

ITEM NUMBER: 5.1

CONFIDENTIAL REPORT

JETTY ROAD MASTERPLAN STAGE 2 PRUDENTIAL REPORT

Pursuant to section 87(10) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Audit and Risk Committee upon the basis that the Committee considers the Report and the documents in confidence under Part 3 of the Act, specifically on the basis Audit and Risk Committee will receive, discuss or consider:

- b. Information the disclosure of which –**
 - i. would 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;**
- j. Information the disclosure of which –**
 - i. would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the Council, or a person engaged by the Council); and**
 - ii. would, on balance be contrary to the public interest.**

Recommendation – Exclusion of the Public – section 90(3)(b & j) Order

1. That pursuant to Section 90(2) of the *Local Government Act 1999* Audit and Risk Committee hereby orders that the public be excluded from attendance at this meeting with the exception of the Chief Executive Officer and Staff in attendance at the meeting in order to consider Report No: 37/24 Jetty Road Masterplan Stage 2 Prudential Report in confidence.
2. That in accordance with Section 90(3) of the *Local Government Act 1999* Audit and Risk Committee is satisfied that it is necessary that the public be excluded to consider the information contained in Report No: 37/24 Jetty Road Masterplan Stage 2 Prudential Report on the following grounds:
 - b. pursuant to section 90(3)(b) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the Council is conducting business; proposing to conduct business; or would prejudice the commercial position of the Council.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

- j. pursuant to section 90(3)(j) of the Act, the information to be received, discussed or considered in relation to this Agenda Item is information the disclosure of which would divulge information provided on a confidential basis by or to a Minister of the Crown, and Department of Infrastructure and Transport (not being an employee of the Council, or a person engaged by the Council).

The information in the prudential report will reveal information related to current confidential work that is proposed to be undertaken by the State Government regarding alternative locations for the Tram. This initiative has not yet been approved by the State Government but forms part of the project's planning and risk profile. As there is significant work to do regarding this initiative it is currently only under consideration and not approved for public disclosure.

In addition, the disclosure of this information would, on balance, be contrary to the public interest. The public interest in public access to the meeting has been balanced against the public interest in the continued non-disclosure of the information. The benefit to the public at large resulting from withholding the information outweighs the benefit to it of disclosure of the information.

- 3. The Audit and Risk Committee is satisfied, the principle that the meeting be conducted in a place open to the public, has been outweighed by the need to keep the information or discussion confidential.**
-

CONFIDENTIAL

Item No: 5.1

Subject: JETTY ROAD MASTERPLAN STAGE 2 PRUDENTIAL REPORT

Summary

The *Local Government Act 1999* requires that councils undertake a prudential review for projects with a value over \$4.713 million, for expenditure in the proceeding five years. Accounting firm BRM Holdich was engaged to provide a prudential report on the Jetty Road Glenelg Masterplan in 2018. Since that time the project's scope, delivery timeframes and likely investment has changed. Given these changes the BRM Advisory (formally BRM Holdich) were engaged to undertake a new prudential review for the project.

The prudential report has identified risks and benefits in undertaking the project and overall determined that the City of Holdfast Bay has acted with due care, diligence and foresight in progressing the Project and Council has been provided with sufficient information to satisfy the requirements of the Prudential Management Policy and section 48 of the Act in order to make an informed decision on the Project, subject to consideration of the outcomes of the consultation process to be undertaken on the proposed funding methodology.

Recommendation

1. **That the Audit and Risk Committee recommends that Council receives the Prudential Report provided as Attachment 1.**

RETAIN IN CONFIDENCE - Section 91(7) Order

2. **That having considered Agenda Item 5.1 37/24 Jetty Road Masterplan Stage 2 Prudential Report in confidence under section 90(2) and (3)(b & j) of the *Local Government Act 1999*, the Audit and Risk Committee, pursuant to section 91(7) of that Act orders that the report, attachments and be minutes be retained in confidence for a period of 24 months and/or the Chief Executive Officer is authorised to release the documents when reports to Council on this matter are released and that this order be reviewed every 12 months.**
-

Background

The Jetty Road Glenelg Masterplan provides a long-term vision for the public realm of Jetty Road and surrounds to reinforce the precinct's status as the State's premier seaside destination. The Masterplan originally proposed staged streetscape upgrades of Jetty Road over the next 10 years. The total project cost was expected to be \$19.278 million (over a 10 year implementation period). The first stage of the project, Chapel Plaza and Hindmarsh Lane was successfully delivered in October 2021.

In 2022 and 2023, Council funded design work to commence the remaining stages of the project. The work on Stage 2 resulted in realising key moves from the Masterplan which included the potential to relocate the tram terminal from Moseley Square, considerations for changing the traffic operation in some parts of the street and rebalance the infrastructure to prioritise pedestrian activities. These changes enable the City of Holdfast Bay to secure a Federal Government election promise grant of \$10 million. This grant funding required the remaining stages of the Masterplan to be completed by December 2027. On that basis the project was initiated on 28 November 2023.

Report

On 24 July 2018, Council considered and accepted the first prudential report for the delivery of the Jetty Road, Glenelg Masterplan. This prudential report was based on the project's likely spend of \$19.5 million over 10 years with Council's contribution being 50% and the other 50% funded through grant funding. If Members require a copy of the previous prudential report, it can be provided. Since this report was presented to Council, the first stage of the Masterplan was successfully implemented.

The delivery of the first stage of the project, Chapel Plaza and Bouchée Walk (formerly Hindmarsh Lane) was used as a demonstration project to test material pallet and alternative street operations. The project was deemed successful and used to inform the next stage of the project and subsequently Council funded design work on the remaining stages to commence.

Given the last cost assessment was undertaken in 2018 and the construction industry was experiencing high escalation due to the global pandemic, the project undertook an independent cost assessment on the remaining stages of the Masterplan. The cost assessment identified a significant increase in construction cost. Given the disparity between the original cost assessment of \$19.6 million and the new cost assessment of \$40 million the project undertook a series of workshops with Council to understand the investment appetite and set the design parameters for the project. This resulted in the project being initiated with Council committing an investment of \$30 million of their funds and accepting a Federal Government grant of \$10 million dollars.

Given the level of investment in the project and the associated project risks, another prudential report was commissioned using an independent consultant, BRM Advisory.

Refer Attachment 1

Summary of the Prudential Report Findings

The project is strongly aligned with Council, state and national plans and priorities. The Project is strongly aligned with Council, state and national plans and priorities. Independent analysis forecasts considerable economic benefit: to local businesses in the form of increased visitor numbers and increased spending; to property owners through a once-off uplift in the value of retail and commercial property values; to the broader community through job creation and expanded employment opportunities; and to Council through potential additional investment and development in the area. However, this analysis also assumes visitor numbers will decrease by 5% during the three-year construction phase resulting in business disruption costs of \$5.311 million per annum, and this impact will be greater if Council does not implement

strategies to minimise the retail and commercial impacts of construction. Accordingly, in our view, the CoHB should give a high priority to implementing strategies to mitigate the impact of construction activity to minimise the impact on business in Jetty Road and surrounding streets.

The Prudential Report has identified that generally the project has met section 48 requirements. Due to the project being in its initiation and planning stage, it is not able to meet all the sub-sections of the Act at the time the prudential report was undertaken. However, the project's planning and risk mitigations provide a solid platform to meet these requirements as the project progresses through its lifecycle and further considerations are provided below.

The Funding Model

To fund Council's contribution to the project, Council is proposing a consecutive rate raise over and above their existing base rate for the next three years. This funding method is proposed to offset the costs associated with borrowing the project funds. This funding model will be included in Council's 2024-25 Annual Business Plan consultation.

Consultation

The prudential report has identified that the current requirements to consult under section 48 (20) (d) have not yet been met. These activities will be met in due course when the project releases Council's investment in the project through the 2024-25 Annual Business Plan consultation process and when it releases the draft Coast and Transition Zone concept plans for public consultation. It must also be noted that extensive consultation occurred with the community when the Masterplan was developed and approved by Council.

Council may experience concern from the residents about the rate rise and funding model, while considering the community's response to the Annual Business Plan Consultation is at the discretion of Council, they should consider their position and response should the community not be in favour of the funding model and the level of investment. Council should note that changing the level of investment in the project will impact the project's scope and timelines.

Construction and the impact on the local economy

The report references the Hudson Howells Business Case that was developed for the project. That report identified additional visitor spending of \$11.684 million per annum post project completion. It also identified a potential impact of a five per cent reduction in visitation to the area during construction, resulting in an estimated reduction in spend of \$5.311 million per annum due to business disruptions. This is on the assumption that the City of Holdfast Bay will implement strategies to reduce the disruption.

Refer Attachment 2

The project is planning to introduce a number of strategies to retain as much operational normality in the street as possible during construction. The project team plan to work alongside the businesses to understand their requirements and develop construction plans accordingly. Additionally, the project will assist businesses to develop specific marketing strategies during construction to retain their existing customer base.

The selection of the contractor using an early contractor involvement procurement strategy will assist the project to ensure it minimises impacting on the street's economy. This procurement model allows the City of Holdfast Bay to engage a contractor that:

- understands the local business operational requirements during construction, has experience undertaking construction work in a high retail environment and uses construction methods that reduce the impact of construction for those businesses e.g. staged works to ensure adequate access to businesses and amenities.
- reviews the design and influences the design specifications to ensure the unknown risks are minimised and associated delays during construction, influences the design specification to retain the desired level of quality but reduces complications to create a more efficient and easier-to-implement design. This will reduce design and construction risk, construction time and staging requirements.
- assists in identifying potential risk and offers alternative solutions to mitigate or reduces risk more effectively.

Prudential report conclusion

The consultant's view is that, the City of Holdfast Bay has acted with due care, diligence and foresight in progressing the project and Council has been provided with sufficient information to satisfy the requirements of the Prudential Management Policy and section 48 of the Act. Additionally the report has provided sufficient information in order to make an informed decision on the project, subject to consideration of the outcomes of the consultation process to be undertaken on the proposed funding methodology.

Budget

To be confirmed post consultation on the 2024-25 Annual Business Plan.

Life Cycle Costs

Not applicable at this stage

Strategic Plan

The design phase of Stage 2 of the Jetty Road Masterplan directly connects and delivers on all Our Place 2050+ Strategic Plan objectives for 2020 - 2030. The Masterplan principles which the concept design will be built upon, were formulated through three phases of extensive community consultation and further demonstrates the direct alignment to the Strategic Plan and ensures Jetty Road is truly considered 'Our Place'.

Council Policy

Prudential Management Policy

Statutory Provisions

Local Government Act 1999, section 48 (2) (a, b, c, d, e, f, g, h, I and j)

Written By: Project Manager Public Realm and Urban Design

Project Director: Mr F Primerano

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Attachment 1



City of Holdfast Bay

Prudential Report:
Jetty Road Glenelg Master Plan

5 February 2024

Final Report

BUSINESS • RESOURCE • MANAGEMENT



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EXECUTIVE SUMMARY

Purpose

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

The Project

The Project is the design and subsequent construction of the Jetty Road Masterplan Stage 2 at a cost not exceeding \$40.000 million.

Summary Conclusion

In our view, the City of Holdfast Bay has acted with due care, diligence and foresight in progressing the Project and Council has been provided with sufficient information to satisfy the requirements of the Prudential Management Policy and Section 48 of the Act in order to make an informed decision on the Project, subject to consideration of the outcomes of the consultation process to be undertaken on the proposed funding methodology.

Prudential Issues and Findings

The Project is strongly aligned with Council, state and national plans and priorities. Independent analysis forecasts considerable economic benefit: to local businesses in the form of increased visitor numbers and increased spending; to property owners through a once-off uplift in the value of retail and commercial property values; to the broader community through job creation and expanded employment opportunities; and to Council through potential additional investment and development in the area. However, this analysis also assumes visitor numbers will decrease by 5% during the three-year construction phase resulting in businesses disruption costs of \$5.311 million per annum, and this impact will be greater if Council does not implement strategies to minimise the retail and commercial impacts of construction. Accordingly, in our view, the CoHB should give a high priority to implementing strategies to mitigate the impact of construction activity to minimise the impact on business in Jetty Road and surrounding streets.

Extensive consultation occurred in 2018 as part of the development of the Masterplan, since that time the estimated capital cost of the Project has increased significantly and Council intends to undertake further community consultation and engagement on the proposed funding model for the Project, which includes an increase in Council Rates for a period of three years at a level which is ~2.3% above the increases currently forecast to be required to finance Council's normal operations. Council should consider the outcomes of the consultation and engagement process before committing to Project construction.

While there is contingency built into the Project, critical risks for the Project include further escalation in costs, scope creep and the ability to deliver the Project within the timeframes set out in the Australian Government funding deed. These risks will need to be actively managed to ensure the Project remains within the allocated budget.

Our detailed report follows.

Key findings

S48 (2)	Description	Comments	Finding
(a)	The relationship with strategic management plans .	The Jetty Road Glenelg Master Plan Project aligns with the strategic management plans of the CoHB, and objectives and outcomes sought in State and Commonwealth Government plans.	Requirements of S48 (2) (a) have been met.
(b)	The objectives of the Development Plan .	The Project may involve some minor works which constitute development under the PDI Act.	Requirements of S48 (2) (b) have been met.
(c)	The expected contribution to the economic development of the local area. The impact on businesses in the proximity . Impacts on fair competition in the marketplace.	The Project is forecast to have a positive economic impact, underpinning increased employment not only in the construction phase but on an on-going basis to service the forecast increase in retail activity. Priority should be given to implementing strategies to mitigate the impact of construction activity on business in Jetty Road and surrounding streets.	Requirements of S48 (2) (c) have been met.
(d)	Consultation with the local community and community influence on the project.	Further community consultation and engagement is to be undertaken prior to committing to construction.	Requirements of S48 (2) (d) have not yet been met.
(e)	Revenue projections and potential financial risks .	The Project is not intended to produce revenue. Financial risks have been identified and are to be mitigated through the Project Risk Register.	Requirements of S48 (2) (e) have been met.
(f)	Recurrent and whole-of-life costs , any financial arrangements	Recurrent and whole of life costs have not yet been documented but the Project will add to CoHB's recurrent costs. The Project will be funded by the CoHB (\$30m) and the Australian Government (\$10m).	Requirements of S48 (2) (f) have been partially met.
(g)	Financial viability of the project.	The CoHB is forecast to exceed the Net Financial Liabilities Ratio cap of 75%, but otherwise remains within key financial indicators.	Requirements of S48 (2) (g) have been met.
(h)	Risks associated with the project, and steps taken to manage, reduce or eliminate risks.	A Project Risk Register has been prepared which identifies the risks relevant to this early stage of the Project.	Requirements of S48 (2) (h) have been met.
(i)	Appropriate mechanisms or arrangements for carrying out the project .	A Project Plan has been prepared to guide project implementation. It is intended to use the ECI model to deliver the Project with a contractor engaged consistent with the Procurement Policy.	Requirements of S48 (2) (i) have been met.
(j)	If the project involves the sale of land , the valuation of the land by a qualified valuer	The Project does not involve the sale or disposition of Land.	Requirements of S48 (2) (j) are not relevant .
	An appropriate level of due diligence is applied to the proposed project.	An appropriate level of 'due diligence' has been applied to ensure Elected Members have been informed about the Project.	Complies with Prudential Management Policy.



