

5.2 PAYNEHAM MEMORIAL SWIMMING CENTRE REDEVELOPMENT PROJECT

REPORT AUTHOR: General Manager, Community Development
APPROVED BY: Chief Executive Officer
ATTACHMENTS: A - E

PURPOSE OF THE REPORT

The purpose of this report is to present to the Audit & Risk Committee, for its consideration, the Prudential Report that has been prepared by Dean Newbery (Consultants), for the proposed Payneham Memorial Swimming Centre (PMSC) gymnasium and carpark.

BACKGROUND

Pursuant to Section 126(1a) of the *Local Government Act 1999*, the purpose of the Council's Audit & Risk Committee (the Committee), is to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters.

Section 126(4)(i) of the Act, requires that the Committee review any Prudential Report obtained by the Council under Section 48(1) of the Act.

The Council owns and operates both the Norwood Swimming Centre (NSC) and the Payneham Memorial Swimming Centre (PMSC).

The Council's Swimming Centres Long Term Strategy sets out the direction for both the NSC and the PMSC. The key components within the Strategy include retention of two outdoor pool facilities in the City of Norwood Payneham & St Peters and the provision of diverse aquatic recreational opportunities, including:

- lap swimming;
- swim coaching/squads;
- learn to swim lessons (private, group and school);
- recreational aquatic play;
- aquatic fitness; and
- community and family gatherings.

At its Special Council Meeting held on 28 April 2025, the Council resolved the following (Confidential Item 2.1) in respect to the PMSC:

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.*
3. *That the Chief Executive Officer be authorised to enter into the negotiation of terms under which the Norwood Swimming Centre may be incorporated into an external management solution.*
4. *A budget allocation of \$145,000 be authorised to support the engagement of resources to facilitate the operationalisation of the Council's Swimming Centres.*
5. *The Chief Executive Officer be authorised to undertake negotiations with the preferred external manager, noting that the results will be presented to the Council for approval.*
6. *The Chief Executive Officer be authorised to undertake negotiations with the Norwood Swimming Club for the purposes of entering into a sub-lease arrangement to be incorporated into the external management contract that will be presented to the Council for approval.*

7. *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.*
8. *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.*
9. *That design work on a bus step-down and bus holding areas be progressed (at an estimated cost of \$35,000).*
10. *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.*
11. *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.*

Parts 1 – 6 and 9 – 10 of the above resolution, were subsequently released from confidential orders. Parts 7, 8 and 11 remain bound by the confidentiality order made at the Council Meeting held on 28 April 2025.

Subsequent to the decision made by the Council at its meeting held on 28 April 2025, at its meeting held on 3 November 2025, the Council resolved the following (Confidential Item 16.3):

1. *Disclosure of the potential gymnasium project with management proponents who submit a proposal for the management of the PMSC be approved.*
2. *That incorporation of the proposed gymnasium design and associated modifications into the current PMSC management procurement process for the purpose of validating the Council's forecast financial performance and to seek input relating to internal designs be approved.*
3. *That commissioning of a Prudential Management Report associated with the proposed PMSC gymnasium project and a budget in the order of \$10,000 be approved.*
4. *That the concept designs for the Gymnasium and Car Park be approved.*
5. *That a budget variation of \$185,000 (excluding GST) to fund detailed design of the Gymnasium to enable commencement of construction in line with the indicative schedule outlined in this report, be approved.*
6. *That a budget variation of \$68,000 (excluding GST) to fund detailed design of the Car Park to enable commencement of construction in line with the indicative schedule outlined in this report, be approved.*

In accordance with this decision, the preparation of a Prudential Report has been commissioned and finalised and is now presented to the Committee for consideration and to provide advice to assist the Council when it considers this matter.

STRATEGIC DIRECTIONS

CityPlan 2030 Alignment

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Update to PMSC and Gymnasium Financial Forecast

As a part of the procurement process for the selection of a Manager to operate the PMSC, all tenderers were invited to provide feedback on the proposed gymnasium. Specifically, tenderers were asked to:

- comment on the value of the inclusion of a gymnasium with the PMSC;
- provide a three (3) year forecast operational budget; and
- provide feedback on the proposed design.

Value of the inclusion of a Gymnasium

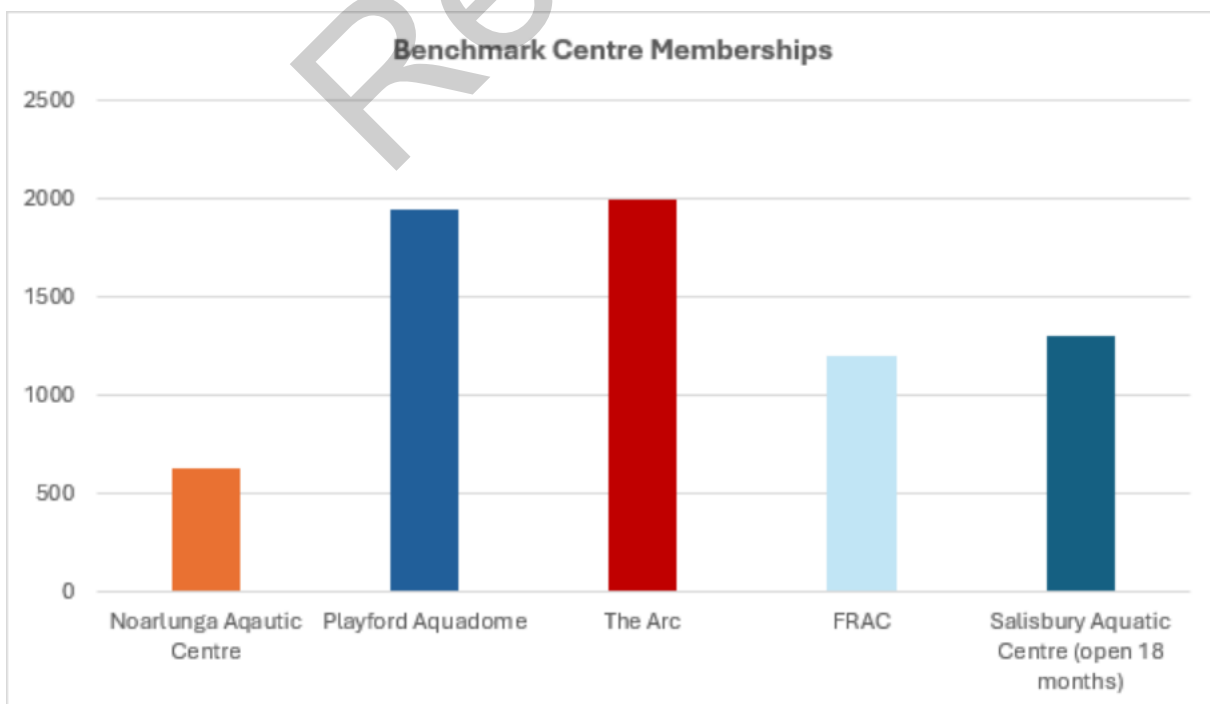
Each tenderer as part of that procurement process, acknowledged that the PMSC would be improved (both from a financially and community perspective) through the inclusion of a gymnasium as part of the facility. Importantly, the benefit derived from a gymnasium is not limited to the gymnasium itself per se but strengthens the community impact and financial sustainability of the entire PMSC. This reflects the strong consumer demand for wellbeing products and the unique market position that government owned aquatic centres such as the PMSC, can provide through combining both dry and wet health and wellbeing products. This mixture of assets (i.e. swimming pools and gymnasium) is not typically able to be provided by private owners/operators and hence does not directly compete with existing stand-alone gymnasiums in the market.

Forecast Operational Budget – Updated Assumptions

When considering the viability of a gymnasium, BRM Advisory (Consultants) developed a financial forecast that has been informed by the performance of other Local Government owned aquatic centres that incorporate a gymnasium.

Graph 1 below, outlines benchmarked gymnasium membership numbers at other comparable aquatic facilities:

GRAPH 1: BENCHMARKED GYMNASIUM MEMBERSHIPS



When making comparisons for the purposes of forecasting participation at the proposed gymnasium at the PMSC, the following should be considered:

- Whilst The ARC (Campbelltown) is an older facility, it operates in proximity to the PMSC and includes a similar sized gymnasium as proposed for the PMSC. Feedback indicates that The ARC's gymnasium is at full capacity with 2,000 members.
- The Playford Aquadome is also an older facility however, operates in a different market when compared to the PMSC. The Aquadome is a highly successful facility and enjoys consistently strong gymnasium membership of around 1,900 members.
- The Salisbury Aquatic Centre is a new facility and hence, is still building market share. This Centre operates in a different market to the PMSC with high levels of price sensitivity. Importantly, the facility's location has very low visibility (due to its location) which adds complexity to achieving membership growth. At the time of benchmarking, the Centre remained in the 'ramp-up' (to full operation) stage and all membership targets were being achieved.
- The Fleurieu Regional Aquatic Centre (FRAC) is a ten-year old facility that operates in a regional setting.
- The Noarlunga Aquatic Centre is a significantly older facility with a small gymnasium (less than 300m² with aged equipment).

Taking the above into consideration, BRM Advisory have forecast that the proposed PMSC gymnasium could achieve a sustained membership of 1,500 members annually when fully operational.

The feedback received from the tenderers (Belgravia, YMCA and BlueFit) for the management of the PMSC have forecast similar membership (principally based on an industry standard that models members per square metre) to the BRM Advisory modelling once at full operation. These membership forecasts are:

- BRM Advisory estimates – 1,500 members
- Belgravia – 1,397 members
- YMCA – 1,200 – 1,400 members
- BlueFit – 1,400 - 1,600 members.

In addition, all tenderers have submitted forecast budgets that have provided additional visibility of operational expenses specific to the gymnasium (e.g. energy costs). As a standalone building outside of the PMSC footprint, the tenderers have rightly acknowledged a number of increased operational costs that would be incurred based on the designs that have been prepared which were marginally higher than the operational costs that were forecast in April 2025.

The tenderer's submissions have provided additional insight into both the PMSC's and the gymnasiums operating finances. As a result, the BRM Advisory model for both the PMSC (without a gymnasium) and the PMSC with a gymnasium, was updated to reflect some of these insights. For example, changes include:

- PMSC - reduced ramp-up performance, increased Learn to Swim participation, reduced café profit margin and increased cleaning costs.
- Gymnasium – reduced membership from 1,500 to 1,400, increased cleaning costs, increased utilities costs due to 24/7 hour operation and additional salary for fitness instructors.

Table 1 below illustrates that based on a gymnasium practical completion date of November/December 2027, in addition to improved community benefit, a significantly improved level of overall financial performance is to achieve an approximate net average of \$800,000 reduced annual subsidy (ie. the net cost to the Council) when operating at full capacity. The model forecasts the gymnasium to achieve a payback period of 11.1 years on the capital expenditure (over 40 years) cost of building both the gymnasium and the additional carparking that is required.

Table 1 – PMSC With Gymnasium and No Gymnasium Operating Result

Net Operating EBITDA (no gym)	-	(245,000)	(1,257,004)	(1,139,104)	(933,895)	(797,543)	(820,671)	(844,471)	(868,961)	(894,160)	(920,091)	(946,774)
Net Operating EBITDA (with Gym)	-	(245,000)	(1,257,004)	(1,115,936)	(618,569)	(266,517)	(61,700)	(63,490)	(65,331)	(67,225)	(69,175)	(71,181)
Variance				23,169	315,326	531,026	758,971	780,981	803,630	826,935	850,916	875,593

A forecast Profit and Loss Statement for the PMSC, with and without a gymnasium and a Returns Analysis (based on a 40 year useful life, which includes provision for the renewal of the gymnasium equipment during the life), is contained in **Attachment A**.

RISK MANAGEMENT

As Committee Members are aware, the PMSC and the proposed gymnasium represent demand driven enterprises.

Financial forecasts have been informed by financial modelling that has been undertaken by BRM Advisory and which incorporate benchmarked data from other similar Local Government owned aquatic centres for the Manager of the PMSC. This modelling has been further refined through the PMSC procurement process, where tenderers were invited to provide financial forecasts for both the PMSC and the PMSC with a gymnasium. Where there were material differences between the BRM Advisory forecast and information that has been received from the tenderers, the BRM Advisory model has been updated to reflect different assumptions.

