the modelling. Council is proposing to deliver and operate a high-quality, contemporary facility that is well integrated with the broader PMSC precinct and is expected to be attractive to the community. If community uptake, utilisation and member retention are stronger than assumed, this may well result in improved financial performance relative to current projections.

10. Section 48(2)(g) - the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the Council

10.1 Financial Viability of the Project

10.1.1 The Project has several financial risks which have been outlined within this Report where the financial performance and/or position of the Council can be adversely impacted by outside economic factors and/or poor management of the Project (which includes the facilities and/or programs offered).

10.1.2 In section 8.2 of this Report, a number of potential financial risks have been highlighted which can adversely impact on the financial performance and/or position of the Council which the Council and Administration need to ensure they are continually monitoring to ensure any adverse events are identified and addressed on a timely manner.

10.1.3 The Administration have prepared an updated draft LTFP which incorporates the latest financial information available regarding the Project. An extract of the data provided by the Council's Chief Financial Officer notes that the financial projections continue to forecast Council to maintain a high level of borrowings over the 10-year life of the draft LTFP. A summary of the financial indicators provided by the Administration incorporating the Project into the draft LTFP projections is as follows:

FINANCIAL INDICATORS	Current Year					Projected Years					
	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Surplus Ratio	0.8%	-0.1%	-0.3%	1.5%	0.5%	1.4%	2.2%	3.4%	4.7%	6.4%	7.2%
Net Financial Liabilities Ratio	149.87%	167.11%	174.78%	177.19%	173.11%	167.70%	158.37%	148.13%	136.98%	124.56%	111.83%
Asset Renewal Funding Ratio	134.93%	97.07%	104.76%	103.55%	97.13%	108.74%	105.37%	106.68%	112.22%	111.98%	112.18%
Interest Cover Ratio	5.23%	6.62%	7.57%	7.78%	7.99%	7.87%	7.66%	7.17%	6.60%	5.90%	5.20%
Debt Servicing ratio	6.69%	13.08%	14.72%	13.55%	17.18%	17.12%	16.98%	16.51%	15.94%	15.24%	13.88%
Debt Level	78,465,234	94,014,306	105,099,045	112,174,618	112,303,333	112,705,620	109,792,127	105,733,829	100,408,369	93,429,529	85,305,101

10.1.4 The above analysis undertaken by the Administration highlights the following:

10.1.4.1 Council's Net Financial Liabilities ratio is expected to be 177% in FY29. Should Council not undertake the Project, the Net Financial Liabilities per the LTFP is forecasted to reach 168% in the same year (FY29).

10.1.4.2 Council will continue to be in breach of its Net Financial Liabilities target of 100% per its LTFP. It should be noted that the current adopted LTFP forecasts that Council will be in breach of this target and that the addition of this Project adds to the pressure of addressing the current situation, due to the additional short-term borrowings required to fund the Project's capital cost.

- 10.1.4.3 Should the Project result in operating profits as it has been modelled by BRM Advisory, this will assist with accelerating repaying debt in the long-term for Council and therefore potentially have a positive financial impact to the above ratios beyond the life of the 10-year LTFP.
- 10.1.4.4 Council should note that, based on the forecast information above, there is limited capacity to undertake additional projects beyond the PMSC unless alternative funding sources (other than borrowings) are secured and/or other costs are reduced to provide additional financial capacity. This assessment assumes that Council intends to reduce its Net Financial Liabilities ratio to below 100% prior to committing to any further projects.
- 10.1.4.5 A risk review prepared by the Council's Administration relating to the impact of the Project on the LTFP has been summarised below:

Prudential Indicator	No Gym Scenario	With Gym Scenario	Risk Rating (With Gym)	Key Prudential Risk
Operating Surplus Ratio	Positive across all years; marginal in early years but steadily improving.	Negative in 2026/27 and 2027/28 before recovering and exceeding No Gym scenario in later years.	Moderate	Short-term operating deficits reduce financial buffer and resilience during early debt years.
Net Financial Liabilities Ratio	Peaks at ~168% before improving to ~108% by 2035/36.	Peaks higher at ~177% and remains elevated for longer, improving to ~112% by 2035/36.	Moderate–High	Increased leverage heightens exposure to interest rate movements and limits capacity to absorb financial shocks.
Debt Level	Peak debt ~\$106.5m before gradual reduction.	Peak debt ~\$112.7m.	Moderate	Higher absolute debt increases refinancing and repayment risk.
Debt Servicing Ratio	Peaks at ~16.6% and declines thereafter.	Peaks higher at ~17.2% and remains consistently above No Gym scenario.	Moderate	Larger share of operating revenue committed to debt servicing reduces flexibility.
Interest Cover Ratio	Strong across forecast period.	Marginally stronger due to assumed gym operating income.	Low–Moderate	Reliant on gym achieving forecast revenue and utilisation.
Overall Prudential Assessment	Lower financial risk and stronger short-term resilience.	Elevated short- to medium-term risk with stronger long-term outcomes.	Moderate	Concentration of risk during early years of borrowing and operational ramp-up.

- 10.1.4.6 The Administration have risk rated that the impact of the Project on the draft LTFP and concluded that on average, the impact on the draft LTFP is 'Moderate' across all categories except for the Net Financial Liabilities Ratio which is deemed to be higher with a 'Moderate – High' rating.

- 10.1.4.7 This assessment highlights the importance of ensuring that the financial operations of the Project meet their targets given there is very limited financial capacity to fund additional subsidy or increased capital/borrowings costs associated with the Project.
- 10.1.4.8 Engaging with the Council's Audit & Risk Committee to provide an oversight and review of the key financial assumptions (including factors such as the market rates applied to fees and charges, inflator/growth rates, patronage, etc.) and mitigating controls for the oversight of the financial performance of the Project is a prudent risk mitigating control.
- 10.1.4.9 It should also be noted that funding arrangements for with LGFA for the construction cost of the Project have yet to be confirmed and remain outstanding. Should the Council be unsuccessful with its application for funding, this may result in delays and/or inability for Council to proceed with the Project.

11. Section 48(2)(h) - any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks

11.1 Risk Management

- 11.1.1 This Report has highlighted several identified risks in relation to the specific matters to be considered under the scope of the Prudential Review.
- 11.1.2 In preparing this Report, a risk register or risk management plan for the purposes of the Project being considered – that work is considered outside the scope of the Prudential Review.
- 11.1.3 A Project Risk Register has been developed for the Project by the Administration which identifies 2 residual High risk for the Project being as follows:
- 11.1.3.1 Risk 12 – Inadequate car parking for users during/following redevelopment can result in loss of revenue due to limited use of the facility and/or reduced community interest.
- 11.1.3.2 Risk 16 – Activities in site affecting adjacent property tenant (DXC) who provides essential IT services for key/important State and Federal Government entities could result in reputational damage through community and/or stakeholder complaints.
- 11.1.4 In addition to those above risks, Council’s Chief Financial Officer has also provided additional assessment of the Project’s potential impact to the Council’s LTFP.
- 11.1.5 In items 8, 9 and 10 above, several financial and operational risks have been highlighted which Elected Members, and the Administration should be aware of when considering whether to proceed with the Project.
- 11.1.6 Given the scale and complexity of the proposed operations at the PMSC, along with the significant competition in the marketplace around recreational fitness programs and facilities, it is complex to provide any meaningful long-term estimates concerning the future financial performance of the Project given it is a new activity being offered by Council.
- 11.1.7 The risks noted above for the Project have not been considered by the Audit & Risk Committee or Elected Members given the Project Risk Register has not been presented for review as at the time of preparing this Report. This is expected to be presented at future meetings and remains an outstanding matter.
- 11.1.8 The presentation of the Project Risk Register to the Audit & Risk Committee and Elected Members remains an outstanding matter to be addressed.

12. Section 48(2)(i) - the most appropriate mechanism or arrangements for carrying out the project

12.1 Project Delivery

12.1.1 The delivery of the Project will be overseen by the Council Administration.

12.1.2 The Project will be undertaken in 2 separate phases being:

12.1.2.1 Construction Phase – to be delivered by an external contractor selected to undertake the construction works necessary to deliver the Project. Contract documents and procurement activities for this aspect of the Project have not been considered given that further work is still required to be undertaken the progress the Project further before this can be appropriately undertaken.