1. INTRODUCTION

1.1 Background

1.1.1 Jetty Road, Glenelg (Jetty Road) is acknowledged as one of South Australia's premier seaside tourist destinations providing a focal point for residents and visitors alike. It presents a unique mix of residential, commercial and tourism elements i.e. events, public and recreational spaces, as well as State owned public transport infrastructure such as the Glenelg tram.

1.1.2 The City of Holdfast Bay (CoHB) has long recognised the need to invest in Jetty Road and the surrounding precinct to maintain its reputation as Adelaide's premier seaside destination. At its meeting on 8 September 2015 Council, resolved to adopt the following Motion on Notice regarding the streetscape design for the Jetty Road precinct (C080915/193).

"That the administration report to Council via a workshop what plans, ideas, designs and any other such diagrams, summaries etc have been developed for the street scape design for the Jetty Road precinct prior to Council's response to the Minister initiated DPA for Glenelg and in any event before Tuesday 13 October 2015."

1.1.3 In accordance with the resolution a workshop was subsequently held on 15 September 2015 and funds were allocated in the FY2017 Annual Business Plan to prepare a Masterplan for the major upgrade of Jetty Road, Glenelg.

1.1.4 The Jetty Road, Glenelg Masterplan was endorsed by Council on 13 February 2018 (C130218/1032).

"1. That Council endorse in principle the final Jetty Road Glenelg Masterplan, as provided in Attachment 1 to Report No: 33/18 subject to final detailed plans, specifications and costings for each stage, being submitted to Council for review, consultation with relevant traders/landlords and ratification.

2 That Council note the 'Engagement Summary Report' on Phase 3 of community consultation and engagement, as described in Attachment 2 to Report No: 33/18.

3. That after the initial two years of construction and yearly thereafter further implementation reviews be performed to determine the impact of removing car parking spaces on the street. The Masterplan and detailed design would be updated to reflect changes required to avoid adverse parking effects on the remainder of the implementation.

4. Undertaking that no car parks will be removed from side streets without consultation with affected traders."

1.1.5 The endorsed Masterplan described an over-arching and coordinated vision for Jetty Road Glenelg, identifying a program and guidelines for the progressive and staged upgrade of Jetty Road and its side streets.



- 1.1.6 In 2021, the City of Holdfast Bay (CoHB) completed Stage 1 of the Masterplan, which included Chapel Plaza and Bouchée Walk.
- 1.1.7 The CoHB allocated \$0.930 million in FY2022 and FY2023 Annual Business Plan to commence the design work for the remaining sections of the Masterplan.
- 1.1.8 As an outcome of the 2022 Federal election, the Australian Government invited the CoHB to apply for a \$10.000 million grant as a contribution towards the implementation of the Jetty Road Masterplan.
- 1.1.9 Consistent with the resolution of 13 February 2018, Council approved a high-level review of the Jetty Road Masterplan on 23 May 2023 which was to take into consideration the following:
- 1.1.9.1 a plan that incorporates areas of renewal and design features;
 - 1.1.9.2 a review of the Masterplan zones to accelerate construction delivery and suggest opportunities to reduce the amount of construction stages;
 - 1.1.9.3 undertake engineering surveys to scope the area to inform key design moves; and
 - 1.1.9.4 seek constructability advice to determine appropriate delivery staking an investment for a budget not exceeding \$40 million.
- 1.1.10 The confidential Council resolution of the 23 May 2023 is reproduced below (C230523/7454). [Need to think about making this public concurrent with the release of this Report]
- "That Council:*
- 1. *approves an investment of \$30 million of Council funding to deliver the upgrade of Jetty Road Glenelg;*
 - 2. *approves the design elements to be considered as identified in this report under the 'Design Elements and Parameters' section;*
 - 3. *approves Administration to undertake a high-level review of the existing Masterplan design for consideration by Council with a value not to exceed \$80,000;*
 - 4. *approves Administration and their design consultants to commence discussions with the Department of Infrastructure and Transport and determine their support for changes to traffic and public transport along Jetty Road, Glenelg and the surrounding precinct."*
- 1.1.11 Consistent with the Council resolution, a high-level review of the Masterplan was undertaken and a Business Case was prepared to support the application for \$10.000 million in grant funding from the Australian Government. On 6 October 2023 the CoHB was notified by the Australian Government's Department of Infrastructure, Transport, Regional Development, Communications and the Arts that the application for grant funding had been successful.



1.1.12 The high-level review resulted in Jetty Road being sectioned into three zones, similar to the original Masterplan, with some changes to the length of each of the zones, the zone names and the function of the zones. The zones are outlined below.

1.1.12.1 Zone 1 - Coast

The Coast Zone is the area from Colley Terrace, along Jetty Road to Nile Street. The zone is characterised as more of an entertainment and tourism precinct, with design looking to prioritise pedestrian use, reduce parking, and create a feeling of place with more flexible multi-use spaces. The potential for the tram relocation is to be considered as part of the design works for this zone.

The indicative cost for the Coast Zone is \$15.200 million (excluding any contingency, stormwater renewal or tram relocation costs).

1.1.12.2 Zone 2 - Transition

The Transition Zone extends from Nile/Milton Streets to Partridge/Gordon Streets. The characteristic of this zone is one of transition from the Coast into the City Zone. It is more about creating a community space with flexible spaces, while retaining parking and some vehicle movement. A possible termination of the tram is proposed within this zone.

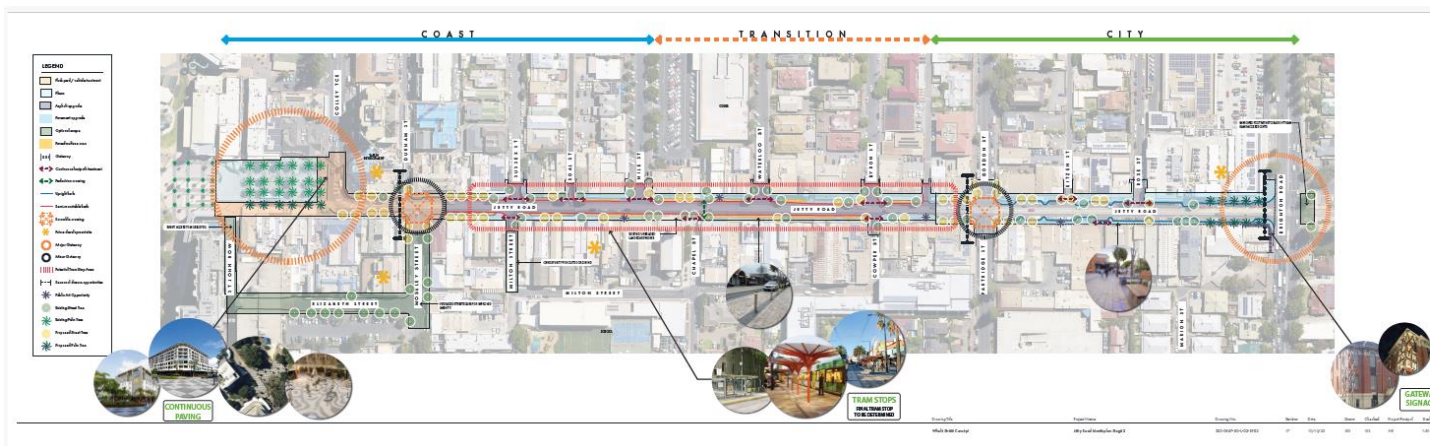
The indicative investment for the Transition Zone is \$9.620 million (excluding any contingency, stormwater renewal or tram relocation costs).

1.1.12.3 Zone 3 - City

The City Zone is from Partridge/Gordon Streets to Brighton Road. This zone is characterised as a local shopping precinct. While there will be some new design elements, works in this zone will predominantly involve the renewal of existing assets and the addition of an entrance statement.

The indicative investment for the City Zone is \$11.540 million (excluding any contingency, stormwater renewal or tram relocation costs).

Figure One: Project area showing three zones





- 1.1.13 At the meeting held on 28 November 2023, Council allocated an additional budget of \$0.300 million for Masterplan design works for the City Zone (which previously had no budget allocation) and a further \$0.150 million for stormwater investigations associated with the new street infrastructure.
- 1.1.14 The estimated cost to replace the stormwater along Jetty Road (which are likely to be required) and its interface with the side streets is \$1.300 million, this is excluded from current capital cost estimates.
- 1.1.15 Due to the size and complexity of the works involved, and in order to meet specified timeframes in the Australian Government Grant Agreement, Council is now in a position where it will need to make various binding contractual and funding commitments to progress the implementation of the Masterplan. These funding commitments are likely to include community consultation on creating the financial capacity to meet the increase in financing costs attributable to the Project though a special increase in Council Rates for a period of three financial years. This increase is above the increase that has been forecast to be required to fund the CoHB's normal operations without the Project.

1.2 The Project

- 1.2.1 The Project is the commencement of design and subsequent construction works to implement Stage 2 of the Jetty Road, Glenelg Masterplan. The Project works are outlined in Attachment One.
- 1.2.2 The indicative Project construction cost for all three zones is \$40.000 million, which includes a contingency allowance of \$3.640 million, but excludes any costs associated with the potential relocation of the tram terminal from Moseley Square or stormwater upgrade costs (which have a preliminary cost estimate of \$1.3000 million) and any design fees which may be up to \$1.820 million subject to the concept plans.

1.3 Project Rationale

- 1.3.1 The Project intends to deliver a high quality and cohesive public environment that enhances services for the local community and reinforces Jetty Road's reputation as one of South Australia's premier seaside destinations.

1.4 Legal Framework and Prudential Issues

- 1.4.1 The Local Government Act 1999 (Act) Section 48 states that a council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—
 - (a) acts with due care, diligence and foresight; and
 - (b) identifies and manages risks associated with a project; and
 - (c) makes informed decisions; and
 - (d) is accountable for the use of council and other public resources.



1.4.2 The CoHB Prudential Management Policy was last reviewed on 22 September 2020 (C220920/2040) which satisfies the requirements of the Act. The Prudential Management Policy and the Act 1999 require Council to consider a report addressing the prudential issues set out in subsection 2 of Section 48 when a project meets certain criteria, specified in (1) (b), namely where a council:

(b) *engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—*

(i) *where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or*

(ii) *where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or.*

(iii) *where the council considers that it is necessary or appropriate.*

1.4.3 The CoHB Prudential Management Policy defines a project as:

"a new or discrete undertaking or activity that would involve the expenditure of money, deployment of resources."

1.4.4 The Project meets the criteria specified in Section 48 (1) (b) (ii) of the Act and the Prudential Management Policy. The prudential issues set out in Section 48 of the Act are reproduced in full as Attachment One.

1.4.5 Under the provision of the Act and the Policy the Prudential Report must be prepared by a person whom the Council reasonably believes to be qualified to address the prudential issues section 48(4) and must not be a person who has an interest in the relevant project as defined in section 48(6a) - (6c).

1.4.6 BRM Advisory was engaged to prepare a report to satisfy the requirements of 'Section 48 and the Prudential Management Policy. We confirm we do not have an interest in the Project, as defined in section 48(6a) - (6c) of the Act.

1.5 Presentation of Report

1.5.1 Section 126 (4) (i) requires a council's Audit and Risk Committee to review any report obtained by the council under Section 48 (1) of the Act.

1.5.2 This report will be provided to CoHB's Audit and Risk Committee on 14 February 2024.

1.5.3 A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).

1.5.4 It would be appropriate for this report to be made publicly available when public consultation on the Project is undertaken.