Similarly, the gymnasium design has been modelled on benchmarked facilities and information supplied by the tenderers, as a part of the PMSC manager procurement process. Tenderers were also invited to provide feedback on the design. It is intended that the successful tenderer's feedback will be incorporated, where possible, into the final design to maximise the gymnasium's functionality.

This staged approach has sought to provide informed benchmarks and comparative assessments to ensure the prudent management of the following:

- the operational (including community benefit), asset and financial performance of the PMSC and proposed gymnasium;
- the impact and affordability of the construction of the gymnasium on the Council's Long-Term Financial Plan; and
- the return on investment and reduction of operating costs to achieve improved financial sustainability associated with the PMSC.

CONSULTATION

Elected Members

An Elected Member's Information Briefing Session was held on 9 December 2024 and Elected Members subsequently considered this matter at the Special Council Meeting held on 28 April 2025.

Community

Not Applicable.

Staff

Chief Financial Officer

Other Agencies

Not Applicable.

DISCUSSION

The *Local Government Act 1999*, requires that a report addressing the prudential issues, as set out in Section 48(2) of the Act, must be prepared for any project that meets the criteria set out in Section 48(1) of the Act, where:

- the expected expenditure of the council over the ensuing five years is likely to exceed 20 per cent of the Council's average annual operating expenses over the previous five financial years (as shown in the Council's financial statements);
- or where the expected capital cost of the project over the ensuing five years is likely to exceed \$4,000,000 (indexed);
- or where the Council considers that it is necessary or appropriate.

The Prudential Report must be prepared by a person whom the Council reasonably believes to be qualified to address the prudential issues continued in Section 48(4) and must not be a person who has an interest in the relevant project as defined in Section 48(6a) - (6c).

The proposed PMSC gymnasium and associated carpark, is forecast to have a combined capital cost of \$5,818,845, comprising of \$4,178,845 for construction of the gymnasium and \$1,640,000 for construction of the carpark which includes a pedestrian foot bridge and renewal and relocation of the existing sport nets on Patterson Reserve.

Dean Newbery, a long-established Adelaide-based accounting and advisory firm, was engaged in November 2025, to undertake the preparation of the Prudential Report. The scope of the Prudential Report relates specifically to the proposed gymnasium and associated carpark at the PMSC.

Dean Newbery have completed the Prudential Report which is contained in **Attachment B**. The Report has identified the following Outstanding Matters:

- 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.). Reference 2.2.1*

Response:

The Council's Long-Term Financial Plan (LTFP) was updated in July 2025 and incorporates the following:

- Audited 2024-2025 actual results;
- 2025-2026 Budget Review 1;
- an additional spend of \$3.6m for the PMSC construction. (ie. the Design & Construction Items as approved by the Council)

On this basis, the Council's financial indicators have been modelled to reflect both the PMSC Only and PMSC With Gym scenarios, which are illustrated in **Attachment C** and **D**. A comparative assessment of Prudential Indicators is outlined in Table 2 below:

TABLE 2: PRUDENTIAL INDICATOR ASSESSMENT

Prudential Indicator	No Gym Scenario	With Gym Scenario	Risk Rating With Gym	Key Prudential Risk
<i>Operating Surplus Ratio</i>	Positive across all years; marginal in early years but steadily improving.	Negative in 2026-2027 and 2027-2028 before recovering and exceeding No Gym scenario in later years.	Moderate	Short-term operating deficits reduce financial buffer and resilience during early debt years.
<i>Net Financial Liabilities Ratio</i>	Peaks at ~168% before improving to ~108% by 2035-2036.	Peaks higher at ~177% and remains elevated for longer, improving to ~112% by 2035-2036.	Moderate-High	Increased leverage heightens exposure to interest rate movements and limits capacity to absorb financial shocks.
<i>Debt Level</i>	Peak debt ~\$106.5m before gradual reduction.	Peak debt ~\$112.7m.	Moderate	Higher absolute debt increases refinancing and repayment risk.
<i>Debt Servicing Ratio</i>	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.
<i>Interest Cover Ratio</i>	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.

As Committee Members are aware, the Local Government Finance Authority (LGFA) has strongly recommended that the Council operates within the parameters of the existing special conditions that have been placed on the Council by the LGFA in respect to the loan borrowings for the PMSC and the other two (2) significant projects that are contained in the current LTFP, mainly implementation of The Parade Masterplan and the upgrade of the Norwood Library. Where necessary, should the Council proceed with the gymnasium, consideration may need to be given to delaying or deferring other projects to safeguard the Council's long-term financial sustainability and to ensure the ongoing capacity to meet current and future financial obligations.

A revision of the LTFP will be undertaken as part of the Council's Budget process. Assessments undertaken in conjunction with the gymnasium project have not sought to assess the relative merits in comparison to other strategic considerations currently encompassed within the Council's LTFP, but rather whether the gymnasium provides a cost benefit to the Councils long term financial sustainability and capacity to fund the project.

- 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. Reference 2.2.2

Response:

At its meeting held on 20 January 2026, the Council resolved the following:

That the Council notes the outcome of the community consultation undertaken on the proposed changes to the Community Land Management Plan — Sporting Facilities and the draft Management Agreement for the Payneham Memorial Swimming Centre.

This concludes the Council’s community consultation legislative responsibilities associated with the PMSC and its management being provided by a contractor.

Notwithstanding community consultation which is required as a part of assessing the Development Application, the Council can consider undertaking additional community consultation in respect to the gymnasium. However, consideration should be given to the gymnasium as a feature of the PMSC. In this respect, the gymnasium functions as a service within the PMSC in the same way that the other individual elements of the PMSC, such as a ‘learn to swim pool’, have been incorporated to support a specific suite of intended services.

Whilst the gymnasium offers improved community benefits, its primary consideration for the Council relates to improving the financial sustainability of the PMSC as a whole. In this regard, it is suggested that the principal community interest relates to the Council’s budget and that existing community consultation processes attached to the Annual Business Planning Process will provide the community an understanding of the opportunity and impact associated with the gymnasium project.

However, in the event that the Council wishes to undertake additional community consultation relating specifically to the gymnasium, a budget of \$10,000 would need to be approved. Consideration will need to be given to the planned project schedule as illustrated below in Table 3 and Table 4:

TABLE 3: PROJECT SCHEDULE – GYMNASIUM

		2026												2027												
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Gym	Development approvals																									
	Detailed design & costing																									
	Construction tender & contract award																									
	Final report to Council																									
	Gym construction																									

TABLE 4: PROJECT SCHEDULE - CARPARK

		2026											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Patterson Carpark	Consultation & development approvals												
	Detailed design & costing												
	Construction tender & contract award												
	Carpark construction												

The existing cost estimate includes escalation costs for the gymnasium up to December 2027. No cost escalation has been included for the carpark, with construction scheduled to commence in August 2026. Delays to these schedules will result in additional project costs. Rider Levett Bucknall (Cost Consultant) are currently forecasting escalation to be 4.5% in 2028 and 4.5% in 2029. Whilst consultation may be achieved within the project schedule (anticipated at 2 months which includes a three (3) week consultation phase), consideration would need to be given to the impact on other communication activities to achieve completion within the project schedule.

- 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. Reference 2.2.3*

Response:

The Council has progressed design of the gymnasium and carpark to 30% completion. This is an industry accepted level of design development that provides an adequate level of visibility of construction and materials from which to establish a total project cost. The existing cost estimate provided by Rider Levett Bucknall incorporates escalation costs until December 2027 (i.e. if progressed the project is scheduled to be completed by December 2027).

The current procurement for a manager to operate the PMSC (incorporating the gymnasium if approved) sought feedback from the tenderers regarding to the design of the gymnasium. Feedback for tenderers on the gymnasium design was largely consistent. Feedback on the existing design included the removal of one of the two group exercise areas in preference for a larger gymnasium area (e.g. dry-weights) Whilst the YMCA provided feedback on a reduced gymnasium footprint as a value management option, through the clarification meetings it was highlighted that this was not a preferred position.

Some other improvements were also presented however these require further investigation. These improvements will not be progressed where they represent a substantial departure from the existing cost estimate.

Should the Council endorse the progression of a gymnasium at the PMSC, it is proposed that the final internal design of the proposed gymnasium be refined in partnership with the successful company that is selected to manage the PMSC.

All tenderers strongly supported a 24/7 operation, noting that this aligned strongly with the PMSC market.

- 4) *Approval from the LGFA for the additional forecasted borrowings has not been finalised and remains outstanding. Reference 2.2.4.*

Response:

To obtain approval from the LGFA, the Council will be required to demonstrate compliance with the prescribed financial parameters that have been set by the LGFA and any prudential requirements. Accessing additional borrowing for the gymnasium may necessitate a reassessment and potential reprioritisation of other planned projects to ensure borrowing levels and key financial indicators remain within acceptable thresholds.

- 5) *The Council is possibly in breach of its current covenant agreements with the LGFA and is in discussion with the LGFA in that regard. Reference 2.2.5.*

Response:

The initial response from the Local Government Finance Authority (LGFA) regarding the gymnasium has confirmed that the Special Conditions set out in the loan documentation must be strictly complied with. Non-compliance may trigger a requirement to renegotiate or refinance the facility on revised terms. A meeting between LGFA staff and Council staff has been scheduled for 20 February 2026 to confirm this position.

- 6) *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). Reference 2.2.6.*

Response:

A Special Council Meeting is scheduled to be held on 11 March 2026, at which the preferred proponents who have submitted tenders to manage the PMSC have been invited to make a presentation to the Council. This will represent the final stage of the procurement process for the appointment of the PMSC Manager and the information captured will contribute to the assessment undertaken to date. It is anticipated that the Council will approve the selected manager following the presentations.

- 7) *The Council's Audit & Risk Committee have yet to receive and consider the Project Risk Register. Reference 2.2.7.*

Response:

An initial risk workshop specifically related to the gymnasium project was undertaken in January 2026 and the outcome is contained in **Attachment E**. The risk workshop identified 28 risks. Of these, following the application of additional controls, there were no risks with an inherent risk of Extreme and two (2) risks identified with an inherent risk of High, namely;

- Risk 12: Inadequate car parking for users during/following redevelopment; and
- Risk 16: Activities on site affecting adjacent property tenant (DXC) who provides essential IT services for key/important State and Fed Government entities.

Risk 12: *Inadequate car parking for users during/following redevelopment* relates to the anticipated participation trends associated with aquatic facilities, where participation is often concentrated during specific times e.g. after-school, or during hot weather events. This is compounded by other activities such as sport activities on Patterson Reserve. Whilst the current planned carparking provision satisfies the Council's carpark obligations, it is expected that high demand periods may exceed this provision. Carpark requirements will be continually assessed and alternate parking and transport options communicated to patrons.

Risk 16: *Activities on site affecting adjacent property tenant (DXC) who provides essential IT services for key/important State and Fed Government entities*. The PMSC southern carpark adjoins the DXC carpark and both carparks utilise a common entry/exit. It is anticipated that participation trends at the PMSC will be concentrated during specific times e.g. after-school, or during hot weather events. Whilst access to the DXC carpark is managed, entry and exit may be compromised during peak use periods. Carpark usage will be monitored. Where necessary, preferred parking options will be communicated with PMSC patrons.

- 8) *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. Reference 2.2.8.*

Response:

An Asset Management Plan (AMP) for the new asset will be developed, should the Council approve progressing the gymnasium project. The AMP will consider the asset's 'Whole-of-Life' costs including maintenance and renewal and will be integrated into Council's Buildings Asset Management Plan. All of the Council's AMPs are presented to the Council for approval.

- 9) *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. Reference 2.2.9.*

Response:

A Development Application has been prepared and has been submitted to the Council. The Application is currently on hold so that the design can incorporate feedback from the tenderers, should the Council approve progressing the gymnasium project is approved.

- 10) *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. Reference 2.2.10.*

Response:

The Council's *Prudential Management Policy* is currently undergoing a review and will be presented to the Council for approval shortly. Whilst the Policy is overdue for review, it remains in place until a new Policy is adopted or is revoked. Notwithstanding this, no significant amendments to the Policy are likely to be necessary.

Risks Identified Within The Prudential Management Report

Eleven (11) risks have been identified within the Prudential Report. These risks have been reconciled against the Project Risks and as detailed in Table 5 below. In this regard, it is considered that all risks identified within the Prudential Report have been considered.