12.1.2.2 Delivery Phase – Council is seeking to engage an external contractor to manage and operate the PMSC facilities for the aquatic and gym facilities combined. Council will retain responsibility for the maintenance and upkeep for the facility for the assets whole-of-life duration, including for future asset replacements.

12.1.3 Council will retain responsibility for the oversight of the PMSC performance through ongoing management and oversight of the contractor engaged to operate the facility on Council's behalf. This will require an appropriate level of continual contract management by Council.

12.1.4 The Project will need to be delivered in accordance with Council's adopted policies and procedures. In particular, due regard must be given to Council's Procurement Policy, which sets out the practices and procedures designed to ensure value for money in the expenditure of public funds, and to uphold appropriate standards of probity, transparency and accountability throughout the procurement and delivery of the Project.

13. Section 48(2)(j) - if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the *Land Valuers Act 1994*

13.1 Disposal of Properties

13.1.1 The Project does not include the sale of any land and therefore no further consideration of this section has been undertaken.

14. Conclusion

- 14.1.1 This Prudential Report has been prepared in accordance with the information provided by Council's Administration and has considered the prescribed scope of matters per Section 48 of the *Local Government Act 1999* for the Council.
- 14.1.2 This Prudential Report should be read in conjunction with the related report being prepared by the Administration which addresses the observations and recommendations raised within this Report.
- 14.1.3 A draft copy of this Report has been reviewed by the Administration to verify the accuracy of all contents, as well as to ensure the accuracy and completeness of the information included and to ensure no information has been omitted.
- 14.1.4 This Report has highlighted areas where it is considered further information is required or clarified on the Project for the Council's Audit & Risk Committee and Elected Members to consider before committing to the Project.
- 14.1.5 No analysis has been included in the scope of works conducted to determine whether the proposed Project is the optimum financial return and/or investment for the Council.
- 14.1.6 Elected Members should now consider the findings and recommendations contained in this Report, together with other key documents relevant to the Project as identified throughout the Report.

15. Attachment One – Project Risk Register

Project Risk Register



Department:	Infrastructure & Major Projects	Project Name:	Payneham Gymnasium	Date Created:	30-Jan-26
Section / Unit:	Assets & Projects	Project Description:	Construction of new building, integrated with PMSC facility and construction of new carpark on Patterson Reserve adjacent Turner St	Date Revised:	30-Jan-26
Location:	OG Road, Felixstow			Revised by:	A Hamilton, N Carr, M Moshos
Project Manager:	M Moshos			Budget:	TBC