2. RELATIONSHIP WITH STRATEGIC MANAGEMENT PLANS

Section 48 (2) (a) the relationship between the project and relevant strategic management plans;

Elements	Relevant Documents	Prudential Review Comments
<p>Council Plans</p>	<p>Our Holdfast 2050+ Strategic Plan Annual Business Plan 2023-2024 (ABP) Long Term Financial Plan 2023/24-2032/33 (LTFP) Asset Management Plans (AMP's)</p>	<p>Within Our Holdfast 2050+, three key focus areas of Wellbeing, Sustainability, and Innovation have been identified to support Council in achieving its vision over the next 10 years of "Protecting our heritage and beautiful coast, while creating a welcoming and healthy place for all in South Australia's most sustainable city".</p> <p>The Project has clear and direct linkages to each of the three key focus areas and would provide tangible progress towards Council's vision.</p> <p>The ABP outlines Council's priorities and program of work for the next 12 months, allocating funding for key projects and services. The ABP specifically references the concept design for Jetty Road Stage 2 will commence in FY2023 and continue into FY2024. The ABP allocated \$0.930 million to the concept design works, Council subsequently resolved to increase this allocation by a further \$0.300 million for additional Project design works and \$0.150 million for associated stormwater investigations. This expenditure will not impact the forecast Operating position for FY2024.</p> <p>The LTFP is a planning tool developed to map the financial sustainability of the CoHB into the future, while meeting the needs and expectations of the community. The LTFP provides for a total capital investment of \$151 million over the 10-year planning horizon, split between asset renewal of \$116 million and new capital projects of \$35 million.</p> <p>The Project is not one of the capital projects that was specifically identified in the LTFP.</p> <p>The LTFP does includes an annual amount of \$1.000 million per annum for new capital projects, this provision will not be sufficient to undertake the Project.</p> <p>The LTFP will need to be materially amended to reflect the impact of the Project should it proceed, this will include incorporating the additional finance, maintenance and depreciation costs that will increase CoHB's existing operational expenditure, along with the revenue sources identified to finance the Project e.g. Australian Government grants and the potential increase in Council Rates.</p> <p>The CoHB owns and is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities to the community. AMP's have</p>

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Elements	Relevant Documents	Prudential Review Comments
		<p>been developed to ensure that Council continues to maintain and renew assets in a cost-effective and sustainable manner. The assets at Jetty Road Glenelg are reflected in the following Asset Management Plans.</p> <ul style="list-style-type: none"> • Transport Services Asset Plan; • Stormwater Asset Management Plan; and • Open Space Asset Plan. <p>The assets in Jetty Road Glenelg are not identified in the AMP's as requiring renewal during the life of the current AMP's. The current maintenance provisions in the AMP's will need to be updated to allow for both the addition of newly acquired assets and renewed assets once the Jetty Road, Glenelg concept plans are approved, and assets to be constructed are identified.</p> <p>Should the Project proceed, it is likely that renewal of the existing stormwater system will be required which has a preliminary and indicative cost of \$1.300 million.</p>
Regional Plans		None identified.
State Plans	30-Year Plan for Greater Adelaide South Australian Visitor Economy Sector Plan 2030	<p>The current 30-Year Plan, prepared in 2017, contains 14 policy themes that are high-level strategic directions to guide land use across the Greater Adelaide region until 2045, with each theme supported by actions to facilitate the implementation of the Plan.</p> <p>The Project is consistent with the three objectives of the 30-Year Plan:</p> <ul style="list-style-type: none"> • Maintain and improve liveability; • Increase competitiveness; and • Drive sustainability and resilience to climate change. <p>The Project has a strong correlation with the following policy themes.</p> <ul style="list-style-type: none"> • Transit corridors, growth areas and activity centres. <p>The 30 Year Plan identifies Jetty Road Glenelg as part of the transit corridor catchment and District Activity Centre and includes specific policies relating to increasing residential and mixed use development in the walking catchment of</p>



Elements	Relevant Documents	Prudential Review Comments
		<p>activity centres and the development of activity centres as vibrant places by focusing on mixed-use activity, main streets and public realm improvements.</p> <ul style="list-style-type: none"> Health, wellbeing and inclusion <p>The Project will provide more socially inclusive pedestrian friendly streets and walkable connections to public transport and community infrastructure. The Project aims to reclaim a minimum of 15% of the transport corridor for pedestrian and activation usage along Jetty Road.</p> <ul style="list-style-type: none"> The economy and jobs <p>The Project will assist to provide for sustainable tourism development by protecting, enhancing and promoting the qualities that attract tourism and are of value to the whole community.</p> <p>The Visitor Economy Sector Plan identifies that visitor expenditure in South Australia was \$6.8 billion in the year to December 2018, and sets a target of growing this to \$12.8 billion by 2030. While the Visitor Economy Sector Plan identifies six strategic priorities it also recognises the critical enabling role played by public infrastructure and the significance of local government investment in public infrastructure (amongst other things) such as will be created through the Project. The Project will therefore act as an enabler for the Visitor Economy Sector Plan.</p>
<p>National Plans</p>	<p>Australian Government Priority Community Infrastructure Program</p>	<p>The Project is consistent with Australian Government plans and policy, this is reflected in the investment made in the Project through the Priority Community Infrastructure Program, which was a closed and non-competitive program administered by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. This commitment was made as part of the 2022 election campaign to improve social and economic viability and improve social amenity and increased health and wellbeing.</p>
<p>Findings: Requirements of Section 48 (2) (a) have been met. The Project aligns with the CoHB’s strategic management plans, and objectives and outcomes sought in State and Commonwealth Government plans.</p>		



3. OBJECTIVES OF THE DEVELOPMENT PLAN

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

Elements	Relevant Documents	Prudential Review Comments
<p>Development Plan</p>	<p>Planning, Development and Infrastructure Act 2016 (PDI Act) Planning and Design Code (Code) Planning Development & Infrastructure (General) Regulations 2017 (PDI Regulations)</p>	<p>The Project may involve some works that constitute development under the PDI Act which will require approval under the Code. The Code is the key instrument under the PDI Act for the purposes of development in South Australia. The Code is a set of planning rules and policies which planning decision makers use to assess development proposals. The elements of the Project that may constitute development, in accordance with the PDI Act and require approval, these include:</p> <ul style="list-style-type: none"> • Installation of street furniture; • Installation of street trees; • Installation of public art / signs; and • Planned changes to pedestrian / vehicle links or intersections and roads. <p>To the extent that these works are considered to be public realm works these are likely to be captured within the exemptions under Schedule 4 of the PDI Regulations and would therefore not require development approval.</p> <p>The CoHB has determined that the only works associated with the Project that are likely to constitute 'development' are the planned installation of public art or the entrance statement proposed for Jetty Road. A development application will be prepared as the Project moves from concept design phase into the detailed design phase.</p>
<p>Approving Authority</p>	<p>Planning, Development and Infrastructure Act 2016 (PDI Act)</p>	<p>Should a Development Approval be required we expect the CoHB Council Assessment Panel would be the approving authority.</p>
<p>Findings: Requirements of Section 48 (2) (b) have been met.</p> <p>The Project may involve some minor works which constitute development under the PDI Act and a development application will be prepared as the Project progresses.</p>		

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4. CONTRIBUTION TO ECONOMIC DEVELOPMENT

Section 48 (2) (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;"

Elements	Relevant Documents	Prudential Review Comments
<p>Contribution economic development</p>	<p>to Jetty Road Glenelg Upgrade Business Case July 2023 (Business Case) Prepared by Hudson Howells</p>	<p>Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base. The contribution of the Project to economic development in the CoHB will come from a range of sources including:</p> <ul style="list-style-type: none"> • construction activity directly related to the Project works; • increased business activity; • job creation and employment opportunities; • increase in investment in the area; and • increase in tourism visitation and retail turnover in the area following completion of the Project. <p>The Project works will have positive economic and employment multiplier benefits to the broader economy from the construction activity, related procurement of goods and services and increased retail activity once construction works are completed.</p> <p>The impact of the Project on economic development has been forecast in the Business Case based on a capital cost of \$40.000 million, expended over a five-year period.</p> <p>This economic impact has been assessed based on an input-output model to identify the potential jobs and incomes that may be associated with the project. It is estimated that during the construction phase the Project will contribute \$42.24 million to Gross State Product and will support 271.9 FTE jobs, peaking at 139 FTE jobs per annum in 2024/25.</p> <p>Assuming Project construction completion by FY2028, the Business Case estimates in the operational phase, the direct benefits derived from the Project in the form of total new spending by new and existing visitors to be \$11.684 million.</p>



Elements	Relevant Documents	Prudential Review Comments
		<p>This is further estimated to support 161.5 FTE jobs per annum (of which 92.1 FTE are direct jobs) with an annual value added or contribution to Gross State Product of \$15.609 million per annum.</p> <p>The Business Case community benefit assessment forecasts a four year payback period for the Project and a Net Present Value (NPV) of \$276 million on the investment over a 30-year period.</p> <p>The forecast NPV benefit is reliant on forecast increases in retail activity over a 30-year period which to us is somewhat problematic as it ignores the impact of potential investments in other retail precincts or changes in consumer behaviours, however the four year payback period does demonstrates a strong business case for the Project.</p>
<p>Impact on businesses in the proximity</p>	<p>Jetty Road Glenelg Upgrade Business Case July 2023 (Business Case) Prepared by Hudson Howells</p>	<p>The Project construction works are likely to have a significant and negative impact on existing businesses that operate in and around Jetty Road, Glenelg.</p> <p>These works are likely to involve temporary lane, footpath and street closures, car parking restrictions, and losses of on-street car parking spaces which will deter pedestrians and vehicles from accessing the area, negatively impacting on existing businesses that front Jetty Road, Glenelg and its side streets.</p> <p>The Business Case includes as assumption that there will be a 5% reduction in visitors during construction which will result in reduced spending of \$5.311 million due to business disruption assuming that CoHB implements strategies to minimise the retail and commercial impacts of construction, if such strategies are not implemented then the impact is likely to be much greater. Given the significance of the potential disruption, it may be worthwhile attempting to verify whether the 5% assumption is a realistic impact or not.</p> <p>The CoHB has engaged with the City of Unley to understand the lessons that were learnt from the upgrade of King William Road, Hyde Park which caused significant disruption to business and trade, these learning should be applied to the construction methodology and to the activation of the area during the construction phase to mitigate the impact on traders in and around Jetty Road.</p> <p>While the future forecast benefits of the Project include additional visitor spending of \$11.684 million, it is unlikely that all businesses will benefit proportionately and therefore the material negative impact on businesses during the construction phase</p>

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Elements	Relevant Documents	Prudential Review Comments
		<p>needs to be understood and managed through comprehensive communication and engagement with impacted businesses and an intensive activation program to draw people to the area.</p> <p>We consider it important to ensure that appointed contractors are provided with clear and detailed expectations in relation to building access and for construction to be planned in order to minimise the impact on businesses.</p> <p>The current construction cost estimates do not include an allowance for works to be undertaken outside normal business hours. In our view, phasing of some construction work outside of business hours is likely to provide some mitigation to the disruption traders will experience. Accordingly, while we understand it will increase the capital cost of undertaking the Project we strongly suggest that the CoHB give further consideration to scheduling some construction works outside normal business hours.</p> <p>The construction program for the Project is planned to occur over almost 36 months to reduce the impact of frustration which can occur with on-going disruption when construction is spread over long periods of time. It should be noted that any material delays in construction will attract negative publicity for the CoHB and will further impact the profitability of businesses affected by the construction.</p> <p>The impact of construction works on business in and nearby Jetty Road, Glenelg is a key risk to the success of the Project.</p>
Fair competition	None	The Project does not involve the CoHB undertaking a 'Significant Business Activity' as defined by National Competition Principles and therefore the principles of Fair Competition do not apply.
<p>Findings: Requirements of Section 48 (2) (c) have been met.</p> <p>The Business Case shows that the Project will have positive economic impact on the CoHB, underpinning increased employment not only in the construction phase but on an on-going basis to service the forecast increase in retail activity. It should be noted that the Project construction works are likely to have a significant and negative impact on existing businesses that operate in and around Jetty Road, Glenelg, this has been forecast at \$5.311 million provided CoHB implements strategies to minimise the retail and commercial impacts of construction. The CoHB should give a high priority to implementing strategies to mitigate the impact of construction activity to minimise the impact on business in Jetty Road and surrounding streets.</p>		



5. COMMUNITY CONSULTATION

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;

Elements	Relevant Documents	Prudential Review Comments
<p>Level of consultation</p>	<p>Community Consultation and Engagement Policy (Last reviewed 14 June 2022 C280420/1888)</p> <p>Community Consultation and Engagement Procedure</p> <p>Local Government Act 1999 (SA) (Act)</p>	<p>The Community Consultation and Engagement Policy, prepared pursuant to Section 50 of the Act, sets out the CoHB’s commitment to effective, ongoing and timely community engagement as an integral part of local governance and key decision making. The Policy states that Council will be proactive in informing and seeking the views of its community and honest about the degree of influence the community is able to exercise in any particular community engagement event or process.</p> <p>The Policy makes the following promises with respect to the methods of consultation and engagement:</p> <ul style="list-style-type: none"> • Inform – one way communication about something that is going to happen. • Consult – two-way communications designed to obtain public feedback to inform decision making. • Involve – participatory process to help identify issues and views to ensure concerns and aspirations are understood and considered prior to decision making. Council will work with the community to ensure that its concerns and aspirations are directly reflected in the alternatives developed. • Collaborate – working together to develop understanding of all issues and interests to work out alternatives and identify preferred solutions. Council will look to the community for direct advice and innovation in formulating solutions. <p>The Jetty Road, Glenelg redevelopment was previously the subject of extensive consultation and engagement processes in 2018 when the project had an estimated cost of \$19.279 million and it was proposed that CoHB would fund 50% of the project cost with the balance to be sought from external funding.</p> <p>Given the proposed funding model has changed and the CoHB will now fund 75% of the Project cost with the balance to be funded by a government grant, public</p>



Elements	Relevant Documents	Prudential Review Comments
		<p>consultation on the proposed funding model is planned to occur between April 2024 and June 2024.</p> <p>The consultation and engagement on the proposed funding model will take the form of "Consult" as part of Council's consultation on the draft 2024/2025 Annual Business Plan.</p> <p>The "Inform" level of consultation is proposed for the works to be undertaken in the City Zone, this is planned to occur between February 2024 and March 2024.</p> <p>Community engagement on the works proposed in the Coastal and Transition Zone is planned to occur between January 2024 and January 2025, with public consultation planned to occur between August 2024 and September 2024, based on the "Consult" method.</p> <p>Council should be mindful of the feedback received during the consultation processes and the commitments made in its Policy when determining whether to proceed with the Project or not.</p>
<p>Community influence or contribution to the Project</p>	<p>Community Consultation and Engagement Policy <i>(Last reviewed 14 June 2022 C280420/1888)</i></p> <p>Community Consultation and Engagement Procedure</p> <p>Local Government Act 1999 (SA) (Act)</p>	<p>The Project has previously been the subject of extensive public consultation and engagement processes in accordance with the objectives and requirements of the Council Policy. This process informed the original Masterplan adopted by Council.</p> <p>However, since this consultation occurred there has been a material change in the financial cost of the Project and the impact this will have on ratepayers, as a consequence further public consultation is planned as part of the public engagement to be undertaken for the draft 2024/2025 Annual Business Plan. The consultation approach will be the "Consult" method, providing the community with a further opportunity to influence the Project.</p>
<p>Findings:</p> <p>Requirements of Section 48 (2) (d) have not yet been met.</p> <p>The CoHB has previously undertaken extensive community engagement on the Project, albeit when the capital cost was significantly lower, as a consequence further extensive consultation and community engagement is planned to ascertain Council should be mindful of the feedback received during the consultation processes and the commitments made in its Policy when determining whether to proceed with the Project or not.</p>		