TABLE 5: COMPARISON OF RISKS

Project Risks	Risks Identified Within The Prudential Management Report
1. Tendered prices are in excess of the Council's existing budget.	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 the Council ensuring that it has in place high standard contract documentation and contract management procedures 'fit for purpose' for the Project
2. Design cannot achieve an acceptable Project outcome within the Council's proposed budget.	
3. Escalating costs / inflation in tender prices	
6. Failure to determine appropriate operational model and establish / implement opening alongside pool.	3.1.3.9 Opposition from the local community or underperformance may adversely impact Council's reputation.

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- 7. Inadequate / Improper Asset Maintenance and Renewal.

 - 10. Adverse environmental impacts on Patterson Reserve Precinct.

 - 11. Incorrect / unrealistic public expectations.

 - 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.

 - 18. Internal communications between project delivery and operations manager does not support efficient planning and preparation for 'go live' (operations phase).

 - 22. Stakeholder management during delivery is not actively managed.

 - 26. Gym design/functionality does not meet the community's expectations.

8. Latent conditions and existing services not identified

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 the Council ensuring that it has in place high standard contract documentation and contract management procedures 'fit for purpose' for the Project

12. Inadequate car parking for users during/following redevelopment

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.

20. Elected Members are not provided with project information that supports timely and effective decision making.

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 the Council's long-term financial position. Note – this is not a project risk and is managed in accordance with the Council's budget processes.

3.1.3.7 The 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 the Council's future financial capacity and flexibility for other priorities/projects.

23. Operator becomes insolvent	<p>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.</p> <p>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.</p>
24. Gym performance is less than forecast	<p>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.</p> <p>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.</p> <p>3.1.3.7 The 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).</p> <p>3.1.3.10 Independent facilities managers appointed by the Council lack appropriate expertise and/or do not perform to the Council's performance expectations, leading to sub-optimal programming, utilisation, and customer experience.</p> <p>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.</p>
27. Centre manager performs poorly upon opening	<p>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.</p> <p>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.</p> <p>3.1.3.10 Independent facilities managers appointed by the Council lack appropriate expertise and/or do not perform to the Council's performance expectations, leading to sub-optimal programming, utilisation, and customer experience.</p>

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.

28. New competition that results in PMSC Gym not being competitive

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.

3.1.3.10 Independent facilities managers appointed by the Council lack appropriate expertise and/or do not perform to the 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.

OPTIONS

Pursuant to Section 126(1a) of the *Local Government Act 1999*, the role of the Council's Audit & Risk Committee (the Committee), is to provide independent assurance and advice to the Council on accounting, financial management, internal controls, risk management and governance matters. Specifically, Section 126(4)(i) of the Act requires that the Committee review any report obtained by the Council under Section 48(1) of the Act.

CONCLUSION

A Prudential Report has been prepared by Dean Newbery for the proposed Payneham Memorial Swimming Centre gymnasium and carpark, in accordance with Section 48 of the Act 1999 and is now provided to the Audit & Risk Committee for consideration.

The Prudential Report provides sufficient information to the Committee upon which to compile advice for the Council's consideration, if the Committee determines to do so.

RECOMMENDATION 1

That pursuant to Section 90(2) and (3) of the Local Government Act 1999 the Audit & Risk Committee orders that the public, with the exception of the Council staff present, be excluded from the meeting on the basis that the Audit & Risk Committee will receive, discuss and consider:

- (b) information the disclosure of which -
 - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and*
 - (ii) would, on balance, be contrary to the public interest.**
- (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which -
 - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and*
 - (ii) would, on balance, be contrary to the public interest.**

and the Audit & Risk Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

RECOMMENDATION 2

That the Prudential Report titled Payneham Memorial Swimming Centre Gymnasium Project prepared by Dean Newbery and dated February 2026, be received and noted.

RECOMMENDATION 3

Under Section 91(7) and (9) of the Local Government Act 1999 the Audit & Risk Committee:

- 1. orders that the resolution and Attachments C and D (financial indicators modelling with the PMSC Only and the PMSC With Gym respectively) be released;*
 - 2. orders that the report, discussion and Attachment A (Forecast Profit and Loss Statements for the PMSC), Attachment B (Prudential Report) and Attachment E (Gym Project Risks) be kept confidential until 30 June 2027; and*
 - 3. authorises the Chief Executive Officer to release the above information earlier, if required.*
-

Mr Kym Holman moved:

That pursuant to Section 90(2) and (3) of the Local Government Act 1999 the Audit & Risk Committee orders that the public, with the exception of the Council staff present (Chief Executive Officer, General Manager Governance & Civic Affairs, General Manager, Community Development, Manager, City Assets & Projects, Manager, Governance, Michael Richardson, Director, BRM Advisory and John Jovicevic, Director, Dean Newbery)), be excluded from the meeting on the basis that the Audit & Risk Committee will receive, discuss and consider:

- (b) information the disclosure of which -
 - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - (ii) would, on balance, be contrary to the public interest.
- (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which -
 - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
 - (ii) would, on balance, be contrary to the public interest.

and the Audit & Risk Committee is satisfied that, the principle that the meeting should be conducted in a place open to the public, has been outweighed by the need to keep the receipt/discussion/consideration of the information confidential.

Seconded by Cr Piggott and carried unanimously.

Cr Piggott moved:

That the Audit & Risk Committee:

1. Receives and notes the Prudential Report titled Payneham Memorial Swimming Centre Gymnasium Project prepared by Dean Newbery and dated February 2026.
2. Notes that the proposed construction of the gym and car park at PMSC is predicted to provide a significant positive financial result to the City.
3. Recommends to the Council ahead of any decision to progress the project, that Council undertakes a detailed review of the current LTFP including a Sensitivity Analysis on key assumptions and specific evaluation of The Parade Masterplan project
4. Recommends to the Council that community engagement be undertaken in respect to the proposed spending of \$5.8 million, given the City's current financial position, to achieve future financial returns to Council.

Seconded by Mr Kym Holman and carried unanimously.

Mr Kym Holman moved:

Under Section 91(7) and (9) of the Local Government Act 1999 the Audit & Risk Committee:

1. orders that the resolution and Attachments C and D (financial indicators modelling with the PMSC Only and the PMSC With Gym respectively) be released;
2. orders that the report, discussion and Attachment A (Forecast Profit and Loss Statements for the PMSC), Attachment B (Prudential Report) and Attachment E (Gym Project Risks) be kept confidential until 30 June 2027; and
3. authorises the Chief Executive Officer to release the above information earlier, if required.

Seconded by Cr Piggott and carried unanimously.

Profit and Loss - Management (No Gym)

Payneham Memorial Swimming Centre

\$	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
Revenue												
Memberships	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	-	558,676	663,321	819,068	936,468	963,626	991,571	1,020,326	1,049,916	1,080,363	1,111,694
Aquatic Programs / Lessons	-	-	1,341,917	1,593,268	1,967,368	2,249,357	2,314,588	2,381,711	2,450,781	2,521,854	2,594,987	2,670,242
Café / Catering	-	-	255,339	303,166	374,350	428,006	440,419	453,191	466,333	479,857	493,773	508,092
Merchandise / Other	-	-	62,425	74,117	91,520	104,638	107,672	110,795	114,008	117,314	120,716	124,217
Total Revenue	-	-	2,218,357	2,633,872	3,252,305	3,718,469	3,826,305	3,937,268	4,051,448	4,168,940	4,289,840	4,414,245
Expenses												
Direct costs												
Health Club Memberships	-	-	-	-	-	-	-	-	-	-	-	-
Swimming operations	-	-	334,682	397,371	490,673	561,003	577,272	594,013	611,240	628,966	647,206	665,974
Aquatic Programs / Lessons	-	-	491,013	579,605	711,176	810,528	834,033	858,220	883,108	908,719	935,071	962,188
Café / Catering	-	-	204,271	242,533	299,480	342,405	352,335	362,553	373,067	383,886	395,018	406,474
Merchandise / Other	-	-	31,212	37,059	45,760	52,319	53,836	55,397	57,004	58,657	60,358	62,109
Total Direct costs	-	-	1,061,179	1,256,567	1,547,089	1,766,255	1,817,477	1,870,183	1,924,419	1,980,227	2,037,653	2,096,745
Centre overheads												
Salaries and on costs	-	-	1,149,993	1,183,343	1,217,660	1,252,972	1,289,308	1,326,698	1,365,173	1,404,763	1,445,501	1,487,420
Insurance	-	-	53,061	63,000	77,792	88,942	91,522	94,176	96,907	99,717	102,609	105,585
Technology costs	-	-	21,342	21,961	22,598	23,253	23,927	24,621	25,335	26,070	26,826	27,604
Other centre expenses	-	245,000	321,176	354,306	401,341	438,197	450,905	463,981	477,437	491,282	505,530	520,190
Total centre	-	245,000	1,545,572	1,622,610	1,719,391	1,803,365	1,855,662	1,909,476	1,964,851	2,021,832	2,080,465	2,140,799
Building overheads												
Utilities	-	-	480,190	494,116	508,445	523,190	538,362	553,975	570,040	586,571	603,582	621,086
Other building costs	-	-	388,420	399,685	411,275	423,202	435,475	448,104	461,099	474,471	488,231	502,389
Total building overheads	-	-	868,610	893,800	919,720	946,392	973,838	1,002,079	1,031,139	1,061,042	1,091,812	1,123,475
Total expenses	-	245,000	3,475,361	3,772,977	4,186,200	4,516,012	4,646,976	4,781,739	4,920,409	5,063,101	5,209,931	5,361,019
Net Operating EBITDA	-	(245,000)	(1,257,004)	(1,139,104)	(933,895)	(797,543)	(820,671)	(844,471)	(868,961)	(894,160)	(920,091)	(946,774)
Net Operating EBITDA (no gym)	-	(245,000)	(1,257,004)	(1,139,104)	(933,895)	(797,543)	(820,671)	(844,471)	(868,961)	(894,160)	(920,091)	(946,774)
Net Operating EBITDA (with Gym)	-	(245,000)	(1,257,004)	(1,115,936)	(618,569)	(266,517)	(61,700)	(63,490)	(65,331)	(67,225)	(69,175)	(71,181)
Variance	-	-	-	23,169	315,326	531,026	758,971	780,981	803,630	826,935	850,916	875,593

Profit and Loss - Management (with Gym)

Payneham Memorial Swimming Centre

\$	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
Revenue												
Memberships	-	-	-	345,881	996,552	1,245,192	1,507,414	1,551,130	1,596,112	1,642,400	1,690,029	1,739,040
Swimming operations	-	-	558,676	663,321	819,068	936,468	963,626	991,571	1,020,326	1,049,916	1,080,363	1,111,694
Aquatic Programs / Lessons	-	-	1,341,917	1,593,268	1,967,368	2,249,357	2,314,588	2,381,711	2,450,781	2,521,854	2,594,987	2,670,242
Café / Catering	-	-	255,339	303,166	374,350	428,006	440,419	453,191	466,333	479,857	493,773	508,092
Merchandise / Other	-	-	62,425	74,117	91,520	104,638	107,672	110,795	114,008	117,314	120,716	124,217
Total Revenue	-	-	2,218,357	2,979,753	4,248,858	4,963,661	5,333,719	5,488,397	5,647,561	5,811,340	5,979,869	6,153,285
Expenses												
Direct costs												
Health Club Memberships	-	-	-	301,960	621,433	639,454	657,998	677,080	696,716	716,920	737,711	759,105
Swimming operations	-	-	334,682	397,371	490,673	561,003	577,272	594,013	611,240	628,966	647,206	665,974
Aquatic Programs / Lessons	-	-	491,013	579,605	711,176	810,528	834,033	858,220	883,108	908,719	935,071	962,188
Café / Catering	-	-	204,271	242,533	299,480	342,405	352,335	362,553	373,067	383,886	395,018	406,474
Merchandise / Other	-	-	31,212	37,059	45,760	52,319	53,836	55,397	57,004	58,657	60,358	62,109
Total Direct costs	-	-	1,061,179	1,558,526	2,168,522	2,405,709	2,475,475	2,547,264	2,621,134	2,697,147	2,775,364	2,855,850
Centre overheads												
Salaries and on costs	-	-	1,149,993	1,183,343	1,217,660	1,252,972	1,289,308	1,326,698	1,365,173	1,404,763	1,445,501	1,487,420
Insurance	-	-	53,061	63,000	77,792	88,942	91,522	94,176	96,907	99,717	102,609	105,585
Technology costs	-	-	21,342	21,961	22,598	23,253	23,927	24,621	25,335	26,070	26,826	27,604
Other centre expenses	-	245,000	321,176	375,059	461,134	512,909	541,350	557,049	573,203	589,826	606,931	624,532
Total centre	-	245,000	1,545,572	1,643,362	1,779,184	1,878,076	1,946,107	2,002,544	2,060,618	2,120,376	2,181,867	2,245,141
Building overheads												
Utilities	-	-	480,190	494,116	508,445	523,190	538,362	553,975	570,040	586,571	603,582	621,086
Other building costs	-	-	388,420	399,685	411,275	423,202	435,475	448,104	461,099	474,471	488,231	502,389
Total building overheads	-	-	868,610	893,800	919,720	946,392	973,838	1,002,079	1,031,139	1,061,042	1,091,812	1,123,475
Total expenses	-	245,000	3,475,361	4,095,689	4,867,426	5,230,178	5,395,420	5,551,887	5,712,891	5,878,565	6,049,044	6,224,466
Net Operating EBITDA	-	(245,000)	(1,257,004)	(1,115,936)	(618,569)	(266,517)	(61,700)	(63,490)	(65,331)	(67,225)	(69,175)	(71,181)
Net Operating EBITDA (no gym)	-	(245,000)	(1,257,004)	(1,139,104)	(933,895)	(797,543)	(820,671)	(844,471)	(868,961)	(894,160)	(920,091)	(946,774)
Net Operating EBITDA (with Gym)	-	(245,000)	(1,257,004)	(1,115,936)	(618,569)	(266,517)	(61,700)	(63,490)	(65,331)	(67,225)	(69,175)	(71,181)
Variance	-	-	-	23,169	315,326	531,026	758,971	780,981	803,630	826,935	850,916	875,593