Risk #	Risk Description - i.e. what the outcome will be?	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owner(s) (Who is Responsible)	Status	Comments
		Existing Likelihood Controls	Existing Impact Controls	Likelihood	Impact Level	Inherent Risk Level (Link to Risk Matrix)	Additional Likelihood Controls	Additional Impact Controls	Revised Likelihood	Revised Impact Level	Revised Risk Level (Link to Risk Matrix)					
1	Tendered prices are in excess of the Council's existing budget	<ul style="list-style-type: none"> Procurement process, risk assessment identifying contingency needs Prepare detailed cost estimates Adjust the timing of tender in consultation with builders to maximise competition Work with tenderers to identify cost savings Cost consultant to review tender prices 	Likely	Major	Extreme 5	<ul style="list-style-type: none"> Ensure clear and comprehensive reporting to Council with options to increase budget (e.g. additional borrowings, rate increase) for the LTFP 	Possible	Moderate	Substantial 13	CEO	Open					
2	Design cannot achieve an acceptable Project outcome within the Council's proposed budget	<ul style="list-style-type: none"> Procurement process Prepare detailed cost estimates Work with tenderers to identify cost savings / operational improvements Benchmark against other facilities Operator input into design 	Unlikely	Major	Substantial 12	<ul style="list-style-type: none"> Ensure clear and comprehensive reporting to Council with options to increase budget (e.g. additional borrowings, rate increase) for the LTFP 	Unlikely	Major	Substantial 12	GM, Community Development	Open					
3	Escalating costs / inflation in tender prices	<ul style="list-style-type: none"> Include allowance for escalation in cost estimate Lump sum tender procurement method Project contingency 	Likely	Minor	Substantial 14	<ul style="list-style-type: none"> Work with tenderers to identify escalation risks and controls Execute a Fixed Lump Sum Price contract that isn't subject to rise and fall Ensure early procurement of goods and materials by contractor 	Possible	Minor	Medium 19	Manager, Assets & Projects	Open					
4	Non-compliance with Building & National Construction Code (NCC) standards and operational requirements	<ul style="list-style-type: none"> Design to AS Independent engagement of building certifier obtain building certification engage suitable superintendent 	Unlikely	Major	Substantial 12	<ul style="list-style-type: none"> Ensure testing and commissioning, training and handover is undertaken in accordance with the contract 	Very Unlikely	Major	Medium 16	Project Manager	Open					
5	Prudential report does not support the project	<ul style="list-style-type: none"> Provide all required info to consultant preparing the Prudential Issues Report Prudential report to be presented to audit committee and Council Consulting with the LGFA Comprehensive financial modelling 	Possible	Major	High 7	<ul style="list-style-type: none"> Council to review LTFP and delivery of future projects Revise project timing and associated cost/benefit analysis 	Unlikely	Major	Substantial 12	CFO	Open					
6	Failure to determine appropriate operational model and establish / implement opening alongside pool	<ul style="list-style-type: none"> Council endorsement of operational model Successful approach to market Early discussions & involvement with centre manager 	Unlikely	Moderate	Medium 17	<ul style="list-style-type: none"> Include adequate time for testing and commissioning prior to opening 	Very Unlikely	Moderate	Medium 18	GM, Community Development	Open					

Project Risk Register



City of
Norwood
Payneham
& St Peters

Department:	Infrastructure & Major Projects	Project Name:	Payneham Gymnasium	Date Created:	30-Jan-26
Section / Unit:	Assets & Projects	Project Description:	Construction of new building, integrated with PMSC facility and construction of new carpark on Patterson Reserve adjacent Turner St	Date Revised :	30-Jan-26
Location:	OG Road, Felixstow M Moshos			Revised by	A Hamilton, N Carr, M Moshos
Project Manager:				Budget:	TBC

Risk #	Risk Consequence (Simple description - i.e. what the outcome will be?)	INHERENT CONTROLS & RISKS			ADDITIONAL CONTROLS NEEDED			RESIDUAL RISK			Risk Owner(s) (Who is Responsible)	Status	Comments
		Existing Likelihood Controls	Likelihood (See definitions)	Impact Level (See Impact Definitions)	Inherent Risk Level (Link to Risk Matrix)	Additional Likelihood Controls	Additional Impact Controls	Revised Likelihood (see definitions)	Revised Impact Level (See Impact Definitions)	Residual Risk Level (Link to Risk Matrix)			
7	Inadequate / Improper Asset Maintenance and Renewal	People	Possible	Minor	Medium 19	<ul style="list-style-type: none"> documentation review by asset managers and PMSC Manager Confirm warranty items and periods for contract award Contracted levels of responsibility between Council & Manager 	Unlikely	<ul style="list-style-type: none"> Maintenance and Operations Manuals to be provided by Contractor Assets to be registered and included in Council's annual maintenance program Ensure warranties provided at PC match the contract requirements 	People	Unlikely	Low 21	Open	Manager, Assets & Projects
		Financial											
		Services											
		Reputation											
		Environment											
		Regulatory											
8	Latent conditions and existing services not identified	People	Unlikely	Moderate	Medium 17	<ul style="list-style-type: none"> Detailed survey undertaken Undertake soil testing and services investigations during design Consultation with services authorities Undertake additional geotech and contamination testing to provide a better base level of knowledge of the site Provide all reports to tenderers for information Provide clear contract definitions and controls regarding latent conditions 	Unlikely		People	Unlikely	Medium 17	Open	Project Manager
		Financial											
		Services											
		Reputation											
		Environment											
		Regulatory											
9	Damage to a regulated tree	People	Possible	Insignificant	Low 23	<ul style="list-style-type: none"> Obtain development approval Prepare tree protection plan 	Possible	<ul style="list-style-type: none"> Enforce requirements in contract docs to: <ul style="list-style-type: none"> Safeguard regulated tree to avoid damage caused by construction. Utilise arborist to supervise works near regulated trees 	People	Possible	Low 23	Open	Project Manager
		Financial											
		Services											
		Reputation											
		Environment											
		Regulatory											
10	Adverse environmental impacts on Patterson Reserve Precinct	People	Possible	Minor	Medium 19	<ul style="list-style-type: none"> Contractual requirements Assess environmental accreditation of contractors 	Possible	<ul style="list-style-type: none"> Superintendent to ensure dust, sediment, noise and other nuisances are kept within EPA guidelines during construction per contract requirements 	People	Possible	Low 23	Open	Project Manager
		Financial											
		Services											
		Reputation											
		Environment											
		Regulatory											
11	Incorrect / unrealistic public expectations	People	Possible	Moderate	Substantial 13	<ul style="list-style-type: none"> add project information to website install project information signage provide project information in Look East and other Council publications 	Possible	<ul style="list-style-type: none"> continue to update website and provide information in Council publications Develop and implement a comprehensive project communications plan 	People	Possible	Substantial 13	Open	Manager, Communications & Stakeholder Engagement
		Financial											
		Services											
		Reputation											
		Environment											
		Regulatory											