6. FINANCIAL ASSESSMENT

6.1 Revenue, Revenue Projections and Potential Financial Risks

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

Elements	Relevant Documents	Prudential Review Comments				
Revenue projections	Annual Business Plan 2023-2024 (ABP) Long Term Financial Plan 2023/24-2032/33 (LTFP)	<p>While the Project is intended to be financed through an increase in Council Rates for a three-year period, above what would be required to fund CoHB’s normal operations, the Project itself is an upgrade of public realm and is therefore not intended to produce revenue.</p> <p>However, once works are completed the Jetty Road upgrade is expected to increase amenity, visitation and economic activity in and around the area. The improved amenity may increase revenue for CoHB over time from a variety of sources including:</p> <ul style="list-style-type: none"> • Off-street car parking in the surrounding areas; and • Outdoor dining permits, as a result of additional areas being created. <p>While every attempt is to be made to minimise the loss of on-street car parking spaces, there is the potential for the loss of a small number of paid on-street parking spaces on Mosely Street. Should this occur, the impact on CoHB’s revenue will be negligible.</p>				
Potential financial risks	Project Risk Register Treasury Management Policy <i>(Last reviewed 13/07/2021 C130721/2351)</i>	<p>A Project Risk Register has been prepared for this early stage of the Project.</p> <p>The highest level of risk under the CoHB Risk Matrix is ‘Extreme’. Of the 18 Project risks identified seven are financial in nature, four of which have an inherent rating of ‘Extreme’ and three of these risks have an inherent rating of ‘High’ (the second highest rating).</p> <p>Of these risks, four have a residual rating of ‘Extreme’, there are no financial risks with a residual rating of ‘High’. These risks and identified mitigation are shown below.</p> <table border="1"> <thead> <tr> <th>Risk / Rating</th> <th>Comment</th> </tr> </thead> <tbody> <tr> <td>Council not willing to approve funding for the Project</td> <td>Council has unanimously voted to allocate funding of \$30.000 million to the Project. This risk is not able to be mitigated further.</td> </tr> </tbody> </table>	Risk / Rating	Comment	Council not willing to approve funding for the Project	Council has unanimously voted to allocate funding of \$30.000 million to the Project. This risk is not able to be mitigated further.
Risk / Rating	Comment					
Council not willing to approve funding for the Project	Council has unanimously voted to allocate funding of \$30.000 million to the Project. This risk is not able to be mitigated further.					

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Elements	Relevant Documents	Prudential Review Comments	
		<p>Risk / Rating</p> <p>Cost escalation exceeds contingencies. Council does not allocate additional funding</p> <p>The community does not accept the proposed levy</p> <p>Breach of Australian Government grant conditions.</p> <p>In addition, to the identified financial risks CoHB should also be mindful of the following potential financial risks. ·</p> <ul style="list-style-type: none"> • The potential for scope creep causing increases in capital costs • Future recurrent operating costs may be higher than expected / forecast • Opportunity cost <p>Progressing the Project may limit CoHB's financial capacity to undertake alternative capital projects.</p> <ul style="list-style-type: none"> • General economic conditions <p>Changes in general economic conditions can impact business and consumer confidence and impact the willingness to accept the construction disruption or proposed levy increases.</p>	<p>Comment</p> <p>The Project scope would need to be adjusted to accommodate the approved budget (unless Council agreed to allocate additional funding).</p> <p>Public consultation and engagement is planned to be undertaken as part of the consultation on the draft 2024/2025 Annual Business Plan to communicate the community benefit of the Project.</p> <p>The ECI process is being used to reduce delivery times.</p>
<p>Findings:</p> <p>Requirements of Section 48 (2) (e) have been met.</p> <p>The Project is not intended to produce revenue.</p> <p>Financial risks have been identified and where possible are being actively managed. The CoHB should be mindful of the additional financial risks identified.</p>			

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6.2 Recurrent and Whole of Life Costs

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

Elements	Relevant Documents	Prudential Review Comments
Recurrent costs	Long Term Financial Plan 2023/24-2032/33 (LTFP)	<p>The CoHB has provision for the recurrent costs for the maintenance of Jetty Road in the LTFP, these are lower than will be incurred due to the new and upgraded assets to be constructed as part of the Project.</p> <p>The Project is therefore expected to increase recurrent costs.</p> <p>Given the investment is \$40.000 million depreciation is likely to be at least \$0.800 million per annum (subject to the nature of the assets being created) which is not immaterial in the context of the CoHB’s general rate revenue.</p> <p>We note that the net financial impact will be reduced somewhat as a number of existing depreciable assets will be replaced as part of the Project works. Once these costs are reliably known the CoHB should include the forecast increase in recurrent costs in a future version of the LTFP.</p>
Whole of life costs		<p>The CoHB has not prepared whole of life costs for the Project as the nature of the assets to be created is not known and therefore the future recurrent costs of maintaining the Jetty Road cannot be reliably estimated.</p> <p>These costs are not expected to be reliably known until the design work is completed, but as they are known with greater certainty Council should be provided with a whole of life cost for the Project.</p>
Financial arrangements	Long Term Financial Plan 2023/24-2032/33 (LTFP) Treasury Management Policy <i>(Last reviewed 13/07/2021 C130721/2351)</i>	<p>The Project will be funded from the following sources:</p> <ul style="list-style-type: none"> • COHB - \$30.000 million; and • Australian Government - \$10.000 million. <p>The Australian Government funding has been confirmed. As a condition of the grant the CoHB is required approve a concept design for the Coast Zone by 11 February 2025 and have delivered construction of the Coast Zone by 31 December 2026. In addition,</p>



Elements	Relevant Documents	Prudential Review Comments
		<p>the CoHB must invest \$5.500 million into the Coast Zone and \$30.000 million in the Masterplan overall.</p> <p>The Treasury Policy will apply to finance the CoHB contribution to the Project. The CoHB manages its finances holistically in accordance with overall financial sustainability strategies and annually reviewed targets. This means that Council will:</p> <ul style="list-style-type: none"> • Maintain target ranges for Net Financial Liabilities (NFL) and NFL Ratio); • Maintain target range for Interest Cover Ratio; • Not retain and quarantine money for particular future purposes unless required by legislation or agreement with other parties; • Borrow funds in accordance with the requirements set out in its LTFP; • Maintain a minimum amount of liquidity. <p>The CoHB intends to borrow \$30.000 million to finance its contribution and repay this debt over a 15-year term. Borrowings of this amount will result in Council exceeding the current self-imposed 75% cap on the NFL Ratio, this cap should be reviewed to ensure an appropriate target range is set for this ratio.</p> <p>While current modelling has been undertaken at the prevailing LGFA interest rate this may change prior to the loan being drawn down and it would be prudent to include an interest rate sensitivity analysis as part of the presentation of any future modelling on the impact of the Project.</p> <p>It is intended that the financial capacity to meet the increase in financing costs attributable to the Project will be created by a special increase in Council Rates of ~2.3% for a period of three financial years. This increase is above the increase that has been forecast to be required to fund the CoHB's normal operations without the Project and the amount of this increase is highly likely to vary based on changes in interest rates or other assumptions as the Project is progressed.</p> <p>The CoHB will also look for additional grant funding opportunities from relevant State Government programs in areas such as: Water Sensitive Urban Design and Open Space grants for laneways, main streets, civic plazas and reimagined public spaces, to support funding for the Project.</p>



Elements	Relevant Documents	Prudential Review Comments
<p>Findings: Requirements of Section 48 (2) (f) have been partially met.</p> <p>The recurrent costs of the Project have been identified but are unable to be reliably estimated until the design works have been completed. There will be an increase in recurrent costs due to the new and upgraded assets being created by the Project. A whole of life cost estimate has also not been prepared as the nature of the assets to be created is not known and therefore the future recurrent costs of maintaining the Jetty Road cannot be reliably estimated. However, once these are known Council should be provided with a whole of life cost for the Project.</p> <p>The Project is intended to be funded through an increase in Council Rates and in accordance with the provisions of the Treasury Policy.</p>		



6.3 Financial Viability

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;”

Elements	Relevant Documents	Prudential Review Comments															
Financial viability	Long Term Financial Plan 2023/24-2032/33 (LTFP)	<p>The Project is not intended to be financially viable as it is the creation of public realm assets to enhance the amenity and vibrancy of Jetty Road, Glenelg.</p> <p>The assets to be created as part of the Project have no direct revenue generating capacity and thus will not cover the estimated operating costs e.g. maintenance and depreciation.</p> <p>The financial viability of the Project should also be considered in the context of the impact it will have on the CoHB’s financial position.</p> <p>A council is financially sustainable where planned long-term services and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services. To determine whether CoHB’s operations are financial sustainability over the long term, Council has adopted a number of financial indicators to track performance. These indicators (from the LTFP) are shown below.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="background-color: #a6a6a6;">Key Ratio</th> <th style="background-color: #a6a6a6;">Target</th> <th style="background-color: #a6a6a6;">Outcome</th> </tr> </thead> <tbody> <tr> <td>Operating Surplus</td> <td>0% to 10%¹.</td> <td>Operational surpluses forecast for each year of the LTFP</td> </tr> <tr> <td>Net Financial Liabilities</td> <td>No greater than 75%.</td> <td>Will be exceeded unless Council resolves to increase the current 75% cap.</td> </tr> <tr> <td>Interest Cover</td> <td>No greater than 5%.</td> <td>Remains under target</td> </tr> <tr> <td>Asset Renewal</td> <td>Between 90% and 100%</td> <td>Forecast 100% expenditure</td> </tr> </tbody> </table>	Key Ratio	Target	Outcome	Operating Surplus	0% to 10% ¹ .	Operational surpluses forecast for each year of the LTFP	Net Financial Liabilities	No greater than 75%.	Will be exceeded unless Council resolves to increase the current 75% cap.	Interest Cover	No greater than 5%.	Remains under target	Asset Renewal	Between 90% and 100%	Forecast 100% expenditure
		Key Ratio	Target	Outcome													
Operating Surplus	0% to 10% ¹ .	Operational surpluses forecast for each year of the LTFP															
Net Financial Liabilities	No greater than 75%.	Will be exceeded unless Council resolves to increase the current 75% cap.															
Interest Cover	No greater than 5%.	Remains under target															
Asset Renewal	Between 90% and 100%	Forecast 100% expenditure															
		<p>¹ Over a rolling five-year period</p>															



Elements	Relevant Documents	Prudential Review Comments
		<p>The proposed funding methodology for the Project involves adopting an increase in Council Rates of ~2.3% for a period three years to ameliorate the impact of financing the Project on Council's key financial indicators.</p> <p>Accordingly, Council's key financial indicators are forecast to stay within the projections in the current LTFP, other than the NFL Ratio which will exceed Council's current 75% cap unless the cap is varied. While the impact on the NFL Ratio is difficult to accurately forecast at this time, it may rise to peak between 100% and 110% which is above the LGA target ceiling for a net financial liabilities ratio of no more than 100% of operating income in normal circumstances. However, given the scale of this Project for CoHB it is clearly not 'normal circumstances' and we note the LGA does acknowledge that a well-managed council committed to sound financial strategies (particularly during a time of significant development) could comfortably allow a higher net financial liabilities ratio.</p> <p>The LTFP and key financial indicators demonstrate that CoHB has the capacity to fund future initiatives.</p>
<p>Findings: Requirements of Section 48 (2) (g) have been met.</p> <p>The proposed funding methodology aims to ensure CoHB remains within the key financial indicators set by Council, other than for the NFL Ratio which is forecast to be outside Council's current cap, which should be reviewed. While the NFL Ratio may rise to peak between 100% and 110% which is above the LGA target ceiling of no more than 100% in normal circumstances, given the scale of this Project for CoHB it is clearly not 'normal circumstances' and the LGA acknowledges that a well-managed council committed to sound financial strategies (particularly during a time of significant development) could comfortably allow a higher net financial liabilities ratio.</p>		



7. RISK MANAGEMENT

Section 48 (2) (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);”

Elements	Relevant Documents	Prudential Review Comments															
Risk assessment	Risk Management Policy <i>(Last reviewed 31/05/2022 ECM DSID Number 4384274)</i> Risk Management Procedure Project Risk Register	<p>The CoHB Risk Management Policy recognises that the goal is not to eliminate all risks, but rather to manage risks involved in delivering Council’s services while creating and protecting value for stakeholders and the community. To this end, CoHB applies risk management strategies to all business activities. The Policy also sets out Council’s risk tolerance on the following scale:</p> <ul style="list-style-type: none"> • Extreme • High • Medium • Low <p>Based on the Project Risk Register the Project has a relatively high degree of risk at this early stage of the Project lifecycle.</p> <p>CoHB’s Risk Management approach is based on the principles contained within AS/NZ ISO 31000:2018 Risk Management – Guidelines and seeks to ensure that appropriate internal controls are implemented and maintained to manage risk. In accordance with the Policy the CoHB has prepared a Risk Register for the Project which reflects the current early stage of Project progression. This identifies 18 risks, the following table shows the inherent and residual risk profile (i.e. after the application of identified controls).</p> <table border="1" style="width: 100%; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="background-color: #cccccc;">Risk rating</th> <th style="background-color: #cccccc;">Inherent rating</th> <th style="background-color: #cccccc;">Residual rating</th> </tr> </thead> <tbody> <tr> <td>Extreme</td> <td>4</td> <td>4</td> </tr> <tr> <td>High</td> <td>13</td> <td>7</td> </tr> <tr> <td>Medium</td> <td>1</td> <td>4</td> </tr> <tr> <td>Low</td> <td>0</td> <td>3</td> </tr> </tbody> </table>	Risk rating	Inherent rating	Residual rating	Extreme	4	4	High	13	7	Medium	1	4	Low	0	3
Risk rating	Inherent rating	Residual rating															
Extreme	4	4															
High	13	7															
Medium	1	4															
Low	0	3															