Gymnasium Returns Analysis (40 years)
Payneham Memorial Swimming Centre

\$	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	Yr 0	Yr 1	Yr 2	Yr 3	Yr 4	Yr 5	Yr 6	Yr 7	Yr 8	Yr 9	Yr 10	Yr 11
Net Operating EBITDA (no gym)	-	(245,000)	(1,257,004)	(1,139,104)	(933,895)	(797,543)	(820,671)	(844,471)	(868,961)	(894,160)	(920,091)	(946,774)
Net Operating EBITDA (with Gym)	-	(245,000)	(1,257,004)	(1,115,936)	(618,569)	(266,517)	(61,700)	(63,490)	(65,331)	(67,225)	(69,175)	(71,181)
Variance	-	-	-	23,169	315,326	531,026	758,971	780,981	803,630	826,935	850,916	875,593
Capital Expenditure												
Gym	-	4,178,845	-	-	-	-	-	-	-	-	-	-
Car Park	-	1,640,000	-	-	-	-	-	-	-	-	-	-
Total	-	5,818,845	-	-	-	-	-	-	-	-	-	-
Net Incremental Cash Flow												
Gym Only	-	(4,178,845)	-	23,169	315,326	531,026	758,971	780,981	803,630	826,935	850,916	875,593
Gym + Car Park	-	(5,818,845)	-	23,169	315,326	531,026	758,971	780,981	803,630	826,935	850,916	875,593
Net Cumulative Incremental Cash Flow												
Gym Only	-	(4,178,845)	(4,178,845)	(4,155,676)	(3,840,350)	(3,309,324)	(2,550,353)	(1,769,372)	(965,742)	(138,807)	712,110	1,587,702
Gym + Car Park	-	(5,818,845)	(5,818,845)	(5,795,676)	(5,480,350)	(4,949,324)	(4,190,353)	(3,409,372)	(2,605,742)	(1,778,807)	(927,890)	(52,298)
Payback Period												
Gym Only												9.2 years
Gym + Car Park												11.1 years
Internal Rate of Return (40 Years)												
Gym Only												14.53%
Gym + Car Park												11.53%
Net Present Value (40 Years)												
												@ 6.19%
Gym Only												7,723,355
Gym + Car Park												6,178,953

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City of Norwood, Payneham & St Peters

Payneham Memorial Swimming Centre Gymnasium Project

Section 48 Local Government Act 1999

Prudential Report

February 2026

Dean Newbery

214 Melbourne Street

North Adelaide SA 5006

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City of Norwood, Payneham & St Peters
Section 48 Prudential Report

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City of Norwood, Payneham & St Peters
Section 48 Prudential Report

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City of Norwood, Payneham & St Peters
Section 48 Prudential Report

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.

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City of Norwood, Payneham & St Peters
Section 48 Prudential Report

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.**

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Section 48 Prudential Report

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”*.

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- 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, 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.
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.

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- 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

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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.

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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.

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- 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.

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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.

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- 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.

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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.

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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

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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

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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.

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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.

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- 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.

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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.

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- 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.

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- 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.

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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.

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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.

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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.

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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.

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15. Attachment One – Project Risk Register

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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 restoration of rear part of Patterson Reserve adjacent Turner St	Date Revised:	30-Jan-26
Location:	OG Road, Felixstow			Revised by:	A Hamilton, N Carr, M Moschos
Project Manager:	M Moschos			Budget:	TBC

Risk #	What, When & Why	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owners (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)				
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	<ul style="list-style-type: none"> Major Extreme 6 	<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	<ul style="list-style-type: none"> Minor Minor 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	<ul style="list-style-type: none"> Major Substantial 12 Minor Low 21 	<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	<ul style="list-style-type: none"> Major Minor Low 21 	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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Minor Substantial 12 	<ul style="list-style-type: none"> Ensure testing and commissioning, training and handover is undertaken in accordance with the contract 	Very Unlikely	<ul style="list-style-type: none"> Minor 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	<ul style="list-style-type: none"> Major High 7 Low 23 	<ul style="list-style-type: none"> Council to review LTFP and delivery of future projects Revise project timing and associated cost/benefit analysis 	Unlikely	<ul style="list-style-type: none"> Major Insufficient Low 24 	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 make Early discussions & involvement with centre manager 	Unlikely	<ul style="list-style-type: none"> Moderate Medium 17 Moderate Medium 17 	<ul style="list-style-type: none"> Include adequate time for testing and commissioning prior to opening 	Very Unlikely	<ul style="list-style-type: none"> Moderate Moderate 	GM, Community Development	Open							

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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 restoration of reserve on Patterson Reserve adjacent Turner St	Date Revised:	30-Jan-26
Location:	OG Road, Felixstow			Revised by:	A Hamilton, N Carr, M Moschos
Project Manager:	M Moschos			Budget:	TBC

Risk #	What, When & Why	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owners (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)					
7	Inadequate / Improper Asset Maintenance and Renewal	<ul style="list-style-type: none"> Increased operational / unplanned maintenance costs Limitations on facility use 	<ul style="list-style-type: none"> documentation review by asset managers and PMSC Manager Confirm warranty/terms and periods for contract award Contracted levels of responsibility between Council & Manager 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Possible	<ul style="list-style-type: none"> Minor Major 	<ul style="list-style-type: none"> Medium 19 High 7 	<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 	Unlikely	<ul style="list-style-type: none"> Minor Moderate 	<ul style="list-style-type: none"> Low 21 Medium 17 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Medium 17 	Manager, Assets & Projects	Open	
8	Latent conditions and existing services not identified	<ul style="list-style-type: none"> variations increasing costs 	<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 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Unlikely	<ul style="list-style-type: none"> Moderate 	<ul style="list-style-type: none"> Medium 17 		Unlikely		<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 		Project Manager	Open		
9	Damage to a regulated tree	<ul style="list-style-type: none"> fine to Council or Contractor local community interest Loss of habitat / canopy or death of tree 	<ul style="list-style-type: none"> Obtain development approval Prepare tree protection plan 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Possible	<ul style="list-style-type: none"> Insignificant Moderate Moderate 	<ul style="list-style-type: none"> Low 23 Substantial 13 Substantial 13 	<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 	Possible	<ul style="list-style-type: none"> Insignificant Insignificant Insignificant 	<ul style="list-style-type: none"> Low 23 Low 23 Low 23 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Project Manager	Open		
10	Adverse environmental impacts on Patterson Reserve Precinct	<ul style="list-style-type: none"> variations Staff resources to control remediation local community interest dust, sediment, noise affecting residents and businesses 	<ul style="list-style-type: none"> Contractual requirements Assess environmental accreditation of contractors 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Possible	<ul style="list-style-type: none"> Minor Insignificant Moderate Minor 	<ul style="list-style-type: none"> Medium 19 Low 23 Substantial 13 Medium 19 	<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 	Possible	<ul style="list-style-type: none"> Insignificant Insignificant Minor Insignificant 	<ul style="list-style-type: none"> Low 23 Low 23 Medium 19 Low 23 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Project Manager	Open		
11	Incorrect / unrealistic public expectations	<ul style="list-style-type: none"> local community interest 	<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 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Possible	<ul style="list-style-type: none"> Moderate 	<ul style="list-style-type: none"> Substantial 13 	<ul style="list-style-type: none"> continue to update website and provide information in Council publications Develop and implement a comprehensive project communications plan 	Possible	<ul style="list-style-type: none"> Moderate 	<ul style="list-style-type: none"> Substantial 13 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Manager, Communications & Stakeholder Engagement 	Open		

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Project Risk Register

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

Risk #	What, When & Why	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owners (Who is Responsible)	Status	Comments
		Risk Consequence (Simple description - i.e. what the outcome will be?)	Existing Likelihood Controls	Existing Impact Controls	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			
12	Inadequate car parking for users during following redevelopment	<ul style="list-style-type: none"> loss of revenue due to limited use of facility widespread community interest 	<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 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	High 9	<ul style="list-style-type: none"> Include parking arrangements in commis plan to keep users informed 	Likely	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Moderate	High 9	Manager, Assets & Projects	Open				
13	Hours of operation not considered in DA approval requirements	<ul style="list-style-type: none"> delays causing widespread community interest 	<ul style="list-style-type: none"> DA to include hours of operation, which includes public consultation 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Low 22	<ul style="list-style-type: none"> Defined hours of operation in contracted services 	Very Unlikely	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Insignificant	Low 25	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"> remediation or rectification non compliance causing widespread community interest 	<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 Supernitend to administer the contract Adequate design documentation 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Low 21	<ul style="list-style-type: none"> Engaged independent certifier during design development 	Very Unlikely	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Minor	Low 22	Project Manager	Open				
15	Contractor causes damage to surrounding properties - mainly Council owned i.e. PMSC building/carparks/trees, pool carpark and trees, footpaths, street trees/signage, stormwater infrastructure etc	<ul style="list-style-type: none"> cost of remediation/taking action/cost recovery impact to PMSC operations community interest 	<ul style="list-style-type: none"> require contractor to undertake a dilapidation inspection and prepare a report to ensure the starting condition is identified 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	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	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Minor	Low 21	Project Manager	Open				

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Project Risk Register

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

Risk #	What, When & Why	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owners (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)	Revised 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	<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 ensure that any 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 PMSO/DXC carpark entrance/exist 	Likely	<ul style="list-style-type: none"> People Financial Services Reputation Environment 	Moderate	High 9	<ul style="list-style-type: none"> Open line of communication with property manager/Council/PMSO to address and monitor concerns 	Likely	Moderate	High 9	Project Manager	Open				
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	<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 Formation of new design and linkage to community feedback and market intelligence. 	Possible	<ul style="list-style-type: none"> People Financial Services Reputation Environment 	Moderate	Substantial 13		Possible	Moderate	Substantial 13	CEO	Open				
18	Internal communications between project delivery and operations manager does not support efficient planning and preparation for 'go live' (operations phase).	<ul style="list-style-type: none"> Operations team lack timely information to plan for a seamless transition into operations Operations manager is delayed in opening resulting in reduced subsidy revenue Quality of service offering to the community is impacted negatively. Community expectations on service levels and preparedness to operate the new facility are not met to acceptable standard. 	Possible	<ul style="list-style-type: none"> People Financial Services Reputation Environment 	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	Minor	Medium 19	GM, Community Development	Open				

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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 restoration of rear part of Patterson Reserve adjacent Turner St	Date Revised:	30-Jan-26
Location:	OG Road, Felixstow M Moskos			Revised by:	A Hamilton, N Carr, M Moskos
Project Manager:				Budget:	TBC