Project Risk Register



Department:	Infrastructure & Major Projects	Project Name:	Payneham Gymnasium	Date Created:	30-Jan-26
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Location:	OG Road, Felixstow M Moshos	Existing Impact Controls		Revised by	A Hamilton, N Carr, M Moshos
Project Manager:		Additional Impact Controls		Budget:	TBC

Risk #	Risk Consequence (Simple description - i.e. what the outcome will be?)	INHERENT CONTROLS & RISKS			ADDITIONAL CONTROLS NEEDED			RESIDUAL RISK					Risk Owner(s) (Who is Responsible)	Status	Comments				
		Existing Likelihood Controls	Existing Impact Controls	Likelihood	Impact Level	Inherent Risk Level (Link to Risk Matrix)	Additional Likelihood Controls	Additional Impact Controls	Revised Likelihood (see definitions)	Revised Impact Level (See Impact Definitions)	Revised Risk Level (Link to Risk Matrix)	People				Financial	Services	Reputation	Environment
12	Inadequate car parking for users during following redevelopment	<ul style="list-style-type: none"> Complete patterson reserve carpark works prior to commencement of gym works Completion of bus zones & pickup/drop off arrangement to enhance public transport utilisation/bus movements Schedule construction of gym to commence during off-peak season 		Likely	Moderate	High 9	<ul style="list-style-type: none"> Include parking arrangements in comms plan to keep users informed 	Likely	Moderate	High 9	People	Financial	Services	Reputation	Environment	Regulatory	Manager, Assets & Projects	Open	
13	Hours of operation not considered in DA approval requirements	<ul style="list-style-type: none"> DA to include hours of operation, which includes public consultation 		Very Unlikely	Minor	Low 22	<ul style="list-style-type: none"> Defined hours of operation in contracted services 	Very Unlikely	Insignificant	Low 25	People	Financial	Services	Reputation	Environment	Regulatory	Project Manager	Open	
14	Conditions of Planning Consent (relating to approved plans) stormwater management and detention, tree protection use of driveways/carparks, landscaping plan) not adhered to	<ul style="list-style-type: none"> Architect to be provided copy of conditions of Planning Consent with instructions to ensure sub consultants review and report back Ensure amended planning application is lodged to deal with inconsistencies in conditions Provide DA to tenderers Superintendent to administer the contract Adequate design documentation 		Unlikely	Minor	Low 21	<ul style="list-style-type: none"> Engaged independent certifier during design development 	Very Unlikely	Minor	Low 22	People	Financial	Services	Reputation	Environment	Regulatory	Project Manager	Open	
15	Contractor causes damage to surrounding properties - mainly Council owned i.e. PMSC building/carpark/trees, pool carpark and trees, footpaths, street trees/signage, stormwater infrastructure etc	<ul style="list-style-type: none"> require contractor to undertake a dilapidation inspection and prepare a report to ensure the starting condition is identified 		Possible	Minor	Medium 19	<ul style="list-style-type: none"> regular on site inspections of surrounding council property to note any damages and raise ASAP with contractor Clear separation and site management arrangements 	Unlikely	Minor	Low 21	People	Financial	Services	Reputation	Environment	Regulatory	Project Manager	Open	