BRM Advisory



Elements	Relevant Documents	Prudential Review Comments
		<p>The risks rated as 'Extreme' are financial in nature, three of these risks cannot be further mitigated without a future decision of Council i.e. to allocate funding for the Project or potentially increase the finding allocation and one risk relates to the loss of Australian Government funding if specific milestones are not achieved (Delivery risk).</p> <p>Under the Risk Management Policy risks with an 'Extreme' rating are not acceptable, unless authorised by the CEO and referred to the Audit Committee. Given the risks are dependent upon future decisions of Council we consider the current rating to be appropriate. We note that risk with a rating of 'High' or above are to be reported to the Audit and Risk Committee on a quarterly basis.</p>
<p>Risk mitigation</p>	<p>Jetty Road Upgrade Project Committee Terms of Reference (Committee) Local Government Act 1999 (SA) (Act)</p>	<p>The CoHB has resolved to establish a Section 41 Committee under the Act to ensure an appropriate level of due diligence and consideration in order to assist Council in its decision making. The Committee will have representation from Council, the Jetty Road Mainstreet Committee, the Department of Infrastructure and Transport, a Landlord with property located on Jetty Road Glenelg and an independent, expert consultant.</p> <p>Administratively, the Project reports into a Project Control Group (PCG) for decisions within their delegation. The PCG will refer matters to the Committee and seek recommendations to Council on draft concept plans, public consultation activities, and variations/risks and issues that impact on scope, budget or public perception of the Project (if those matters arise).</p> <p>The Chief Executive Officer should be kept apprised of Project progression and any areas of risks through meetings with the General Manager Assets & Delivery. The Chief Executive Officer should update Council, the S41 Committee, and the Audit and Risk Committee on Project progression, and any change in the risk profile of the Project as required.</p>
<p>Findings: Requirements of Section 48 (2) (h) have been met. The CoHB has prepared a Project Risk Register. The CoHB will establish a Section 41 Committee to oversee the Project.</p>		



8. PROJECT DELIVERY

Section 48 (2) (i) the most appropriate mechanisms or arrangements for carrying out the project;

Elements	Relevant Documents	Prudential Review Comments
<p>Project Delivery</p>	<p>Project Management Policy <i>(Adopted 12/12/23 C121223/7639)</i></p> <p>Masterplan – State 2 Delivery 2023 to 2027 Project Plan V2 (Project Plan) <i>January 2024</i></p>	<p>The CoHB has adopted a Project Management Policy to ensure projects are delivered effectively, in order to provide the best possible outcomes for the community. In accordance with the Policy the Project is designated as a large project and Council has approved the budget for further investigations and concept designs. As a large project it is envisaged that the FTE's to be allocated to the Project will be 5+, Council should ensure the Project is resourced accordingly.</p> <p>The CoHB has developed a Project Plan following the project initiation approval (November 2023). This approval is to design to a \$40 million budget which excludes the cost to relocate the tram and any associated costs for new underground stormwater systems. The document formalises the project management team, clarifies roles and responsibilities, defines and integrates the various planning activities including the documentation that will be required to plan and control the Project. The \$40 million cost is based on continuous construction with no seasonal construction hiatus. It also excludes night works and service alterations, and relocation works. While there is contingency built into the Project, a critical risk for the Project is further escalation in costs outside what has been accounted for.</p> <p>The Project Plan identifies the following procurement strategies.</p> <ul style="list-style-type: none"> • Construction tender – Open Market Tender to deliver the Project under an Early Contract Involvement (ECI) model. • Superintendent services – Open Market Tender (noting this may result in a direct appointment with a Council employee as a secondment). <p>The ECI method of construction contracting that allows a builder to become involved, and potentially start work, before the design has been completed. The benefits of the ECI model are:</p> <ul style="list-style-type: none"> • discrete parts of the Project can be undertaken before all elements of the design have been finalised;



Elements	Relevant Documents	Prudential Review Comments																		
		<ul style="list-style-type: none"> the contractor can provide input on the design as it is being developed; there is greater transparency over subcontractor/trade contractor pricing; and a project can be undertaken faster than may otherwise be the case. <p>The ECI model is proposed to enable CoHB to meet the milestones within the Australian Government funding deed, which include the new concept design of the Coast Zone to be completed by February 2025 and implemented by 31 December 2026. The key Project milestones are shown below.</p> <table border="1" data-bbox="996 587 2004 914"> <thead> <tr> <th>Milestone</th> <th>Commence</th> <th>Complete</th> </tr> </thead> <tbody> <tr> <td>City Zone Design</td> <td>November 2023</td> <td>May 2024</td> </tr> <tr> <td>City Zone Construction</td> <td>September 2024</td> <td>April 2025</td> </tr> <tr> <td>Coastal and Transition Zones Design</td> <td>November 2023</td> <td>September 2025</td> </tr> <tr> <td>Coastal Zone Construction</td> <td>February 2026</td> <td>December 2026</td> </tr> <tr> <td>Transition Zone Construction</td> <td>February 2027</td> <td>December 2027</td> </tr> </tbody> </table> <p><i>Note: Design completion refers to detailed design completion.</i></p>	Milestone	Commence	Complete	City Zone Design	November 2023	May 2024	City Zone Construction	September 2024	April 2025	Coastal and Transition Zones Design	November 2023	September 2025	Coastal Zone Construction	February 2026	December 2026	Transition Zone Construction	February 2027	December 2027
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<p>Procurement</p>	<p>Procurement Policy <i>(Last reviewed 28/06/22 C280622/2650)</i> Local Government Act 1999 (SA) (Act)</p>	<p>The CoHB Procurement Policy covers CoHB’s requirements in relation to the procurement of goods, works and services. In addition to meeting legislative requirements the Policy seeks to deliver value for money outcomes; ensure transparent, accountable, fair and ethical conduct, social responsibility, environmental sustainability, encourage local supply and goods and services are fit for purpose.</p> <p>In progressing the Project the CoHB has engaged the following advisors:</p> <ul style="list-style-type: none"> Tonkin Consulting – Design Consultant. Hudson Howells – Business Case. BRM Advisory – Prudential report. <p>The procurement of professional services to progress the Project have been undertaken consistent with the Procurement Policy, including securing an exemption</p>																		



Elements	Relevant Documents	Prudential Review Comments
		<p>to increase the scope of design work following an initial open market expression of interest process which was followed by a select tender appointment.</p> <p>The Project Plan identifies future procurement strategies which are consistent with CoHB's Procurement Policy.</p>
<p>Findings: Requirements of Section 48 (2) (i) have been met.</p> <p>The CoHB has developed a Project Plan which shows the key milestones can be achieved.</p> <p>To date procurement has been undertaken consistent with the Procurement Policy, the future procurement strategies identified are consistent with CoHB Policy.</p>		



9. SALE OR DISPOSITION OF LAND

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;”

Elements	Relevant Documents	Prudential Review Comments
Valuation of land		The Project does not involve the sale or disposition of land and accordingly part (j) of the Act is not considered relevant. .
<p>Findings: Requirements of Section 48 (2) (j) are not relevant. The Project does not involve the sale or disposition of Land.</p>		



ATTACHMENT ONE: PROJECT WORKS

Zone 1 - Coast

The Coast Zone is the area from Colley Terrace, along Jetty Road up to Nile Street.

The zone is characterised as more of an entertainment and tourism precinct. The design looks to prioritise pedestrian use, reduce parking, create a feeling of place with more flexible multi-use spaces.

The new design elements of this zone are:

- upgrade of road reserve to raise flush pedestrian and vehicle treatment from Moseley Street intersection to Colley Terrace;
- upgrade of road with new finish;
- upgrade of footpath with new Juperana stone pavers;
- new planting, including street trees and low-level planting;
- new street lighting, furniture and continuous footpath treatment;
- integrated public art and lighting display art;
- new stormwater pits and underground infrastructure;
- new scramble crossing at the junction of Moseley Street; and
- new kerb profiles (Durham/Moseley Streets to Nile/Milton Streets).

The asset renewal elements of this zone are an upgrade of existing stormwater infrastructure (to retain existing services upstream) and footpath upgrade from Durham/Moseley Streets to Nile Street using Juperana natural stone pavers.

The tram relocation is to be considered as part of this design, however this is dependent on discussions with the Department of Infrastructure and Transport and State Government funding.

Stormwater upgrades will require funding through the capital renewal budget and further investigation is required to determine cost.

Zone 2 - Transition

The Transition zone is from Nile/Milton Streets to Partridge/Gordon Streets.

The characteristic of this zone is one of transition from the Coast into the City Zone. It is more about creating a community space with flexible spaces, while retaining parking and some vehicle movement. A possible termination of the tram is proposed within this zone.

The new design elements of this zone are:

- new planting including street trees and low-level planting;
- new street lighting, furniture, continuous footpath treatment and integrated public art;
- upgrade of existing kerbing and new mountable profile;
- upgrade of road geometrics to support raised multi-use area (on street parking, outdoor dining); and
- upgrade of footpath with Juperana stone pavers with improvement of crossfall to achieve DDA grades and building access.

The asset renewal elements of this zone are an upgrade of existing stormwater infrastructure, road profile to meet new kerb lines and footpath using Juperana natural stone pavers.



Zone 3 – City

The City Zone is from Partridge/Gordon Streets to Brighton Road.

The characteristic of this zone is a local shopping precinct. While there will be some new design elements, this is predominantly a renewal of existing assets. There will be no change to the form or function of this part of the street. Footpaths and kerbing will remain the same. Through the design phase it may be determined to use a different material palette than the rest of the street to differentiate it.

The new design elements for this zone are:

- new planting including street trees and low-level planting;
- new street lighting, furniture, continuous footpath treatment, and scramble crossing at Partridge Street; and
- new integrated signage/art element on corner of Brighton and Jetty Road as an entry statement.

The enhanced renewal elements for this zone are:

- renewal of kerbing with the same upright profile and alignment including improvements of longitudinal grade to support stormwater surface flow;
- renewal of existing steel channels at protuberance with ACO drain or similar; and
- renewal of footpath with Juperana stone pavers or similar alternative and improvement of crossfall to achieve DDA grades and building access.



ATTACHMENT TWO: LOCAL GOVERNMENT ACT, 1999 SECTION 48

Section 48 – Prudential requirements for certain activities

- (aa1) A council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—
- (a) acts with due care, diligence and foresight; and
 - (b) identifies and manages risks associated with a project; and
 - (c) makes informed decisions; and
 - (d) is accountable for the use of council and other public resources.
- (a1) The prudential management policies, practices and procedures developed by the council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.
- (1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—
- (b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—
 - (i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or
 - (ii) where the expected capital cost of the project over the ensuing five years is likely to exceed \$4 000 000 (indexed); or
 - (iii) where the council considers that it is necessary or appropriate.
- (2) The following are prudential issues for the purposes of subsection (1):
- (a) the relationship between the project and relevant strategic management plans;
 - (b) the objectives of the Development Plan in the area where the project is to occur;
 - (c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;
 - (d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;
 - (e) if the project is intended to produce revenue, revenue projections and potential financial risks;
 - (f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
 - (g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;
 - (h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);
 - (i) the most appropriate mechanisms or arrangements for carrying out the project;
 - (j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.
- (2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the project as a whole.
- (3) A report is not required under subsection (1) in relation to—
- (a) road construction or maintenance; or
 - (b) drainage works.



- (4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).
- (4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council).
- (4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).
- (5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).
- (6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).
- (6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.
- (6b) A person is closely associated with another person (the relevant person)—
- (a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or
 - (b) if that person is a proprietary company in which the relevant person is a shareholder; or
 - (c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or
 - (d) if that person is a partner of the relevant person; or
 - (e) if that person is the employer or an employee of the relevant person; or
 - (f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or
 - (g) if that person is a relative of the relevant person.
- (6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—
- (a) by virtue only of the fact that the person—
 - (i) is a ratepayer, elector or resident in the area of the council; or
 - (ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or
 - (b) in a prescribed circumstance.
- (6d) In this section, \$4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.
- (6e) In this section—
- employee** of a council includes a person working for the council on a temporary basis;
- non-profit association** means a body (whether corporate or unincorporate)—
- (a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
 - (b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.
- (7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

Attachment 2



Jetty Road Glenelg Upgrade

Business Case

July 2023

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1. EXECUTIVE SUMMARY

The purpose of this business case is to outline the justification and benefits of the Jetty Road Glenelg Mainstreet Upgrade Project for the City of Holdfast Bay. This project aims to revitalise and enhance the iconic Jetty Road precinct, contributing to the economic growth, community well-being, and tourism potential of the area. The business case presents the project objectives, scope, estimated costs, potential benefits, and a community benefit cost assessment to support the decision-making process and Commonwealth grant funding requirements.

For the **Commonwealth Government**, the project aligns with the requirements of the Priority Community Infrastructure Program administered by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. During the 2022 election campaign the Australian Government committed funding to communities across Australia, including the City of Holdfast Bay for this project, to improve social and economic viability and improve social amenity and increased health and wellbeing.

The purpose of this program is to support community and sporting infrastructure, open space improvements and other community priorities. Funded projects are intended to assist communities to build their strengths and improve liveability. The objectives of the program are to:

- Build resilient communities through the provision of social and community facilities;
- Improve community amenity, accessibility and liveability through investment in community infrastructure; and
- Drive economic growth in communities and the broader region.

The intended outcomes of the program are to:

- Enhance community infrastructure;
- Improve equity outcomes and social inclusion; and
- Encourage communities to thrive, economically and socially.

It is considered that this Business Case provides support and evidence that the project will substantially support the above objectives and outcomes.

By revitalising the streetscape, enhancing pedestrian and cyclist infrastructure, and improving public amenities, this project promises significant economic, social, and environmental benefits for the community. The estimated costs and funding sources have been outlined, along with the substantial potential return on investment estimated to be TBA.

The Jetty Road Glenelg Mainstreet Upgrade Project aligns with the strategic goals of the City of Holdfast Bay, and objectives and outcomes sought in State and Commonwealth Government plans, contributing to economic growth, community well-being, and the promotion of tourism. This business case provides the necessary information to support the decision-making process and grant requirements, ensuring a sustainable and prosperous future for the Jetty Road precinct.

In terms of economic impact, it is estimated that the \$40 million five year design and construction phase of the project will contribute \$42.24 million to Gross State Product and will support 271.9 FTE jobs, peaking at 139 FTE jobs per annum in 2024/25.