Risk #	What, When & Why	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owners (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).	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<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 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Minor Moderate 	<ul style="list-style-type: none"> Medium 19 Substantial 13 	<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, including any changes to reporting date, including website updates 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Minor Minor 	<ul style="list-style-type: none"> Medium 19 Medium 19 	Project Manager	Open				
20	Elected Members are not provided with project information that supports timely and effective decision making.	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Provision of key information to Councilors during procurement phase. Councilors 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 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Moderate Minor 	<ul style="list-style-type: none"> Medium 17 Low 21 	<ul style="list-style-type: none"> Provide regular reporting to Elected Members during construction 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Moderate Minor 	<ul style="list-style-type: none"> Medium 17 Low 21 	Manager, Assets & Projects	Open				
21	Information or project messaging to community is inconsistent.	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Web page information available including updated timeline. Negative impact to Council's reputation resulting in ongoing complaints. 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Moderate 	<ul style="list-style-type: none"> 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 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Moderate 	<ul style="list-style-type: none"> Medium 17 	Manager, Communications & Stakeholder Engagement	Open				
22	Stakeholder management during delivery is not actively managed	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Loss of revenue if key stakeholders decide to take up residence elsewhere. Services that are reliant on partnerships with key stakeholders during delivery are impacted resulting in reduction in expected services Negative impact to Council's reputation regarding expected services available. 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Minor Minor Minor 	<ul style="list-style-type: none"> Medium 19 Medium 19 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 operational phase) Build on initial stakeholder analysis to develop targeted approaches for engagement and provision of information. 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> Minor Minor Minor 	<ul style="list-style-type: none"> Low 21 Low 21 Low 21 	Manager, Communications & Stakeholder Engagement	Open				

Confidential



Project Risk Register

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

Risk #	Risk Description - i.e. what the outcome will be?	INHERENT CONTROLS & RISKS				ADDITIONAL CONTROLS NEEDED				RESIDUAL RISK				Risk Owners (Who is Responsible)	Status	Comments
		Existing Likelihood Controls	Existing Impact Controls	Likelihood	Impact Level	Inherent Risk Level	Additional Likelihood Controls	Additional Impact Controls	Revised Likelihood	Revised Impact Level	Residual Risk Level					
23	Operator becomes insolvent	<ul style="list-style-type: none"> Requirement to resource operations Funds required to transition & implement interim strategy 	<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	Moderate	Substantial 13	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Open	GM, Community Development
24	Gym performance is less than forecast	<ul style="list-style-type: none"> Increase in Council contribution to operating cost 	<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	Moderate	Substantial 13	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Open	GM, Community Development
25	Construction impacts on operational/financial forecast of PMSC	<ul style="list-style-type: none"> Impact on revenue 	<ul style="list-style-type: none"> Scheduled commencement of construction during off-peak carpark prior to commencement of Gym 	Possible	Minor	Medium 19	<ul style="list-style-type: none"> Ongoing communication with relevant stakeholders 	Possible	Minor	Medium 19	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Open	Manager, Assets & Projects
26	Gym design/functionality does not meet the communities expectations	<ul style="list-style-type: none"> Reduced revenue, possible re-work/fitout Impact to services & demand 	<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	Minor	Low 21	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Open	Manager, Assets & Projects
27	Centre manager performs poorly upon opening	<ul style="list-style-type: none"> Reduced revenue Service not to standard Reduced demand & community complaints 	<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	Minor	Medium 19	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Open	GM, Community Development
28	New competition that results in PMSC Gym not being competitive	<ul style="list-style-type: none"> Reduced revenue Negative community sentiment 	<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	Moderate	Substantial 13	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	<ul style="list-style-type: none"> People Financial Services Reputation Environment Regulatory 	Open	GM, Community Development

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2036

UPDATE FOR PRUDENTIAL REPORT as at 31 January 2026 (Pool only)

FINANCIAL INDICATORS	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Surplus Ratio	0.2%	0.4%	1.7%	0.4%	1.1%	1.9%	3.1%	4.3%	5.8%	6.6%
Net Financial Liabilities Ratio	157.80%	165.48%	168.26%	164.60%	159.94%	151.36%	141.88%	131.51%	119.89%	107.99%
Asset Renewal Funding Ratio	97.07%	104.76%	103.55%	97.13%	108.74%	105.37%	106.68%	112.22%	111.98%	112.18%
Interest Cover Ratio	6.38%	7.04%	7.25%	7.45%	7.34%	7.16%	6.72%	6.20%	5.56%	4.92%
Debt Servicing ratio	12.78%	14.09%	12.92%	16.55%	16.51%	16.39%	15.99%	15.48%	14.85%	13.55%
Debt Level	87,919,669	98,652,640	105,590,742	105,802,977	106,504,831	103,960,754	100,323,363	95,473,089	89,036,992	81,518,377
STATEMENT OF COMPREHENSIVE INCOME	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Rates	54,714,745	58,271,203	61,767,475	64,238,174	66,807,701	69,480,009	72,259,209	75,149,577	78,155,560	81,281,782
Statutory Charges	2,284,163	2,329,914	2,376,581	2,424,183	2,472,738	2,522,266	2,572,786	2,624,318	2,676,882	2,730,499
User Charges	4,457,528	4,546,746	4,648,889	4,753,326	4,860,110	4,969,293	5,080,928	5,195,071	5,311,778	5,431,107
Grants, Subsidies and Contributions - operating	2,718,449	2,784,507	2,852,171	2,921,479	2,992,471	3,065,188	3,139,672	3,215,966	3,294,114	3,374,161
Grants, Subsidies and Contributions - capital	688,369	724,599	724,599	-	-	-	-	-	-	-
Investment Income	57,253	59,640	62,216	65,116	68,361	71,737	75,264	78,798	82,498	86,371
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other Income	533,395	545,378	557,630	570,157	582,966	596,062	609,453	623,144	637,143	651,456
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	65,453,902	69,261,987	72,989,561	74,972,435	77,784,347	80,704,555	83,737,312	86,886,874	90,157,975	93,555,376
Expenses										
Employee Costs	20,950,254	21,578,762	22,226,125	22,892,909	23,579,696	24,287,087	25,015,700	25,766,171	26,539,156	27,335,331
Materials, Contracts & Other Expenses	24,235,250	25,864,483	26,810,098	28,091,221	29,035,295	29,920,249	30,789,132	31,734,973	32,459,128	33,981,990
Depreciation, Amortisation & Impairment	15,679,372	16,360,595	17,081,285	17,774,867	18,310,170	18,880,396	19,414,579	19,964,166	20,529,616	21,111,404
Finance Costs	4,226,602	4,928,787	5,349,333	5,647,529	5,771,815	5,841,597	5,699,962	5,462,990	5,093,324	4,682,429
Net loss - Equity Accounted Council Businesses	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666
Total Expenses	65,354,145	68,995,293	71,729,507	74,669,192	76,959,643	79,191,995	81,182,040	83,190,965	84,883,890	87,373,821
Operating Surplus / (Deficit)	99,757	266,694	1,260,054	303,243	824,704	1,512,560	2,555,272	3,695,909	5,274,085	6,181,555
Asset Disposal & Fair Value Adjustments	35,601	36,385	37,185	38,003	38,839	39,694	40,567	41,459	41,459	42,703
Amounts Received Specifically for New or Upgraded Assets	-	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	135,359	303,078	1,297,239	341,247	863,544	1,552,253	2,595,839	3,737,368	5,315,544	6,224,259
Other Comprehensive Income										
Amounts which will not be reclassified subsequently to operating result										
Changes in Revaluation Surplus - I,PP&E	37,366,909	39,838,990	42,443,826	45,104,124	47,472,361	49,989,773	52,486,866	55,086,310	57,791,892	57,791,892
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	37,366,909	39,838,990	42,443,826	45,104,124	47,472,361	49,989,773	52,486,866	55,086,310	57,791,892	57,791,892
Total Comprehensive Income	37,502,267	40,142,068	43,741,066	45,445,371	48,335,905	51,542,026	55,082,705	58,823,678	63,107,436	64,016,150

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2036

UPDATE FOR PRUDENTIAL REPORT as at 31 January 2026 (Pool only)

STATEMENT OF FINANCIAL POSITION	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Trade & Other Receivables	2,406,226	2,538,281	2,661,978	2,760,283	2,858,005	2,958,328	3,061,852	3,169,731	3,278,807	3,400,483
Other Financial Assets	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	2,906,226	3,038,281	3,161,978	3,260,283	3,358,005	3,458,328	3,561,852	3,669,731	3,778,807	3,900,483
Non-Current Assets										
Financial Assets	151,558	161,410	171,094	177,938	185,056	192,458	200,156	208,162	216,489	225,149
Equity Accounted Investments in Council Businesses	1,843,541	1,580,875	1,318,209	1,055,543	792,877	530,211	267,545	4,879	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	848,822,942	900,555,785	952,760,339	999,055,362	1,048,658,993	1,098,211,795	1,150,210,272	1,204,755,365	1,261,951,755	1,319,164,380
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366
Total Non-Current Assets	859,673,408	911,153,436	963,105,008	1,009,144,210	1,058,492,291	1,107,789,830	1,159,533,340	1,213,823,772	1,271,023,610	1,328,244,895
TOTAL ASSETS	862,579,634	914,191,716	966,266,986	1,012,404,492	1,061,850,296	1,111,248,157	1,163,095,191	1,217,493,503	1,274,802,417	1,332,145,378
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	14,632,344	15,369,387	16,765,490	17,245,390	17,653,434	18,053,347	18,455,067	18,879,974	19,259,763	19,842,521
Borrowings	3,193,692	3,363,640	4,852,530	5,117,801	5,398,046	5,694,122	6,006,937	6,337,448	6,164,988	6,477,863
Provisions	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	21,062,043	21,969,034	24,854,026	25,599,198	26,287,487	26,983,476	27,698,011	28,453,429	28,660,758	29,556,392
Non-Current Liabilities										
Cash Advance Debenture	25,477,272	39,403,935	19,705,676	24,770,440	30,590,096	33,444,065	35,500,796	36,657,460	36,558,809	35,205,183
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	59,248,706	55,885,066	81,032,536	75,914,735	70,516,689	64,822,567	58,815,630	52,478,182	46,313,194	39,835,331
Provisions	554,955	554,955	554,955	554,955	554,955	554,955	554,955	554,955	554,955	554,955
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	257,787	520,453
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	85,280,932	95,843,956	101,293,167	101,240,131	101,661,740	98,821,587	94,871,381	89,690,597	83,684,745	76,115,922
TOTAL LIABILITIES	106,342,975	117,812,990	126,147,193	126,839,329	127,949,227	125,805,063	122,569,392	118,144,025	112,345,503	105,672,314
Net Assets	756,236,659	796,378,727	840,119,793	885,565,164	933,901,069	985,443,095	1,040,525,800	1,099,349,478	1,162,456,914	1,226,473,064
EQUITY										
Accumulated Surplus	74,101,400	74,404,478	75,701,717	76,042,964	76,906,508	78,458,761	81,054,600	84,791,968	90,107,512	96,331,771
Asset Revaluation Reserves	682,135,259	721,974,249	764,418,075	809,522,200	856,994,561	906,984,334	959,471,200	1,014,557,510	1,072,349,402	1,130,141,293
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	-	-	-	-	-	-	-
Total Equity	756,236,659	796,378,727	840,119,793	885,565,164	933,901,069	985,443,095	1,040,525,800	1,099,349,478	1,162,456,914	1,226,473,064

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2036

UPDATE FOR PRUDENTIAL REPORT as at 31 January 2026 (Pool only)