Project Risk Register



Department:	Infrastructure & Major Projects	Project Name:	Payneham Gymnasium	Date Created:	30-Jan-26
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Location:	OG Road, Felixstow			Revised by:	A Hamilton, N Carr, M Moshos
Project Manager:	M Moshos			Budget:	TBC

Risk #	What, When & Why	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owner(s) (Who is Responsible)	Status	Comments														
		Risk Consequence (Simple description - i.e. what the outcome will be?)	Existing Likelihood Controls	Existing Impact Controls	Likelihood (See definitions)	Impact Level (See Impact Definitions)	Inherent Risk Level (Link to Risk Matrix)	Additional Likelihood Controls	Additional Impact Controls	Revised Likelihood (see definitions)	Revised Impact Level (See Impact Definitions)	Residual Risk Level (Link to Risk Matrix)																		
16	Activities on site affecting adjacent property tenant (DXC) who provides essential IT services for key/important State and Fed Government entities	People	<ul style="list-style-type: none"> Contractor required to adhere to EPA standards in relation to noise, dust and other environmental matters Undertake noise and vibration investigations to inform Council and DXC of the possible impacts. Engage with DXC to determine level of disturbance that may be created by site activities and then adjust work practices to suit. Ensure the contract and specifications is clear on what is required of the contractor in regards to this matter. Develop comprehensive TMPs for PMSC/DXC carpark entrance/exit 	<ul style="list-style-type: none"> Contractor required to adhere to EPA standards in relation to noise, dust and other environmental matters Undertake noise and vibration investigations to inform Council and DXC of the possible impacts. Engage with DXC to determine level of disturbance that may be created by site activities and then adjust work practices to suit. Ensure the contract and specifications is clear on what is required of the contractor in regards to this matter. Develop comprehensive TMPs for PMSC/DXC carpark entrance/exit 	Likely	Moderate	High 9	<ul style="list-style-type: none"> Open line of communication with property manager/Council/PMSC manager to address and monitor concerns 	Likely	Moderate	High 9	<ul style="list-style-type: none"> Open line of communication with property manager/Council/PMSC manager to address and monitor concerns 	Regulatory	Regulatory	Project Manager	Open														
		Financial				People				People								People	People	People	People	People								
		Services				Financial				Financial								Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	
		Reputation				Services				Services								Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services
		Environment				Reputation				Reputation								Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation
		Regulatory				Environment				Environment								Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment
17	Negative sentiment in the community regarding the expenditure of funds and value for money and potential increase in project budget for the new gym	People	<ul style="list-style-type: none"> Development of strategic communications strategy to guide activities to occur at major milestones (including budget changes) Providing further information on the evolution of the project i.e. what happened after initial consultation on a possible refurbishment and Council's decision making process Promotion of new design and linkage to community feedback and market intelligence. 	<ul style="list-style-type: none"> Development of strategic communications strategy to guide activities to occur at major milestones (including budget changes) Providing further information on the evolution of the project i.e. what happened after initial consultation on a possible refurbishment and Council's decision making process Promotion of new design and linkage to community feedback and market intelligence. 	Possible	Moderate	Substantial 13		Possible	Moderate	Substantial 13		Regulatory	Regulatory	CEO	Open														
		Financial				People				People								People	People	People	People	People								
		Services				Financial				Financial								Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	
		Reputation				Services				Services								Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services
		Environment				Reputation				Reputation								Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation
		Regulatory				Environment				Environment								Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment
18	Internal communications between project delivery and operations manager does not support efficient planning and preparation for 'go live' (operations phase).	People	<ul style="list-style-type: none"> Staff briefings and ongoing subject matter meetings. Regular engagement with PMSC manager 	<ul style="list-style-type: none"> Staff briefings and ongoing subject matter meetings. Regular engagement with PMSC manager 	Possible	Moderate	Substantial 13	<ul style="list-style-type: none"> Regular meetings to be held between Delivery and Ops team and information shared on progress and timing to completion. Early identification of training requirements and staff to be involved in familiarisation activities. Monthly project report shared with Operations Senior Staff for information on progress. 	Possible	Moderate	Substantial 13	<ul style="list-style-type: none"> Regular meetings to be held between Delivery and Ops team and information shared on progress and timing to completion. Early identification of training requirements and staff to be involved in familiarisation activities. Monthly project report shared with Operations Senior Staff for information on progress. 	Regulatory	Regulatory	GM, Community Development	Open														
		Financial				People				People								People	People	People	People	People								
		Services				Financial				Financial								Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	Financial	
		Reputation				Services				Services								Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services	Services
		Environment				Reputation				Reputation								Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation	Reputation
		Regulatory				Environment				Environment								Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment	Environment