When completed, estimated additional visitor spending of \$11,683,650 per annum from 2027/28 will support an additional 161.5 FTE jobs per annum, with an annual value added or contribution to Gross State Product of \$15,609,356 million per annum. There will also be an estimated additional once-off retail and commercial property value uplift of \$9,487,631.

Offsetting these benefits is an estimated 3 year construction related business disruption cost of \$5,310,750 per annum.

In summary, based on the estimated costs and benefits the Jetty Road Glenelg Upgrade project is projected to have a Community Benefit Cost Ratio (BCR) of 5.44 with a 30 year Net Present Value (NPV) of \$276 million thereby demonstrating a strong business case for the project.

2. JETTY ROAD MASTERPLAN VISION & OBJECTIVES

This section of the Business Case provides an overview of the Jetty Road upgrade masterplan vision and objectives agreed with Council. This vision and its objectives drive the project and economic benefits which in turn support the multi levels of government objectives and plans.

- 1. Long-Term Vision for Jetty Road:** The City of Holdfast Bay has developed a Masterplan for Jetty Road with a long-term vision. The plan aims to reinforce Jetty Road's status as the premier seaside destination in South Australia. The vision of the Masterplan is to create a sense of place within its character influenced by physical, cultural, social and economic layers, whilst building on the existing heritage fabric to protect the past and build for the future. The redevelopment is expected to revitalise the precinct, enhance civic pride, attract quality businesses, and strengthen the local community economy.
- 2. Glenelg as a Premier Seaside Destination:** Glenelg is recognised as Adelaide's premier seaside destination. It offers a unique location where the community, visitors, and tourists can enjoy family holidays, beach activities, shopping, dining experiences, events and world-class attractions. The goal is to preserve the uniqueness of the precinct while implementing positive environmental strategies, vibrant community events, and engaging with landlords, developers and the traders to create a vibrant clean and well-maintained precinct.
- 3. Jetty Road's Status and Function:** Jetty Road serves as a successful 'high street' that caters to the local Glenelg community and attracts people who appreciate its character and atmosphere. It is also a major tourist destination in South Australia, known for its recreational, entertainment, and business offerings. However, the street faces challenges during summer with over-crowding and safety concerns due to the mix of pedestrians, cyclists, vehicles, and trams. In addition to addressing these challenges, the redevelopment aims to leverage the economic potential of Jetty Road by creating an environment that encourages business growth, stimulates investment, and fosters economic activity. By enhancing the street's appeal and functionality, the plan seeks to attract visitors, generate employment opportunities, and contribute to the overall economic prosperity of the local community.
- 4. Objectives of the Masterplan:** The Masterplan for Jetty Road aims to provide a planning framework that outlines a preferred future for the street. The key objectives include revising the street layout to accommodate new uses and improve functionality, increasing public access and pedestrian use, reinforcing Jetty Road's reputation as a primary tourist destination with vibrant public spaces, and cultivating a strong sense of cultural, artistic, and unique offerings. By incorporating cultural

elements, artistic installations, and promoting local talent, the redevelopment seeks to establish Jetty Road as a destination that stands out for its distinctive cultural experiences, further enhancing its appeal to visitors and locals alike. These cultural and artistic elements will serve as points of difference, setting Jetty Road apart from other seaside destinations and attracting individuals seeking a vibrant and culturally rich experience.

5. **Character and Sense of Place:** Maintaining Jetty Road's character is essential, considering its physical, cultural, social, and economic layers. The Masterplan emphasises collaborative action, long-term vision, future heritage, and an accessible, comfortable, and vibrant environment. Being a coastal destination, the plan aims to retain the street's distinctive character while proposing new ideas and improvements that enhance its attractiveness and function.
6. **Key Moves and Transformation:** The Masterplan outlines medium to long-term aspirations for Jetty Road to transform its appearance and functions. It emphasises the importance of building on the street's existing heritage while introducing new elements that protect the past and cater to future needs. The plan envisions the creation of new gateways, vibrant laneways, public plazas, and other transformative elements to enhance the overall experience of Jetty Road.
7. **Sustainability and Feasibility:** Sustainability and feasibility are crucial considerations in the Masterplan's design. The goal is to create public spaces that are attractive and functional for future generations, taking into account the impact of potential climate and economic changes. Feasibility, not only in terms of construction but also maintenance, and economic impact post construction is emphasised. The plan seeks to balance increasing density and user demand while ensuring the longevity and appeal of Jetty Road.
8. **Implementation Strategies:** The Masterplan includes strategies for implementing the proposed improvements. It emphasises reconfiguring the street geometry, strengthening key public spaces, and redeveloping footpaths, lighting, street furniture, plazas, greening and public art. The plan also involves working in conjunction with adjacent works on side streets and laneways to ensure overall consistency and improvement along the entire length of Jetty Road.

Overall, the Masterplan for Jetty Road aims to enhance the functionality, amenity, and attractiveness of the street while preserving its unique character and reinforcing its status as a premier seaside destination while serving its local community. It is consistent with Commonwealth, State and Council plans and objectives and Commonwealth Government grant funding requirements under the Priority Community Infrastructure Program

administered by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts.

3. PROJECT GOVERNANCE, STAKEHOLDERS & TIMELINE

This section of the Business Case provides an overview of the Jetty Road upgrade project governance, stakeholders and timeline.

3.1. Stakeholders

The Jetty Road upgrade project has the following key stakeholders:

- Elected Members and internal Council teams.
- State and Federal Government agencies
- Local businesses and property owners: Beneficiaries of the improved streetscape and increased foot traffic.
- Residents and community members: Users of the upgraded public realm and beneficiaries of an enhanced local economy.
- Visitors and tourists: Attracted to the vibrant and attractive Jetty Road precinct.

3.2. Project Governance

The Jetty Road upgrade project has the following governance model:

- City of Holdfast Bay Elected Members: Councils' elected body.
- Project Control Group: A decision making group that is responsible for the project's outcomes including scope, budget and time.
- Project Sponsor: Responsible for the project's strategic direction and success
- Project Manager: Responsible for the project's delivery, financial management and coordination of the project.
- Project Steering group/s: A group of key stakeholders with strong links to the projects scope area and inform the design development of the project.

3.3. Project Implementation and Timeline

Council has advised that the Jetty Road upgrade project has the following timeline:

- Project Design Phase – 2023/24
- Construction commencement date – 2024/25.
- Construction completion date – 2027/28.

4. UPGRADE PROJECT BENEFITS AND IMPACT

4.1. Economic Benefits:

The following section details the economic benefits that will arise from the Jetty Road, Glenelg upgrade and are incorporated into the economic impact assessment, benefit cost assessment and Business Case:

1. **Increased business activity:** The revitalisation of Jetty Road will attract existing visitors to the precinct to spend more, and more visitors and shoppers, leading to increased foot traffic and consumer spending. As the precinct becomes more appealing, businesses are highly likely to experience higher sales volumes, resulting in increased revenue and profitability. This can provide a significant boost to the local economy and support the sustainability and growth of existing businesses.
2. **Job creation and employment opportunities:** The economic growth driven by the upgrade will lead to job creation and expanded employment opportunities directly in the project and indirectly via the multiplier effect through suppliers to the project and the spend of salaries and wages by project employees. As businesses thrive and new ventures emerge, there will be a need for additional staff, ranging from sales associates and hospitality workers to management positions. Moreover, this will provide opportunities for First Nations people which will help foster greater economic inclusion and empowerment, ensuring they can actively participate in the region's growth and development as employees, entrepreneurs, and leaders. Overall, the increased employment opportunities will benefit both residents and those seeking employment within the Holdfast Bay area.
3. **Support for local businesses:** The upgrade will provide support to local businesses by enhancing their competitiveness. Upgraded infrastructure, improved aesthetics, and a vibrant atmosphere will attract a larger customer base, including both residents and tourists. This increased customer flow will help businesses to expand their customer reach, improve brand visibility, and ultimately increase their market share.
4. **Business diversification and entrepreneurship:** The upgraded Jetty Road precinct will attract new businesses and entrepreneurs looking to capitalise on the improved environment. The revitalised atmosphere is likely to inspire innovative concepts, unique retail offerings, and a diverse mix of establishments. This diversification can lead to a vibrant business community that caters to various customer preferences and fosters healthy competition, driving further economic growth. Additionally, the revitalisation project presents an opportunity to collaborate with the Kaurna people, integrating their rich cultural heritage into the precinct's design and activities. Town

hall exhibitions showcasing Kaurua art, history, and traditions will be organised, providing educational opportunities for both residents and visitors, while also celebrating the contributions of the First Nations' community. The infusion of Kaurua culture throughout the precinct will not only enhance its uniqueness but also promote cultural awareness and appreciation in the Holdfast Bay area.

5. **Increased tourism expenditure:** As Jetty Road becomes a more attractive destination, there is strong potential for increased tourism expenditure in the Holdfast Bay area. Visitors who come to explore the upgraded precinct are likely to spend money on accommodation, dining, entertainment, and shopping, contributing to the local economy. This can have positive effects on tourism-related industries, including hospitality, retail, and services.
6. **Attraction of investment and development:** The upgraded Jetty Road will act as a catalyst for attracting private investment and development projects. As the precinct gains recognition as an appealing destination, developers and investors are highly likely to show interest in establishing new ventures or revitalising existing properties. This will lead to further economic growth, infrastructure improvements, and job creation within the Holdfast Bay area.
7. **Increased local spending and circulation of wealth:** A thriving Jetty Road precinct will encourage residents to shop locally, supporting nearby businesses. When residents choose to spend their money within the community, the wealth generated circulates within the local economy, creating a multiplier effect. This, in turn, will contribute to increased economic resilience and the sustainability of businesses in the area.
8. **Partnership opportunities with tourism operators:** The upgraded precinct will open doors for partnerships and collaborations between local businesses and tourism operators. Joint marketing campaigns, package deals, and promotional initiatives can be developed to attract tourists and encourage longer stays. Such collaborations can drive additional business growth, increase visitor numbers, and strengthen the overall tourism industry in Holdfast Bay.

The socio economic benefits resulting from the upgrade of Jetty Road can have a transformative impact on the local economy, fostering business growth, creating employment opportunities, attracting investment, and generating increased prosperity for the Holdfast Bay community.

4.2. Social and Community Benefits:

The proposed upgrade to Jetty Road in Glenelg, South Australia, will bring numerous social and community benefits to the Holdfast Bay community. These benefits include:

1. **Enhanced community identity:** The revitalisation of Jetty Road will foster a strong sense of community identity and pride. The upgraded precinct, with its improved aesthetics, preserved heritage fabric, and unique character, will become a symbol of community heritage, culture, and local identity. This can strengthen the bond among residents and contribute to a cohesive and connected community.
2. **Increased social interaction and community engagement:** A revitalised Jetty Road will serve as a hub for social interaction and community engagement. Well-designed public spaces, such as parks, gathering areas, and pedestrian-friendly zones, can provide opportunities for people to connect, socialise, and build relationships. Community events, festivals, and markets organised on Jetty Road will further encourage social engagement and community participation.
3. **Improved recreational and leisure opportunities:** The upgraded Jetty Road precinct will offer enhanced recreational and leisure opportunities for residents and visitors. The inclusion of green spaces, pedestrian-friendly paths, and seating areas will provide inviting spaces for relaxation, exercise, and leisure activities. This will contribute to a healthier and more active community, fostering physical and mental well-being.
4. **Cultural and artistic enrichment:** Jetty Road will become a platform for cultural and artistic expression. The inclusion of public art installations, cultural events, and performances will showcase local talent and provide opportunities for artists and artisans to display their work. This will promote and support local heritage, creativity, cultural diversity, and appreciation for the arts within the community.
5. **Increased tourism and visitor experience:** Upgrading Jetty Road will elevate its status as a tourist destination. Improved retail conditions, enhanced public spaces, and a vibrant atmosphere will attract more tourists and visitors to the area. This will lead to increased tourism expenditure, supporting local businesses and creating opportunities for collaboration with tourism operators. A positive visitor experience will also contribute to the overall reputation and appeal of the Holdfast Bay area.
6. **Community safety and well-being:** Addressing safety concerns in the nighttime economy will enhance the overall safety and well-being of residents and visitors. Improved lighting and security measures will create a safer environment, fostering a sense of security and comfort. This will encourage more people to explore the

precinct, participate in evening activities, and contribute to a vibrant nighttime economy.

7. **Environmental sustainability:** The upgrade of Jetty Road will incorporate sustainable design elements and practices. This will include the integration of green spaces, planting trees, implementing water-efficient systems, and promoting eco-friendly and wellbeing friendly transportation options. These initiatives will contribute to environmental sustainability, enhance the natural beauty of the area, and create a healthier and more liveable environment for the community.

Overall, the upgrade of Jetty Road in Glenelg is expected to generate numerous social and community benefits, fostering a strong sense of community, enhancing social interactions, promoting local culture and art, boosting the economy, improving safety, and creating an inclusive and vibrant precinct that residents can take pride in.

These benefits are monetised in the community benefit cost assessment via estimates of the increased property values stimulated by the above benefits.

Please refer to Appendix 1 which highlights the impacts of the Prospect Road, Prospect upgrade (based on details provided by the former Mayor of the City of Prospect).

5. COST-BENEFIT ANALYSIS & BUSINESS CASE

5.1 Key Modelling Assumptions

This section of the report details the key assumptions that support the economic impact and community benefit cost assessments.

5.1.1 General Assumptions

The following general assumptions have been adopted for the economic and financial modelling:

- All base costs and revenues are in \$2022/23.
- CPI – 3.5% (Reserve Bank forecast for the year to June 2024).
- Real discount rate – 3.5% (Based on a nominal discount rate of 7% including inflation). Future costs and benefits are not increased for inflation, so a real discount rate (ex-inflation) is used to convert future costs and benefits to today's values.
- Project Design Phase – 2023/24
- Construction commencement date – 2024/25.
- Construction completion date – 2027/28.
- All costs are ex GST.
- All costs and revenues are pre-feasibility: Subject to detailed concept and design.
- Operating benefits and costs are based on a settled in year – Year 5. This is when all construction is completed and full operating benefits and costs are being realised.