STATEMENT OF CASH FLOWS	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	55,039,880	58,594,248	62,085,053	64,462,596	67,041,099	69,722,743	72,511,653	75,412,118	78,428,603	81,565,747
Statutory Charges	2,281,537	2,327,236	2,373,849	2,421,396	2,469,896	2,519,367	2,569,828	2,621,301	2,673,805	2,727,360
User Charges	4,452,408	4,541,523	4,642,909	4,747,212	4,853,859	4,962,901	5,074,393	5,188,389	5,304,946	5,424,121
Grants, Subsidies and Contributions (operating purpose)	2,716,186	2,781,021	2,848,600	2,917,821	2,988,724	3,061,350	3,135,741	3,211,940	3,289,990	3,369,936
Investment Receipts	57,209	59,593	62,166	65,059	68,298	71,671	75,195	78,729	82,426	86,295
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other	508,790	544,676	556,913	569,424	582,216	595,295	608,669	622,343	636,323	650,618
Payments:										
Payments to Employees	(20,933,534)	(21,561,540)	(22,208,387)	(22,874,638)	(23,560,877)	(24,267,704)	(24,995,735)	(25,745,607)	(26,517,975)	(27,313,515)
Payments for Materials, Contracts & Other Expenses	(24,167,282)	(25,509,425)	(26,604,020)	(27,812,026)	(28,829,553)	(29,727,392)	(30,599,777)	(31,528,846)	(32,301,313)	(33,650,113)
Finance Payments	(3,898,389)	(5,016,838)	(4,614,956)	(5,781,316)	(5,912,916)	(5,990,423)	(5,856,952)	(5,628,604)	(5,268,051)	(4,852,401)
Net Cash provided (or used in) Operating Activities	16,056,804	16,760,493	19,142,127	18,715,528	19,700,745	20,947,809	22,523,015	24,231,762	26,328,753	28,008,049
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	170,551	-	-	-	-	-	-	-	-	-
Grants utilised for capital purposes	688,369	724,599	724,599	-	-	-	-	-	-	-
Sale of Replaced Assets	35,601	36,385	37,185	38,003	38,839	39,694	40,567	41,459	41,459	42,703
Repayments of Loans by Community Groups	-	-	-	-	-	-	-	-	-	-
Distributions Received from Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Payments:										
Expenditure on Renewal/Replacement of Assets	(14,681,435)	(15,188,785)	(15,773,002)	(16,343,399)	(16,815,705)	(17,314,315)	(17,793,693)	(18,287,053)	(18,794,812)	(19,358,656)
Expenditure on New/Upgraded Assets	(11,724,326)	(13,065,663)	(11,069,010)	(2,622,367)	(3,625,734)	(1,129,111)	(1,132,498)	(1,135,895)	(1,139,303)	(1,173,482)
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(25,511,240)	(27,493,464)	(26,080,228)	(18,927,763)	(20,402,600)	(18,403,732)	(18,885,624)	(19,381,489)	(19,892,656)	(20,489,435)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from CAD	-	13,926,663	-	5,064,764	5,819,655	2,853,969	2,056,731	1,156,664	-	-
Proceeds from Borrowings	15,000,000	-	30,000,000	-	-	-	-	-	-	-
Receipts from Other Financing Activities	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	(2,450,057)	-	(19,698,259)	-	-	-	-	-	(98,650)	(1,353,626)
Repayments of Borrowings	(3,095,508)	(3,193,692)	(3,363,640)	(4,852,530)	(5,117,801)	(5,398,046)	(5,694,122)	(6,006,937)	(6,337,448)	(6,164,988)
Repayment of Principal Portion of Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds & Deposits	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	9,454,435	10,732,971	6,938,101	212,235	701,854	(2,544,077)	(3,637,391)	(4,850,274)	(6,436,098)	(7,518,614)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Cash & Cash Equivalents - end of the year	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2036

UPDATE FOR PRUDENTIAL REPORT as at 31 January 2026 (Pool only)

UNIFORM PRESENTATION OF FINANCES	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Rates	54,714,745	58,271,203	61,767,475	64,238,174	66,807,701	69,480,009	72,259,209	75,149,577	78,155,560	81,281,782
Statutory Charges	2,284,163	2,329,914	2,376,581	2,424,183	2,472,738	2,522,266	2,572,786	2,624,318	2,676,882	2,730,499
User Charges	4,457,528	4,546,746	4,648,889	4,753,326	4,860,110	4,969,293	5,080,928	5,195,071	5,311,778	5,431,107
Grants, Subsidies and Contributions - operating	2,718,449	2,784,507	2,852,171	2,921,479	2,992,471	3,065,188	3,139,672	3,215,966	3,294,114	3,374,161
Grants, Subsidies and Contributions - capital	688,369	724,599	724,599	-	-	-	-	-	-	-
Investment Income	57,253	59,640	62,216	65,116	68,361	71,737	75,264	78,798	82,498	86,371
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other Income	533,395	545,378	557,630	570,157	582,966	596,062	609,453	623,144	637,143	651,456
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	65,453,902	69,261,987	72,989,561	74,972,435	77,784,347	80,704,555	83,737,312	86,886,874	90,157,975	93,555,376
Expenses										
Employee Costs	20,950,254	21,578,762	22,226,125	22,892,909	23,579,696	24,287,087	25,015,700	25,766,171	26,539,156	27,335,331
Materials, Contracts & Other Expenses	24,235,250	25,864,483	26,810,098	28,091,221	29,035,295	29,920,249	30,789,132	31,734,973	32,459,128	33,981,990
Depreciation, Amortisation & Impairment	15,679,372	16,360,595	17,081,285	17,774,867	18,310,170	18,880,396	19,414,579	19,964,166	20,529,616	21,111,404
Finance Costs	4,226,602	4,928,787	5,349,333	5,647,529	5,771,815	5,841,597	5,699,962	5,462,990	5,093,324	4,682,429
Net loss - Equity Accounted Council Businesses	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666
Total Expenses	65,354,145	68,995,293	71,729,507	74,669,192	76,959,643	79,191,995	81,182,040	83,190,965	84,883,890	87,373,821
Operating Surplus / (Deficit)	99,757	266,694	1,260,054	303,243	824,704	1,512,560	2,555,272	3,695,909	5,274,085	6,181,555
Timing adjustment for grant revenue	-	-	-	-	-	-	-	-	-	-
Less: Grants, subsidies and contributions – Capital	(688,369)	(724,599)	(724,599)	-	-	-	-	-	-	-
Adjusted Operating Surplus / (Deficit)	(588,612)	(457,905)	535,455	303,243	824,704	1,512,560	2,555,272	3,695,909	5,274,085	6,181,555
Net Outlays on Existing Assets										
Capital Expenditure on Renewal and Replacement of Existing Assets	(14,681,435)	(15,188,785)	(15,773,002)	(16,343,399)	(16,815,705)	(17,314,315)	(17,793,693)	(18,287,053)	(18,794,812)	(19,358,656)
add back Depreciation, Amortisation and Impairment	15,679,372	16,360,595	17,081,285	17,774,867	18,310,170	18,880,396	19,414,579	19,964,166	20,529,616	21,111,404
add back Grants, subsidies and contributions – Capital Renewal	688,369	724,599	724,599	-	-	-	-	-	-	-
add back Proceeds from Sale of Replaced Assets	35,601	36,385	37,185	38,003	38,839	39,694	40,567	41,459	41,459	42,703
Total Net Outlays on Existing Assets	1,721,908	1,932,794	2,070,067	1,469,471	1,533,305	1,605,775	1,661,453	1,718,572	1,776,264	1,795,452
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(11,724,326)	(13,065,663)	(11,069,010)	(2,622,367)	(3,625,734)	(1,129,111)	(1,132,498)	(1,135,895)	(1,139,303)	(1,173,482)
add back Grants, subsidies and contributions – Capital New/Upgraded	-	-	-	-	-	-	-	-	-	-
add back Amounts Received Specifically for New and Upgraded Assets	170,551	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments & non-current assets held for sale)	-	-	-	-	-	-	-	-	-	-
Total Net Outlays on New and Upgraded Assets	(11,553,775)	(13,065,663)	(11,069,010)	(2,622,367)	(3,625,734)	(1,129,111)	(1,132,498)	(1,135,895)	(1,139,303)	(1,173,482)
Annual Net Impact to Financing Activities (surplus / (deficit))	(10,420,479)	(11,590,774)	(8,463,488)	(849,653)	(1,267,725)	1,989,224	3,084,227	4,278,586	5,911,045	6,803,525

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2036

UPDATE FOR PRUDENTIAL REPORT as at 31 January 2026 (Pool + GYM)

FINANCIAL INDICATORS	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Operating Surplus Ratio	-0.1%	-0.3%	1.5%	0.5%	1.4%	2.2%	3.4%	4.7%	6.4%	7.2%
Net Financial Liabilities Ratio	167.11%	174.78%	177.19%	173.11%	167.70%	158.37%	148.13%	136.98%	124.56%	111.83%
Asset Renewal Funding Ratio	97.07%	104.76%	103.55%	97.13%	108.74%	105.37%	106.68%	112.22%	111.98%	112.18%
Interest Cover Ratio	6.62%	7.57%	7.78%	7.99%	7.87%	7.66%	7.17%	6.60%	5.90%	5.20%
Debt Servicing ratio	13.08%	14.72%	13.55%	17.18%	17.12%	16.98%	16.51%	15.94%	15.24%	13.88%
Debt Level	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
STATEMENT OF COMPREHENSIVE INCOME	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Rates	54,714,745	58,271,203	61,767,475	64,238,174	66,807,701	69,480,009	72,259,209	75,149,577	78,155,560	81,281,782
Statutory Charges	2,284,163	2,329,914	2,376,581	2,424,183	2,472,738	2,522,266	2,572,786	2,624,318	2,676,882	2,730,499
User Charges	4,457,528	4,546,746	4,648,889	4,753,326	4,860,110	4,969,293	5,080,928	5,195,071	5,311,778	5,431,107
Grants, Subsidies and Contributions - operating	2,718,449	2,784,507	2,852,171	2,921,479	2,992,471	3,065,188	3,139,672	3,215,966	3,294,114	3,374,161
Grants, Subsidies and Contributions - capital	688,369	724,599	724,599	-	-	-	-	-	-	-
Investment Income	57,253	59,640	62,216	65,116	68,361	71,737	75,264	78,798	82,498	86,371
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other Income	533,395	545,378	557,630	570,157	582,966	596,062	609,453	623,144	637,143	651,456
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	65,453,902	69,261,987	72,989,561	74,972,435	77,784,347	80,704,555	83,737,312	86,886,874	90,157,975	93,555,376
Expenses										
Employee Costs	20,950,254	21,578,762	22,226,125	22,892,909	23,579,696	24,287,087	25,015,700	25,766,171	26,539,156	27,335,331
Materials, Contracts & Other Expenses	24,235,250	25,841,315	26,494,772	27,560,195	28,276,324	29,139,268	29,985,502	30,908,038	31,608,212	33,106,397
Depreciation, Amortisation & Impairment	15,679,372	16,455,164	17,175,853	17,869,435	18,404,739	18,974,965	19,509,148	20,058,734	20,624,184	21,205,973
Finance Costs	4,389,367	5,298,673	5,738,461	6,048,028	6,181,543	6,248,365	6,077,749	5,809,660	5,396,272	4,946,831
Net loss - Equity Accounted Council Businesses	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666
Total Expenses	65,516,910	69,436,580	71,897,877	74,633,233	76,704,967	78,912,351	80,850,765	82,805,268	84,430,491	86,857,197
Operating Surplus / (Deficit)	(63,008)	(174,593)	1,091,684	339,202	1,079,380	1,792,204	2,886,547	4,081,606	5,727,484	6,698,179
Asset Disposal & Fair Value Adjustments	35,601	36,385	37,185	38,003	38,839	39,694	40,567	41,459	41,459	42,703
Amounts Received Specifically for New or Upgraded Assets	-	-	-	-	-	-	-	-	-	-
Physical Resources Received Free of Charge	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(27,406)	(138,208)	1,128,869	377,205	1,118,219	1,831,898	2,927,114	4,123,065	5,768,944	6,740,882
Other Comprehensive Income										
Amounts which will not be reclassified subsequently to operating result										
Changes in Revaluation Surplus - I,PP&E	37,366,909	39,838,990	42,443,826	45,104,124	47,472,361	49,989,773	52,486,866	55,086,310	57,791,892	57,791,892
Share of Other Comprehensive Income - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	37,366,909	39,838,990	42,443,826	45,104,124	47,472,361	49,989,773	52,486,866	55,086,310	57,791,892	57,791,892
Total Comprehensive Income	37,339,502	39,700,782	43,572,696	45,481,329	48,590,580	51,821,670	55,413,979	59,209,375	63,560,836	64,532,774

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2036

UPDATE FOR PRUDENTIAL REPORT as at 31 January 2026 (Pool + GYM)