Project Risk Register



Department:	Infrastructure & Major Projects	Project Name:	Payneham Gymnasium	Date Created:	30-Jan-26
Section / Unit:	Assets & Projects	Project Description:	Construction of new building, integrated with PMSC facility and construction of new carpark on Patterson Reserve adjacent Turner St	Date Revised :	30-Jan-26
Location:	OG Road, Felixstow			Revised by	A Hamilton, N Carr, M Moshos
Project Manager:	M Moshos			Budget:	TBC

Risk #	(What, When & Why)	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owner(s) (Who is Responsible)	Status	Comments
		Risk Consequence (Simple description - i.e. what the outcome will be?)	Existing Likelihood Controls	Existing Impact Controls	Likelihood (See definitions)	Impact Level (See Impact Definitions)	Inherent Risk Level (Link to Risk Matrix)	Additional Likelihood Controls	Additional Impact Controls	Revised Likelihood (See definitions)	Revised Impact Level (See Impact Definitions)	Residual Risk Level (Link to Risk Matrix)				
19	Build time for new Gym exceeds expected program (from re-set baseline at Contract Award).	People	<ul style="list-style-type: none"> Assessment of Tenderer programs to ensure confidence in build time and adequate contingency (with Contractor's program to inform future communications re timing). Program risk and contingency are considered and incorporated into the program 	Possible	People	Medium 19	<ul style="list-style-type: none"> Identification and implementation of time saving levers (e.g. working Saturdays) Ongoing communication between project team and Comms Team regarding programme performance. Provision of advice to community regarding any changes to opening date, including website updates 	Possible	People	Minor	Medium 19	Open	Project Manager			
		Financial			Financial				Financial							
		Services			Services				Services							
		Reputation			Moderate				Reputation							
		Environment							Environment							
		Regulatory							Regulatory							
20	Elected Members are not provided with project information that supports timely and effective decision making.	People	<ul style="list-style-type: none"> Provision of key information to Councillors during procurement phase. Communications with Councillors is aligned with milestones during procurement and delivery Requests for information that may result in changes to scope are carefully assessed and reported by project team. Prepare comprehensive tender evaluation report for Council decision making 	Unlikely	People	Medium 17	<ul style="list-style-type: none"> Provide regular reporting to Elected Members during construction 	Unlikely	People	Moderate	Medium 17	Open	Manager, Assets & Projects			
		Financial			Financial				Financial							
		Services			Services				Services							
		Reputation			Minor				Reputation							
		Environment							Environment							
		Regulatory							Regulatory							
21	Information or project messaging to community is inconsistent.	People	<ul style="list-style-type: none"> Web page information available including updated timeline. 	Possible	People	Substantial 13	<ul style="list-style-type: none"> Develop community and stakeholder engagement strategy including approved key messages Approval checkpoints to be identified for comms materials 	Unlikely	People		Medium 17	Open	Manager, Communications & Stakeholder Engagement			
		Financial			Financial				Financial							
		Services			Services				Services							
		Reputation			Moderate				Reputation							
		Environment							Environment							
		Regulatory							Regulatory							
22	Stakeholder management during delivery is not actively managed	People	<ul style="list-style-type: none"> Consultation and ongoing communications with the Swimming Club & other stakeholders 	Possible	People	Medium 19	<ul style="list-style-type: none"> Develop community and stakeholder engagement strategy with assigned responsibilities (i.e., engagement for construction vs engagement with stakeholders to be involved in operational phase) Build on initial stakeholder analysis to develop targeted approaches for engagement and provision of information. 	Unlikely	People	Minor	Low 21	Open	Manager, Communications & Stakeholder Engagement			
		Financial			Financial				Financial							
		Services			Minor				Services							
		Reputation			Minor				Reputation							
		Environment							Environment							
		Regulatory							Regulatory							