5.1.2 Capital Cost Assumptions

The following estimated capital costs and project timing were supplied by Council:

Table 1
Capital Cost Assumptions and Project Timing

Capital Cost Assumptions							
Year		2023/24	2024/25	2025/26	2026/27	2027/28	Total
Design		\$1,200,000	\$500,000				\$1,700,000
Construction			\$20,000,000	\$7,500,000	\$7,500,000	\$3,300,000	\$38,300,000
Total	\$40,000,000	\$1,200,000	\$20,500,000	\$7,500,000	\$7,500,000	\$3,300,000	\$40,000,000
Design and Construction	\$40,000,000						
Sub Total	\$40,000,000						
Escalation	\$0						
Total	\$40,000,000						

Note that there is no provision for escalation as all assessments are based on \$2022/23 as noted in the general assumptions.

5.1.3 Capital Funding Assumptions

It is assumed that Council will fund \$30 million with the \$10 million balance to be secured via application for Commonwealth Government grants.

5.1.4 Potential Benefit and Other Cost Assumptions

The following table summarises the assumptions and calculations for expected project benefits associated with visitors to Jetty Road and improved place and liveability effects.

Table 2
Potential Project Benefits – Visitors and Improved Place and Liveability
Assumptions and Calculations

Increased Spending by New Visitors		
Number of Visitors Per Annum	1,095,000	
Average Daily Spend	\$97	
Estimated Visitor Increase %	1.00%	
Additional Visitors Per Annum	10,950	
Additional Business Revenue Per Annum		\$1,062,150
Increased Spending by Existing Visitors		
Estimated Increased Spending %	10.00%	
Additional Business Revenue Per Annum		\$10,621,500
Improved Place and Liveability Effects		
Total Value of Residential and Commercial Rateable Properties Effected	\$948,763,138	
Value of Property Uplift	1.00%	
Total Benefit		\$9,487,631

The following source notes are made in relation to the above assumptions and calculations:

- Number of Visitors Per Annum – Source: Jetty Road Glenelg - Retail Strategy 2018 - 2022; City of Holdfast Bay – Live, Work, Visit and Invest Investment Prospectus - 2015.
- Average Daily Spend – Source: Remplan - Holdfast Bay Tourism/Visitor Expenditure
- Increased Spending by New Visitors - Estimated Visitor Increase % – Hudson Howells assumption
- Increased Spending by Existing Visitors – Estimated Increased Spending % – Source: 2018 Prudential Report estimating a 10% uplift in visitor spending.
- Total Value of Residential and Commercial Rateable Properties Effected – Council calculation based on the defined project and ‘shadow area’.
- Value of Property Uplift % – Hudson Howells Assumption - A \$1,000,000 property increases in value by \$10,000 - Once off only in first full year; Not a recurring benefit.

Offsetting these potential project benefits is the business disruption likely to occur during the 3 year construction phase of the project. The following table summarises the assumptions and calculations for these potential project costs associated with business disruption.

Table 3
Other Potential Project Costs – Business Disruption
Assumptions and Calculations

Reduced Spending During Construction		
Number of Visitors Per Annum	1,095,000	
Average Daily Spend	\$97	
Estimated Visitor Decrease %	5.00%	
Reduced Visitors Per Annum	54,750	
Reduced Business Revenue Per Annum		\$5,310,750

The above source notes apply to these assumptions and calculations with the addition of the estimated visitor decrease of 5% being a Hudson Howells assumption and assumes that Council will implement strategies to minimise the retail and commercial impacts of construction.

The estimated 3 year construction related business disruption costs of \$5,310,750 per annum will be offset by the estimated ongoing \$11,683,650 per annum in increased spending by new and existing visitors, plus an additional once-off property value uplift of \$9,487,631. These benefits contribute to a significant project benefit cost ratio detailed in Section 5.3 below.

5.2 Economic Impact Assessment

Government grant applications (which will be important for this project) generally require community benefit/cost assessments incorporating an Economic Impact Assessment which is detailed in this section of the report.

5.2.1 Methodology

This section details the economic and employment opportunities associated with the Jetty Road Glenelg Upgrade Project including ‘multiplier’ impacts as measured by project supported full time equivalent (FTE) employment and value added (project contribution to Gross State Product, or salaries, wages and profits). These impacts cover all aspects of the project including both the construction and operational phases.

The multiplier (or downstream) impacts are important in the context of total impacts of the project. The project has the potential to provide an economic stimulus to the Jetty Road and the broader council community region as a commercial project. This section of the report

provides estimates of the economic impact that the project could have on the State economy over the lifetime of the project (30 years) including both the development and operational phases of the project.

A Microsoft Excel model has been developed to assess the economic impacts and an Input – Output methodology has been employed to model the impact of the project on the State economy. Input - Output Tables for South Australia have been sourced as a methodology for assessing the economic impacts.

This economic impact assessment has been undertaken to identify the potential jobs and incomes that may be associated with the project. Job and income creation are critical elements of the social agenda for economic regions. Economic and social development are intertwined and there is a very strong correlation between economic growth and social indicators (e.g. unemployment and crime rates). An accepted methodology for measuring economic outcomes, and one that is used nationally and internationally, is to measure the value added and employment associated with investment and increased economic outcomes.

Value added is defined as the extent to which the local economy adds value to the product or services supplied, and essentially is the returns to labour and capital in the region for that activity – it represents the incomes to labour and capital. It is consistent with the predominant national measure of economic activity of Gross Domestic Product (GDP) and is considered a major benefit of the project.

This value added and employment impacts can be measured at two levels. Firstly there is the direct impact – the value added and employment contribution or share associated directly with the expenditure (e.g. the labour and profits involved in the initial construction activity). Secondly there is the indirect or multiplier impact – for example that associated with the suppliers to the construction service and the spend of salaries and wages.

5.2.2 The Construction Phase

The following construction multipliers have been obtained from the Input – Output Tables for South Australia derived from the 2020/21 Australian Input Output Tables as prepared by the ABS (with adjustment for inflation).

Table 4
Construction Sector Multipliers¹

	South Australia
Employment (per \$ million)	6.795
Value Added (\$ million)	1.056

The above multipliers mean that \$1 million of construction output on the Jetty Road project would result in the employment of 6.795 persons in South Australia. The value added or Gross State Product (salaries, wages and profits) associated with this activity would have been \$1,056,000 over the construction period.

It is assumed that the design and construction phase will be spread over 3 years as detailed above. Total construction costs are estimated to be \$40 million based on advice from Council.

The following table details the calculation of the construction economic impacts associated with the project. The construction supported jobs include the direct and indirect (or multiplier) jobs associated with the project based on Input output multipliers.

Direct jobs are the employment impacts of the project itself. For example, new construction and administrative jobs generated during the process of upgrading Jetty Road.

Indirect jobs are the employment impacts generated in support industries or the community because they are affected by, benefit from, or support or service, the funded project. For example, new transport, trade suppliers, retail or food services jobs generated as a result of the project. These can be either industrial support for the project (e.g. trade suppliers) or consumption induced (e.g. the spend of salaries and wages of persons employed on the project).

¹ Adjusted for inflation.

Table 5
Total Construction Economic Impacts² (Over 5 Years)

	2023/24	2024/25	2025/26	2026/27	2027/28	Total
Value Added or Contribution to Gross State Product (\$m)	\$1.2672	\$21.648	\$7.92	\$7.92	\$3.4848	\$42.24
Direct	2.44	41.65	15.24	15.24	6.70	81.27
Indirect - Industrial Support	3.49	59.70	21.84	21.84	9.61	116.49
Indirect - Consumption Induced	2.22	37.97	13.89	13.89	6.11	74.08
Total Construction Supported Jobs (FTEs)	8.16	139.32	50.97	50.97	22.43	271.84

In summary, over the five year design and construction phases, it is estimated that the Jetty Road Glenelg Upgrade Project will contribute \$42.24 million to Gross State Product and will support 271.9 FTE jobs peaking at 139 FTE jobs per annum in 2024/25.

It is important to note that the above estimates indicate the total gross economic impact of the project, but it is not an indication of the net benefits and costs of the project from a community wide perspective.

5.2.3 The Operational Phase

As noted in the previous section, the Jetty Road Upgrade will provide opportunities for improved visitor outcomes in the precinct. This will lead to increased economic activity and employment in the precinct, and the State if this activity is not simply transferred from another region of the State.

As detailed above, the following direct benefits are estimated based on the range of detailed assumptions:

- Increased spending by new visitors - \$1,062,150 per annum from 2027/28.
- Increased spending by existing visitors - \$10,621,500 from 2027/28.
- Total new spending by new and existing visitors - \$11,683,650 from 2027/28

² These economic impacts include the direct value added and employment impacts, plus the flow through effects as estimated using South Australian Input- Output Tables.

It is estimated that the above existing and new visitor spending of \$11,683,650 per annum from 2027/28 will support 161.5 FTE jobs per annum with an annual value added or contribution to Gross State Product of \$15,609,356 million per annum (based on South Australian Input-Output multipliers). The 161.5 FTE jobs per annum comprise the following split between direct and indirect jobs based on the Input Output multipliers:

- Direct – 92.1 FTEs
- Indirect: Industrial Support – 28.2 FTEs
- Indirect: Consumption Induced – 41.2 FTEs
- Total Jobs Supported by New and Existing Visitors – 161.5 FTEs

5.3 Community Benefit Cost Assessment

This section brings together the above assumptions and findings in the form of a Community Benefit Cost Assessment for the Jetty Road Glenelg Upgrade project.

Table 6
30 Year Community Benefit Cost Assessment

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Capital Costs						
Capital Cost - Design	\$1,200,000	\$500,000				
Capital Cost - Construction		\$20,000,000	\$7,500,000	\$7,500,000	\$3,300,000	
Other Costs - Business Disruption						
Reduced Spending During Construction		\$5,310,750	\$5,310,750	\$5,310,750		
Total Annual Costs	\$1,200,000	\$25,810,750	\$12,810,750	\$12,810,750	\$3,300,000	\$0
Net Present Value of Costs (NPVC)	\$50,750,934					
Benefits						
Contribution to GSP - Construction	\$1,267,200	\$21,648,000	\$7,920,000	\$7,920,000	\$3,484,800	\$0
Contribution to GSP - Increased Spending by New Visitors	\$0	\$0	\$0	\$0	\$1,419,032	\$1,419,032
Contribution to GSP - Increased Spending by Existing Visitors	\$0	\$0	\$0	\$0	\$14,190,324	\$14,190,324
Improved Place and Liveability	\$0	\$0	\$0	\$0	\$9,487,631	\$0
Total Annual Benefits	\$1,267,200	\$21,648,000	\$7,920,000	\$7,920,000	\$28,581,788	\$15,609,356
Net Present Value of Benefits (NPVB)	\$276,154,225					
Net Annual Benefit /Cost	\$67,200	-\$4,162,750	-\$4,890,750	-\$4,890,750	\$25,281,788	\$15,609,356
Net Present Value of Costs and Benefits (NPVCB)	\$225,403,290					
Return on Investment Over 30 Years (ROI)	544.14%					
Average Annual Return on Investment	33.47%					
Annual Return on Investment from 2028/29	39.02%					
Payback Period (Years)	4					
30 Year Benefit Cost Ratio (Total NPV Benefits/Total NPV Costs)	5.44					

Note that the \$15.6 million Net Annual Benefit/Costs continues to 2052/53 (the 30 year analysis period)

In summary, the Jetty Road Glenelg Upgrade project is projected to have a Community Benefit Cost Ratio (BCR) of 5.44 with a 30 year Net Present Value (NPV) of \$276 million thereby demonstrating a strong business case for the project.

It should be noted that these results are the gross BCA and NPV for the project and therefore assume the construction and visitor activity are additional to the State and not transferred from other regions of the State.

5.4. The Case for Change

Jetty Road, Glenelg is facing a number of challenges that affect its overall vibrancy and appeal. These challenges include:

1. **Shift in retail conditions and consumer shopping practices:** The rise of online shopping has significantly impacted traditional brick-and-mortar retailers along Jetty Road. Consumers now have more options to purchase products online, leading to reduced foot traffic and sales for physical stores in the area.
2. **Competition from other major shopping destinations:** Jetty Road faces competition from other popular shopping destinations, both within the local area and in nearby suburbs. These competing locations may offer larger retail spaces, a wider range of stores, or more attractive shopping experiences, diverting customers away from Jetty Road.
3. **Accessibility and traffic congestion:** Jetty Road experiences issues with accessibility and traffic congestion, which can hinder smooth movement for both vehicles and pedestrians. The increased walkable plaza areas and the focus on reducing car presence will enhance the area's appeal and encourage people to visit.
4. **Limited public and environmental amenities:** The precinct suffers from a lack of public and environmental amenities. Insufficient greenery, such as trees and softscape, diminishes the aesthetic appeal and overall comfort of Jetty Road.
5. **Preservation of heritage fabric:** Jetty Road boasts a rich historical fabric that contributes to its unique character. However, there may be challenges associated with preserving and maintaining this heritage. Aging infrastructure, inadequate maintenance, and potential physical decline can detract from the charm and attractiveness of the precinct.
6. **Safety concerns related to the nighttime economy:** As an entertainment precinct, Jetty Road may face safety issues associated with the nighttime economy. These concerns could include alcohol-related incidents, anti-social behaviour, and a need for improved security measures. Ensuring a safe environment during evenings and nights is crucial to encourage both residents and visitors to enjoy the precinct.

5.5. Alignment with Federal, State and Local Government Outcomes

Testing of the project's alignment against the following State and Local Government plans is a requirement of the Section 48 Prudential Review currently being prepared for Council and is not duplicated here. It is noted that the Jetty Road Glenelg Upgrade project should align with Commonwealth, State and Local Government plans and objectives as highlighted below.

For the **Commonwealth Government**, the project should align with the requirements of the Priority Community Infrastructure Program administered by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts. During the 2022 election campaign the Australian Government committed funding to communities across Australia, including the City of Holdfast Bay for this project, to improve social and economic viability and improve social amenity and increased health and wellbeing.

The program will run over five financial years from 2022-2023 to 2026-2027. The program was announced as part of the 2022-2023 October Budget. The purpose of this program is to support community and sporting infrastructure, open space improvements and other community priorities. Funded projects are intended to assist communities to build their strengths and improve liveability. The objectives of the program are to:

- Build resilient communities through the provision of social and community facilities;
- Improve community amenity, accessibility and liveability through investment in community infrastructure; and
- Drive economic growth in communities and the broader region.