STATEMENT OF FINANCIAL POSITION	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
ASSETS										
Current Assets										
Cash & Cash Equivalents	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Trade & Other Receivables	2,406,226	2,538,025	2,658,497	2,754,420	2,849,626	2,949,706	3,052,980	3,160,602	3,269,413	3,390,816
Other Financial Assets	-	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Other Current Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Total Current Assets	2,906,226	3,038,025	3,158,497	3,254,420	3,349,626	3,449,706	3,552,980	3,660,602	3,769,413	3,890,816
Non-Current Assets										
Financial Assets	151,558	161,410	171,094	177,938	185,056	192,458	200,156	208,162	216,489	225,149
Equity Accounted Investments in Council Businesses	1,843,541	1,580,875	1,318,209	1,055,543	792,877	530,211	267,545	4,879	-	-
Investment Property	-	-	-	-	-	-	-	-	-	-
Infrastructure, Property, Plant & Equipment	854,754,814	906,393,089	958,503,074	1,004,703,530	1,054,212,591	1,103,670,825	1,155,574,735	1,210,025,259	1,267,127,081	1,324,245,138
Intangible Assets	-	-	-	-	-	-	-	-	-	-
Non-current assets classified as "Held for Sale"	-	-	-	-	-	-	-	-	-	-
Other Non-Current Assets	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366	8,855,366
Total Non-Current Assets	865,605,280	916,990,740	968,847,744	1,014,792,377	1,064,045,890	1,113,248,860	1,164,897,802	1,219,093,666	1,276,198,936	1,333,325,652
TOTAL ASSETS	868,511,506	920,028,764	972,006,240	1,018,046,797	1,067,395,516	1,116,698,566	1,168,450,782	1,222,754,268	1,279,968,349	1,337,216,469
LIABILITIES										
Current Liabilities										
Cash Advance Debenture	-	-	-	-	-	-	-	-	-	-
Trade & Other Payables	14,632,344	15,364,082	16,693,290	17,123,802	17,479,653	17,874,526	18,271,060	18,690,631	19,064,929	19,642,038
Borrowings	3,389,701	3,559,649	5,048,539	5,313,810	5,594,055	5,890,131	6,202,946	6,533,457	6,360,997	6,673,872
Provisions	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007	3,236,007
Other Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	21,258,052	22,159,738	24,977,835	25,673,619	26,309,716	27,000,664	27,710,013	28,460,095	28,661,933	29,551,917
Non-Current Liabilities										
Cash Advance Debenture	31,571,909	45,850,339	26,289,552	31,270,797	36,790,884	39,275,438	40,911,262	41,592,739	40,951,347	38,991,907
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-
Borrowings	59,052,697	55,689,057	80,836,527	75,718,726	70,320,680	64,626,558	58,619,621	52,282,173	46,117,185	39,639,322
Provisions	554,955	554,955	554,955	554,955	554,955	554,955	554,955	554,955	554,955	554,955
Liability - Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	257,787	520,453
Other Non-Current Liabilities	-	-	-	-	-	-	-	-	-	-
Total Non-Current Liabilities	91,179,560	102,094,351	107,681,034	107,544,478	107,666,520	104,456,951	100,085,838	94,429,867	87,881,274	79,706,637
TOTAL LIABILITIES	112,437,612	124,254,089	132,658,869	133,218,097	133,976,235	131,457,615	127,795,851	122,889,962	116,543,207	109,258,553
Net Assets	756,073,893	795,774,675	839,347,371	884,828,701	933,419,281	985,240,951	1,040,654,931	1,099,864,306	1,163,425,142	1,227,957,915
EQUITY										
Accumulated Surplus	73,938,635	73,800,426	74,929,296	75,306,501	76,424,720	78,256,617	81,183,731	85,306,796	91,075,740	97,816,622
Asset Revaluation Reserves	682,135,259	721,974,249	764,418,075	809,522,200	856,994,561	906,984,334	959,471,200	1,014,557,510	1,072,349,402	1,130,141,293
Available for Sale Financial Assets	-	-	-	-	-	-	-	-	-	-
Other Reserves	-	-	-	-	-	-	-	-	-	-
Total Equity	756,073,893	795,774,675	839,347,371	884,828,701	933,419,281	985,240,951	1,040,654,931	1,099,864,306	1,163,425,142	1,227,957,915

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2036

UPDATE FOR PRUDENTIAL REPORT as at 31 January 2026 (Pool + GYM)

STATEMENT OF CASH FLOWS	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cash Flows from Operating Activities										
Receipts:										
Rates Receipts	55,039,880	58,594,248	62,085,053	64,462,596	67,041,099	69,722,743	72,511,653	75,412,118	78,428,603	81,565,747
Statutory Charges	2,281,537	2,327,236	2,373,849	2,421,396	2,469,896	2,519,367	2,569,828	2,621,301	2,673,805	2,727,360
User Charges	4,452,408	4,541,523	4,642,909	4,747,212	4,853,859	4,962,901	5,074,393	5,188,389	5,304,946	5,424,121
Grants, Subsidies and Contributions (operating purpose)	2,716,186	2,781,021	2,848,600	2,917,821	2,988,724	3,061,350	3,135,741	3,211,940	3,289,990	3,369,936
Investment Receipts	57,209	59,593	62,166	65,059	68,298	71,671	75,195	78,729	82,426	86,295
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other	508,790	544,676	556,913	569,424	582,216	595,295	608,669	622,343	636,323	650,618
Payments:										
Payments to Employees	(20,933,534)	(21,561,540)	(22,208,387)	(22,874,638)	(23,560,877)	(24,267,704)	(24,995,735)	(25,745,607)	(26,517,975)	(27,313,515)
Payments for Materials, Contracts & Other Expenses	(24,167,282)	(25,491,306)	(26,352,364)	(27,328,008)	(28,120,258)	(28,951,207)	(29,801,083)	(30,706,990)	(31,455,623)	(32,779,898)
Finance Payments	(4,061,155)	(5,386,725)	(5,004,084)	(6,181,815)	(6,322,643)	(6,397,192)	(6,234,739)	(5,975,274)	(5,570,999)	(5,116,802)
Net Cash provided (or used in) Operating Activities	15,894,039	16,408,726	19,004,655	18,799,047	20,000,313	21,317,225	22,943,922	24,706,949	26,871,495	28,613,863
Cash Flows from Investing Activities										
Receipts:										
Amounts Received Specifically for New/Upgraded Assets	170,551	-	-	-	-	-	-	-	-	-
Grants utilised for capital purposes	688,369	724,599	724,599	-	-	-	-	-	-	-
Sale of Replaced Assets	35,601	36,385	37,185	38,003	38,839	39,694	40,567	41,459	41,459	42,703
Repayments of Loans by Community Groups	-	-	-	-	-	-	-	-	-	-
Distributions Received from Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Payments:										
Expenditure on Renewal/Replacement of Assets	(14,681,435)	(15,188,785)	(15,773,002)	(16,343,399)	(16,815,705)	(17,314,315)	(17,793,693)	(18,287,053)	(18,794,812)	(19,358,656)
Expenditure on New/Upgraded Assets	(17,656,198)	(13,065,663)	(11,069,010)	(2,622,367)	(3,625,734)	(1,129,111)	(1,132,498)	(1,135,895)	(1,139,303)	(1,173,482)
Loans Made to Community Groups	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-
Net Cash provided (or used in) Investing Activities	(31,443,112)	(27,493,464)	(26,080,228)	(18,927,763)	(20,402,600)	(18,403,732)	(18,885,624)	(19,381,489)	(19,892,656)	(20,489,435)
Cash Flows from Financing Activities										
Receipts:										
Proceeds from CAD	3,644,580	14,278,430	-	4,981,245	5,520,088	2,484,553	1,635,824	681,477	-	-
Proceeds from Borrowings	15,000,000	-	30,000,000	-	-	-	-	-	-	-
Receipts from Other Financing Activities	-	-	-	-	-	-	-	-	-	-
Payments:										
Repayments of CAD	-	-	(19,560,787)	-	-	-	-	-	(641,392)	(1,959,440)
Repayments of Borrowings	(3,095,508)	(3,193,692)	(3,363,640)	(4,852,530)	(5,117,801)	(5,398,046)	(5,694,122)	(6,006,937)	(6,337,448)	(6,164,988)
Repayment of Principal Portion of Lease Liabilities	-	-	-	-	-	-	-	-	-	-
Repayment of Bonds & Deposits	-	-	-	-	-	-	-	-	-	-
Net Cash Flow provided (used in) Financing Activities	15,549,072	11,084,739	7,075,573	128,715	402,287	(2,913,493)	(4,058,298)	(5,325,460)	(6,978,840)	(8,124,428)
Net Increase/(Decrease) in Cash & Cash Equivalents	-	-	-	-	-	-	-	-	-	-
plus: Cash & Cash Equivalents - beginning of year	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000
Cash & Cash Equivalents - end of the year	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000

City of Norwood Payneham & St Peters
10 Year Financial Plan for the Years ending 30 June 2036

UPDATE FOR PRUDENTIAL REPORT as at 31 January 2026 (Pool + GYM)

UNIFORM PRESENTATION OF FINANCES	Projected Years									
	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Income										
Rates	54,714,745	58,271,203	61,767,475	64,238,174	66,807,701	69,480,009	72,259,209	75,149,577	78,155,560	81,281,782
Statutory Charges	2,284,163	2,329,914	2,376,581	2,424,183	2,472,738	2,522,266	2,572,786	2,624,318	2,676,882	2,730,499
User Charges	4,457,528	4,546,746	4,648,889	4,753,326	4,860,110	4,969,293	5,080,928	5,195,071	5,311,778	5,431,107
Grants, Subsidies and Contributions - operating	2,718,449	2,784,507	2,852,171	2,921,479	2,992,471	3,065,188	3,139,672	3,215,966	3,294,114	3,374,161
Grants, Subsidies and Contributions - capital	688,369	724,599	724,599	-	-	-	-	-	-	-
Investment Income	57,253	59,640	62,216	65,116	68,361	71,737	75,264	78,798	82,498	86,371
Reimbursements	-	-	-	-	-	-	-	-	-	-
Other Income	533,395	545,378	557,630	570,157	582,966	596,062	609,453	623,144	637,143	651,456
Net gain - equity accounted Council businesses	-	-	-	-	-	-	-	-	-	-
Total Income	65,453,902	69,261,987	72,989,561	74,972,435	77,784,347	80,704,555	83,737,312	86,886,874	90,157,975	93,555,376
Expenses										
Employee Costs	20,950,254	21,578,762	22,226,125	22,892,909	23,579,696	24,287,087	25,015,700	25,766,171	26,539,156	27,335,331
Materials, Contracts & Other Expenses	24,235,250	25,841,315	26,494,772	27,560,195	28,276,324	29,139,268	29,985,502	30,908,038	31,608,212	33,106,397
Depreciation, Amortisation & Impairment	15,679,372	16,455,164	17,175,853	17,869,435	18,404,739	18,974,965	19,509,148	20,058,734	20,624,184	21,205,973
Finance Costs	4,389,367	5,298,673	5,738,461	6,048,028	6,181,543	6,248,365	6,077,749	5,809,660	5,396,272	4,946,831
Net loss - Equity Accounted Council Businesses	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666	262,666
Total Expenses	65,516,910	69,436,580	71,897,877	74,633,233	76,704,967	78,912,351	80,850,765	82,805,268	84,430,491	86,857,197
Operating Surplus / (Deficit)	(63,008)	(174,593)	1,091,684	339,202	1,079,380	1,792,204	2,886,547	4,081,606	5,727,484	6,698,179
Timing adjustment for grant revenue	-	-	-	-	-	-	-	-	-	-
Less: Grants, subsidies and contributions – Capital	(688,369)	(724,599)	(724,599)	-	-	-	-	-	-	-
Adjusted Operating Surplus / (Deficit)	(751,377)	(899,192)	367,085	339,202	1,079,380	1,792,204	2,886,547	4,081,606	5,727,484	6,698,179
Net Outlays on Existing Assets										
Capital Expenditure on Renewal and Replacement of Existing Assets	(14,681,435)	(15,188,785)	(15,773,002)	(16,343,399)	(16,815,705)	(17,314,315)	(17,793,693)	(18,287,053)	(18,794,812)	(19,358,656)
add back Depreciation, Amortisation and Impairment	15,679,372	16,455,164	17,175,853	17,869,435	18,404,739	18,974,965	19,509,148	20,058,734	20,624,184	21,205,973
add back Grants, subsidies and contributions – Capital	-	-	-	-	-	-	-	-	-	-
Renewal	688,369	724,599	724,599	-	-	-	-	-	-	-
add back Proceeds from Sale of Replaced Assets	35,601	36,385	37,185	38,003	38,839	39,694	40,567	41,459	41,459	42,703
Total Net Outlays on Existing Assets	1,721,908	2,027,362	2,164,635	1,564,039	1,627,873	1,700,343	1,756,022	1,813,141	1,870,832	1,890,020
Net Outlays on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(17,656,198)	(13,065,663)	(11,069,010)	(2,622,367)	(3,625,734)	(1,129,111)	(1,132,498)	(1,135,895)	(1,139,303)	(1,173,482)
add back Grants, subsidies and contributions – Capital	-	-	-	-	-	-	-	-	-	-
New/Upgraded	-	-	-	-	-	-	-	-	-	-
add back Amounts Received Specifically for New and Upgraded Assets	170,551	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments & non-current assets held for sale)	-	-	-	-	-	-	-	-	-	-
Total Net Outlays on New and Upgraded Assets	(17,485,647)	(13,065,663)	(11,069,010)	(2,622,367)	(3,625,734)	(1,129,111)	(1,132,498)	(1,135,895)	(1,139,303)	(1,173,482)
Annual Net Impact to Financing Activities (surplus / deficit))	(16,515,116)	(11,937,493)	(8,537,290)	(719,126)	(918,481)	2,363,436	3,510,070	4,758,851	6,459,013	7,414,717