Project Risk Register



Department:	Infrastructure & Major Projects	Project Name:	Payneham Gymnasium	Date Created:	30-Jan-26
Section / Unit:	Assets & Projects	Project Description:	Construction of new building, integrated with PMSC facility and construction of new carpark on Patterson Reserve adjacent Turner St	Date Revised:	30-Jan-26
Location:	OG Road, Felixstow M Moskos	Existing Controls:		Revised by:	A Hamilton, N Carr, M Moskos
Project Manager:		Risk Consequence:		Budget:	TBC

Risk #	(What, When & Why)	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK			Risk Owner(s) (Who is Responsible)	Status	Comments
		Risk Consequence (Simple description - i.e. what the outcome will be?)	Existing Likelihood Controls	Existing Impact Controls	Likelihood (See definitions)	Impact Level (See Impact Definitions)	Inherent Risk Level (Link to Risk Matrix)	Additional Likelihood Controls	Additional Impact Controls	Revised Likelihood (see definitions)	Revised Impact Level (See Impact Definitions)	Residual Risk Level (Link to Risk Matrix)			
23	Operator becomes insolvent	People	<ul style="list-style-type: none"> detailed and thorough procurement process regular contractor management meetings 	Possible	Moderate	Substantial 13	<ul style="list-style-type: none"> Annual approval of PMSC budget 	Possible	People	Moderate	Substantial 13	GM, Community Development	Open		
		Financial				Moderate			Substantial 13						
		Services													
		Reputation				Moderate			Substantial 13						
		Environment													
24	Gym performance is less than forecast	People	<ul style="list-style-type: none"> Independent benchmarking of financial modelling Assessment of financial modelling by operators through procurement 	Possible	Moderate	Substantial 13	<ul style="list-style-type: none"> Independent assessment of performance at year 3 post gym opening 	Possible	People	Moderate	Substantial 13	GM, Community Development	Open		
		Financial													
		Services													
		Reputation													
		Environment													
25	Construction impacts on operational/financial forecast of PMSC	People	<ul style="list-style-type: none"> Scheduled commencement of construction during off-peak Completion of pattern carpark prior to commencement of Gym 	Possible	Minor	Medium 19	<ul style="list-style-type: none"> Ongoing communication with relevant stakeholders 	Possible	People	Minor	Medium 19	Manager, Assets & Projects	Open		
		Financial													
		Services													
		Reputation													
		Environment													
26	Gym design/functionality does not meet the communities expectations	People	<ul style="list-style-type: none"> Include manager in design review process Benchmark gym with other local gov gyms Engage with experienced designers 	Unlikely	Minor	Low 21		Unlikely	People	Minor	Low 21	Manager, Assets & Projects	Open		
		Financial													
		Services													
		Reputation													
		Environment													
27	Centre manager performs poorly upon opening	People	<ul style="list-style-type: none"> rigorous procurement process for manager regular contractor management meetings clear KPIs & reporting requirements 	Possible	Minor	Medium 19	<ul style="list-style-type: none"> Independent review of performance in year 3 	Possible	People	Minor	Medium 19	GM, Community Development	Open		
		Financial													
		Services													
		Reputation													
		Environment													
28	New competition that results in PMSC Gym not being competitive	People	<ul style="list-style-type: none"> Benchmark financial performance with other local gov gyms Strong brand and demand generation through mature products 	Possible	Moderate	Substantial 13	<ul style="list-style-type: none"> regular contract management meetings robust KPIs & performance monitoring 	Possible	People	Moderate	Substantial 13	GM, Community Development	Open		
		Financial													
		Services													
		Reputation													
		Environment													