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		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)					
1	Tendered prices are in excess of the Council's existing budget	People	<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 	<ul style="list-style-type: none"> Increase budget Reduce or adjust scope Abort project 	Possible	People	<ul style="list-style-type: none"> Medium 19 Medium 19 Substantial 13 	CEO	Open			
		Financial									additional funding required, project aborted or delayed					Financial	Minor
		Services														Services	Minor
		Reputation														Reputation	Moderate
		Environment														Environment	
		Regulatory														Regulatory	
2	Design cannot achieve an acceptable Project outcome within the Council's proposed budget	People	<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 	<ul style="list-style-type: none"> Increase budget Adjust scope 	Unlikely	People	<ul style="list-style-type: none"> Substantial 12 Low 21 	GM, Community Development	Open			
		Financial									does not provide an adequate return on investment					Financial	Major
		Services														Services	
		Reputation									project aborted or delayed / scope reductions					Reputation	Minor
		Environment														Environment	
		Regulatory														Regulatory	
3	Escalating costs / inflation in tender prices	People	<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	People	<ul style="list-style-type: none"> Medium 19 	Manager, Assets & Projects	Open			
		Financial									variations					Financial	Minor
		Services														Services	
		Reputation														Reputation	
		Environment														Environment	
		Regulatory														Regulatory	
4	Non-compliance with Building & National Construction Code (NCC) standards and operational requirements	People	<ul style="list-style-type: none"> Design to AS Independent engagement of building certifier obtain building certification engage suitable superintendent 		Unlikely	Minor	Low 21	<ul style="list-style-type: none"> Ensure testing and commissioning, training and handover is undertaken in accordance with the contract 		Very Unlikely	People	<ul style="list-style-type: none"> Low 22 Medium 16 	Project Manager	Open			
		Financial									variations, increased operational costs					Financial	Minor
		Services									limitations on use					Services	Major
		Reputation														Reputation	
		Environment														Environment	
		Regulatory														Regulatory	
5	Prudential report does not support the project	People	<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	People	<ul style="list-style-type: none"> Substantial 12 Low 24 	CFO	Open			
		Financial									sunk costs and high operational deficits					Financial	Major
		Services									project doesn't proceed					Services	Insignificant
		Reputation														Reputation	
		Environment														Environment	
		Regulatory														Regulatory	
6	Failure to determine appropriate operational model and establish / implement opening alongside pool	People	<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 	<ul style="list-style-type: none"> Robust management agreement 	Very Unlikely	People	<ul style="list-style-type: none"> Medium 18 Medium 18 	GM, Community Development	Open			
		Financial														Financial	
		Services									limitations on facility use					Services	Moderate
		Reputation									local / state media coverage					Reputation	Moderate
		Environment														Environment	
		Regulatory														Regulatory	

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			Revised by	A Hamilton, N Carr, M Moshos
Project Manager:	M Moshos			Budget:	TBC

Risk #	Risk Consequence (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)			
7	Inadequate / Improper Asset Maintenance and Renewal	People	<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 		Possible		<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 		Unlikely			Manager, Assets & Projects	Open					
		Financial													Increased operational / unplanned maintenance costs	Minor	Medium 19	Low 21
		Services													limitations on facility use	Major	High 7	Medium 17
		Reputation																
		Environment																
		Regulatory																
8	Latent conditions and existing services not identified	People	<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			Unlikely			Project Manager	Open						
		Financial												variations increasing costs	Moderate	Medium 17	Medium 17	
		Services																
		Reputation																
		Environment																
		Regulatory																
9	Damage to a regulated tree	People	<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: Safeguard regulated tree to avoid damage caused by construction. Utilise arborist to supervise works near regulated trees 	Possible			Project Manager	Open						
		Financial												fine to Council or Contractor	Insignificant	Low 23	Low 23	
		Services																
		Reputation												local community interest	Moderate	Substantial 13	Low 23	
		Environment												Loss of habitat / canopy or death of tree	Moderate	Substantial 13	Low 23	
		Regulatory																
10	Adverse environmental impacts on Patterson Reserve Precinct	People	<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 	Possible			Project Manager	Open						
		Financial												variations	Minor	Medium 19	Low 23	
		Services												Staff resources to control remediation	Insignificant	Low 23	Low 23	
		Reputation												local community interest	Moderate	Substantial 13	Medium 19	
		Environment												dust, sediment, noise affecting residents and businesses	Minor	Medium 19	Low 23	
		Regulatory																
11	Incorrect / unrealistic public expectations	People	<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 	Possible			Manager, Communications & Stakeholder Engagment	Open						
		Financial																
		Services																
		Reputation												local community interest	Moderate	Substantial 13	Substantial 13	
		Environment																
		Regulatory																

Project Risk Register



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Project Manager:	M Moshos		Budget:	TBC	

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12	Inadequate car parking for users during following redevelopment	People	<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	Manager, Assets & Projects	Open		
		Financial														loss of revenue due to limited use of facility
		Services														
		Reputation														widespread community interest
		Environment														
		Regulatory														
13	Hours of operation not considered in DA approval requirements	People	<ul style="list-style-type: none"> DA to include hours of operation, which includes public consultation 		Very Unlikely			<ul style="list-style-type: none"> Defined hours of operation in contracted services 		Very Unlikely	Insignificant	Low 25	Project Manager	Open		
		Financial														
		Services														
		Reputation														delays causing widespread community interest
		Environment														
		Regulatory														
14	Conditions of Planning Consent (relating to approved plans, stormwater management and detention, tree protection use of driveways/carparks, landscaping plan) not adhered to	People	<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	Project Manager	Open		
		Financial														remediation or rectification
		Services														
		Reputation														non compliance causing widespread community interest
		Environment														
		Regulatory														
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	People	<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	Project Manager	Open		
		Financial														cost of remediation/taking action/cost recovery
		Services														impact to PMSC operations
		Reputation														community interest
		Environment														
		Regulatory														

Project Risk Register



City of
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Department:	Infrastructure & Major Projects	Project Name:	Payneham Gymnasium	Date Created:	30-Jan-26
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Project Manager:	M Moshos			Budget:	TBC

Risk #	Risk Consequence (What, When & Why)	INHERENT CONTROLS & RISKS					ADDITIONAL CONTROLS NEEDED		RESIDUAL RISK			Risk Owner(s) (Who is Responsible)	Status	Comments			
		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 			Likely			Likely			Project Manager	Open				
		Financial															
		Services															
		Reputation													community interest and stakeholder complaint	Moderate	High 9
		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. 			Possible		Possible			CEO	Open					
		Financial															
		Services															
		Reputation												Reduced reputation and potential media attention and ongoing enquiries	Moderate	Substantial 13	
		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 			Possible		Possible			GM, Community Development	Open					
		Financial												Operations team lack timely information to plan for a seamless transition into operations. The new gym is delayed in opening, resulting in reduced subsidy revenue.	Minor	Medium 19	
		Services												Quality of service offering to the community is impacted negatively.	Moderate	Substantial 13	
		Reputation												Community expectations on service levels and preparedness to operate the new facility are not met to acceptable standard.	Moderate	Substantial 13	
		Environment															

Project Risk Register



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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	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	Medium 19	Medium 19	Project Manager	Open				
		Financial												Negative impact on financial forecast	Minor	Medium 19
		Services														
		Reputation												Community frustration and reduced confidence in Council to deliver major projects.	Moderate	Substantial 13
		Environment														
		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	Low 21	<ul style="list-style-type: none"> Provide regular reporting to Elected Members during construction 	Unlikely	Medium 17	Low 21	Manager, Assets & Projects	Open				
		Financial												Decisions that impact scope or program impact overall cost of project.	Moderate	Medium 17
		Services														
		Reputation												Decisions affect project deliverables or milestones and community expectations are not met resulting in criticism / media attention / ongoing complaints.	Minor	Low 21
		Environment														
		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	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	Medium 17	Medium 17	Manager, Communications & Stakeholder Engagement	Open				
		Financial														
		Services														
		Reputation												Negative impact to Council's reputation resulting in ongoing complaints.	Moderate	Substantial 13
		Environment														
		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	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	Low 21	Low 21	Manager, Communications & Stakeholder Engagement	Open				
		Financial												Loss of revenue if key stakeholders decide to take up residence elsewhere.	Minor	Medium 19
		Services												Services that are reliant on partnerships with key stakeholders during delivery are impacted resulting in reduction in expected services	Minor	Medium 19
		Reputation												Negative impact to Council's reputation regarding expected services available.	Minor	Medium 19
		Environment														
		Regulatory														

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		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)
23	Operator becomes insolvent	People	Requirement to resource operations	<ul style="list-style-type: none"> detailed and thorough procurement process regular contractor management meetings 	Possible	People	Moderate	<ul style="list-style-type: none"> Annual approval of PMSC budget 	Possible	People	Moderate	Substantial 13	GM, Community Development	Open	
		Financial	Funds required to transition & implement interim strategy			Financial	Moderate			Financial	Moderate				
		Services				Services				Services					
		Reputation	Concern from the public on future of facility			Reputation	Moderate			Reputation	Moderate				
		Environment				Environment				Environment					
		Regulatory				Regulatory				Regulatory					
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	People		<ul style="list-style-type: none"> Independent assessment of performance at year 3 post gym opening 	Possible	People		Substantial 13	GM, Community Development	Open	
		Financial	Increase in Council contribution to operating cost			Financial	Moderate			Financial	Moderate				
		Services				Services				Services					
		Reputation				Reputation				Reputation					
		Environment				Environment				Environment					
		Regulatory				Regulatory				Regulatory					
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 patterson carpark prior to commencement of Gym 	Possible	People		<ul style="list-style-type: none"> Ongoing communication with relevant stakeholders 	Possible	People		Medium 19	Manager, Assets & Projects	Open	
		Financial	Impact on revenue			Financial	Minor			Financial	Minor				
		Services				Services				Services					
		Reputation	Impact on users			Reputation	Minor			Reputation	Minor				
		Environment				Environment				Environment					
		Regulatory				Regulatory				Regulatory					
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	People			Unlikely	People		Low 21	Manager, Assets & Projects	Open	
		Financial	Reduced revenue, possible re-work/fitout			Financial	Minor			Financial	Minor				
		Services				Services				Services					
		Reputation	Impact to services & demand			Reputation	Minor			Reputation	Minor				
		Environment				Environment				Environment					
		Regulatory				Regulatory				Regulatory					
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	People		<ul style="list-style-type: none"> Independent review of performance in year 3 	Possible	People		Medium 19	GM, Community Development	Open	
		Financial	Reduced revenue			Financial	Minor			Financial	Minor				
		Services	Service not to standard			Services	Minor			Services	Minor				
		Reputation	Reduced demand & community complaints			Reputation	Minor			Reputation	Minor				
		Environment				Environment				Environment					
		Regulatory				Regulatory				Regulatory					
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	People		<ul style="list-style-type: none"> regular contract management meetings robust KPIs & performance monitoring 	Possible	People		Substantial 13	GM, Community Development	Open	
		Financial	Reduced revenue			Financial	Moderate			Financial	Moderate				
		Services				Services				Services					
		Reputation	Negative community sentiment			Reputation	Minor			Reputation	Minor				
		Environment				Environment				Environment					
		Regulatory				Regulatory				Regulatory					