The intended outcomes of the program are to:

- Enhance community infrastructure;
- Improve equity outcomes and social inclusion; and
- Encourage communities to thrive, economically and socially.

It is considered that this Business Case provides support and evidence that the project will substantially support the above objectives and outcomes.

For the **State Government**, the project should align with the:

- 30 Year Plan for Greater Adelaide
- South Australian Visitor Economy Sector Plan 2030

In the case of **Local Government**, the City of Holdfast Bay, the project should align with Council's:

- Strategic Plan
- Annual Business Plan
- Long Term Financial Plan
- Asset Management Plans

5.6. Post-Implementation User Benefits

Council has undertaken a comprehensive approach involving Jetty Road stakeholders, local businesses, government agencies, urban planners, and the community, with a strong focus on promoting wellbeing and resilience. Strategies to revitalise Jetty Road proposed by Council include not only enhancing the retail experience and improving transportation infrastructure but also placing a significant emphasis on creating inviting public spaces with ample greenery to foster a sense of tranquillity and connection to nature. Moreover, Council is committed to prioritising heritage preservation efforts, preserving the area's cultural identity and historical significance for the wellbeing of future generations. Additionally, measures will be implemented to enhance safety and security during the nighttime economy, ensuring that the community can enjoy a vibrant and thriving environment while feeling protected and secure.

The implementation of the initiatives to address the challenges faced by Jetty Road, Glenelg will result in a number of important user benefits, including:

1. **Enhanced shopping and visitor experience:** By revitalising the retail environment, Jetty Road will offer an improved shopping experience to visitors and residents. This could involve a diverse range of stores, unique boutiques, and specialty shops that cater to different tastes and preferences. A vibrant and attractive retail precinct will attract more shoppers and provide them with a pleasant and engaging shopping experience.
2. **Opportunities to attract/increase the number of major and small events/festivals on a national and international scale.**
3. **Improved accessibility and reduced congestion:** Addressing the accessibility and traffic congestion issues will significantly benefit users of Jetty Road. By improving transportation infrastructure, increasing parking availability, and implementing efficient traffic management strategies, users will experience smoother and more convenient access to the precinct. Reduced congestion will enhance mobility for pedestrians, cyclists, and drivers, making it easier for people to reach their destinations along Jetty Road.

4. **Enhanced public and environmental amenities:** The implementation of initiatives to improve public and environmental amenities will bring a number of benefits to users. Increased greenery, such as trees and softscape, will create a more visually appealing and comfortable environment. Well-designed public spaces, green resting spots and gathering areas, will provide opportunities for relaxation, socialising, and community events.
5. **Preservation of heritage and unique character:** Efforts to preserve the heritage fabric of Jetty Road will enhance its unique character and charm. Users will appreciate the historical significance of the precinct, creating a sense of pride and identity within the community. Preserving and maintaining heritage buildings and structures will also contribute to a visually captivating streetscape, enhancing the overall aesthetic appeal of the area.
6. **Increased safety and security:** Implementing measures to address safety concerns in the nighttime economy will benefit users, particularly during evenings and nights. Enhanced security measure and improved lighting will create a safer environment for visitors and residents. This will encourage people to explore and enjoy the precinct after dark, fostering a vibrant nightlife and boosting economic activity.

Overall, these initiatives will result in a more enjoyable, accessible, and thriving Jetty Road precinct, attracting a wider range of users and contributing to the economic and social vitality of Glenelg.

5.7. Post-Implementation Key Actions

After all the changes have been made and the upgrades have been implemented on Jetty Road, Glenelg, the following key actions will be taken in the post-implementation phase to ensure the continued success and long-term sustainability of the precinct:

- **Ongoing maintenance and upkeep:** Regular maintenance of the upgraded infrastructure, public spaces, and amenities will be crucial to preserve the improvements made. This includes tasks such as cleaning, landscaping, and repair works to ensure that the area remains attractive and functional.
- **Continued collaboration and stakeholder engagement:** Council will maintain active collaboration with local businesses, government authorities, community organisations, and residents. Regular meetings, forums, and feedback mechanisms will be established to address any emerging issues, gather suggestions, and foster a sense of community ownership and involvement.

- **Performance monitoring and evaluation:** Council will consider establishing mechanisms to monitor and evaluate the performance of the upgraded precinct. This could involve collecting data on foot traffic, retail sales, visitor satisfaction, safety incidents, and other relevant metrics. Analysing this data will provide insights into the effectiveness of the upgrades and enable adjustments or fine-tuning as needed.
- **Adaptation to changing needs:** Council is aware of the need to stay responsive to changing market trends, consumer preferences, and community needs. Accordingly, Council will periodically reassess the retail mix, evaluate transportation patterns, and assess evolving safety concerns to ensure that Jetty Road continues to meet the demands of its users and remains a vibrant and relevant destination.
- **Marketing and promotion:** Council will develop a comprehensive marketing and promotion strategy to create awareness and attract visitors to Jetty Road and support the Jetty Road Mainstreet Committee to leverage marketing opportunities. This could include advertising campaigns, social media engagement, events, and collaborations with Tourism SA. Effective marketing efforts will help drive foot traffic and increase the visibility and desirability of the precinct.
- **Business support and development:** Council will provide ongoing support to local businesses to ensure their success and sustainability. This could include business training programs, networking opportunities, and assistance with digital marketing and e-commerce integration. Nurturing a thriving business community will contribute to the overall vitality of Jetty Road.
- **Regular review and feedback mechanisms:** Council will establish a process for regular review and feedback collection from users, businesses, and residents. This could be done through surveys, focus groups, and/or online platforms. Gathering feedback will help identify areas for further improvement and address any concerns or challenges that may arise.
- **Public transport and accessible transport:** Council is committed to exploring and implementing measures to enhance public transport and accessible transport options, with the primary objective of prioritising pedestrian safety and overall convenience for the community. Council will focus on accessible transport options, ensuring wheelchair-accessible buses and facilities, and incorporating pedestrian-friendly paths and safe crossings to accommodate people with disabilities or mobility challenges. By prioritising pedestrian safety and sustainability, Council seeks to encourage the use of public transport, reducing traffic congestion and fostering a more inclusive and connected community in the vibrant Jetty Road precinct.
- **Activation plan:** Council is committed to developing, tailoring, and implementing an activation plan that encourages, promotes, and exemplifies how public spaces can be

effectively integrated with commercial activities and businesses within the area. The comprehensive plan will encompass a mix of temporary and permanent initiatives designed to create a dynamic and engaging streetscape, drawing residents and visitors alike to the vibrant precinct. Among the key components, the plan will include the introduction of temporary outdoor dining spaces, extending restaurant and cafe services into the public realm to elevate the dining experience and foster community interaction. This initiative will not only infuse the area with a lively and inviting ambiance but also provide local businesses with additional opportunities to flourish and succeed. Additionally, the plan will incorporate temporary trading opportunities, such as pop-up shops and markets, injecting variety and excitement into the precinct and encouraging exploration and participation. Complementing these temporary elements, the activation plan will introduce permanent outdoor amenities, such as public seating, art installations, and recreational spaces, to create a sense of place and encourage people to linger and enjoy the vibrant surroundings. By skilfully blending public spaces with commercial activities, Council's activation plan aims to invigorate the area, foster a strong sense of community pride and ownership, and establish the precinct as a destination that celebrates local businesses and accommodates the diverse needs and interests of the community.

- Continued heritage preservation: Council will maintain a focus on preserving the heritage fabric of Jetty Road through ongoing monitoring, restoration projects, and compliance with heritage conservation guidelines. Regular assessments of the condition of heritage buildings and structures will ensure their continued protection and maintenance.

By implementing these post-implementation actions, Jetty Road will sustain its upgraded state and remain a vibrant and appealing precinct for both locals and visitors, fostering economic growth, community engagement, and a high-quality user experience.

5.8. Activation Plan and Toolkit for Businesses

The following activation plan and toolkit designed to support businesses on Jetty Road, Glenelg in order to maximize the benefits of the post-implementation upgrades. This plan aims to enhance the visibility of businesses, attract customers, and foster a thriving business community. It includes various strategies, resources, and tools that businesses can utilise:

1. Marketing and Promotion:

- Develop an updated cohesive brand identity for Jetty Road that reflects its unique character and offerings in collaboration with the Jetty Road Mainstreet Committee.

- Update and implement a marketing calendar to plan and coordinate promotional activities throughout the year.
- Update the Jetty Road, Glenelg official website and social media channels for Jetty Road to engage with customers and promote businesses collectively.
- Encourage businesses to use consistent branding elements, such as logos, colours, and hashtags, to create a recognisable presence.
- Collaborate with local influencers, bloggers, and media outlets to generate buzz and reach a wider audience.

2. Business Support and Networking:

- Continue to work with the Jetty Road Business Association to facilitate networking, collaboration, and knowledge sharing among local businesses.
- Organise regular business workshops, seminars, and training sessions to enhance entrepreneurial skills, digital marketing knowledge, and customer service excellence.
- Facilitate business-to-business collaborations and cross-promotion opportunities to leverage each other's customer bases.
- Update the business directory or map highlighting all participating Jetty Road businesses to make it easier for visitors to navigate the precinct.

3. Customer Experience and Engagement:

- Encourage businesses to provide exceptional customer experiences through excellent service, personalised interactions, and attention to detail.
- Implement loyalty programs or discount initiatives for returning customers to foster repeat business.
- Utilise customer feedback mechanisms, such as online surveys or suggestion boxes, to gather insights and continuously improve offerings.
- Continue to organise community events, such as festivals, markets, or live performances, to attract visitors and create a vibrant atmosphere on Jetty Road.
- Continue to support local artists and artisans by showcasing their work in businesses or hosting art exhibitions.

4. Collaborative Marketing Campaigns:

- Develop joint marketing campaigns where multiple businesses collaborate on shared advertising efforts, such as themed promotions, holiday specials, or seasonal sales.
- Create exclusive offers or discounts for customers who visit multiple businesses on Jetty Road, encouraging them to explore and support the entire precinct.
- Establish partnerships with nearby accommodation providers, tourism providers, and attractions to cross-promote Jetty Road as a must-visit destination.

5. Events and Activations:

- Continue to organise regular events and activations on Jetty Road, such as fashion shows, live music performances, or food and wine tastings, to attract visitors and showcase the unique offerings of businesses.
- Collaborate with local community groups, schools, or charities for fundraising events or initiatives that support a good cause and foster community engagement.

6. Merchandising and Visual Merchandising:

- Encourage businesses to enhance their storefronts and displays to create an inviting and visually appealing atmosphere on Jetty Road.
- Provide visual merchandising workshops or resources to guide businesses in optimising their product presentation and store layout.
- Explore opportunities for shared merchandising displays or pop-up shops where businesses can showcase their products collectively.

7. Digital Presence and E-commerce:

- Support businesses in establishing or enhancing their online presence, including websites, e-commerce platforms, and social media accounts.
- Provide resources and training on effective digital marketing strategies, search engine optimisation, and online customer engagement.
- Promote online ordering, delivery services, or click-and-collect options to cater to changing consumer preferences.

This activation plan and toolkit aim to provide businesses on Jetty Road with a comprehensive framework for post-implementation success. It emphasises collaboration, community engagement, and a customer-centric approach to foster a vibrant and thriving precinct that

attracts visitors, encourages repeat business, and supports the overall economic growth of the area.

To complement the activation plan and toolkit designed to support businesses on Jetty Road, Glenelg, Council will develop a robust **Tourism and Investment Strategy** to leverage the attraction of international and national events and festivals and attract national and international investment and development. This strategy will capitalise on the post-implementation upgrades, aiming to position Jetty Road as a premier destination with a thriving business community, drawing visitors and investors from near and far.

The Tourism and Investment Strategy will focus on the following key aspects:

- **Event Attraction:** Identify and target international and national events and festivals that align with Jetty Road's unique character and offerings. By hosting these events, the precinct can attract a diverse range of visitors, enhance its reputation as an exciting destination, and stimulate economic activity for local businesses.
- **Investment and Development:** Promote Jetty Road as an attractive location for national and international investment and development opportunities. By highlighting the precinct's potential, amenities, and strategic position, Council can attract investors seeking to capitalise on the post-upgrade growth and the area's increasing popularity.
- **Marketing and Promotion:** Integrate the Tourism and Investment Strategy with the existing marketing efforts to create a cohesive and impactful campaign. Utilise targeted marketing materials, digital advertising, and collaborations with tourism authorities to reach potential visitors and investors both locally and globally.
- **Partnership and Collaboration:** Forge partnerships with relevant tourism authorities, investment firms, and economic development agencies to strengthen Jetty Road's position as a compelling destination for tourism and business opportunities.
- **Showcasing Success Stories:** Share success stories of businesses that have benefited from the activation plan and have thrived through attracting international and national visitors and investment. These case studies can serve as powerful testimonials to inspire further growth and confidence in Jetty Road's potential.

By integrating the Tourism and Investment Strategy with the activation plan and toolkit, Council aims to unlock Jetty Road's full potential as a vibrant and sought-after destination, fostering sustainable economic growth for the precinct and generating long-term benefits for the community and businesses alike.

5.9. Risks and Negative Consequences of Not Proceeding

If the proposed upgrades to Jetty Road in Glenelg South Australia do not proceed, there are several risks and potential negative consequences that could impact the Holdfast Bay community:

1. **Economic decline:** Without upgrades and revitalisation, Jetty Road may continue to face challenges in attracting visitors and customers. This could result in a decline in business activity, reduced sales for local retailers and service providers, and potential closures of businesses. The economic vitality of the precinct may diminish, leading to job losses and reduced opportunities for entrepreneurship and investment. People will simply choose more attractive places to live, spend time in, shop and invest in.
2. **Reduced tourism and visitor numbers:** Jetty Road is a popular tourist destination, known for its coastal attractions, shopping, and entertainment. If the precinct remains unimproved, it may struggle to compete with other destinations that offer modern facilities, vibrant streetscapes, and enhanced experiences. This could lead to a decline in tourism and fewer visitors coming to Glenelg, impacting local businesses and the overall tourism industry.
3. **Deterioration of infrastructure and heritage:** Neglecting upgrades could result in the continued deterioration of the precinct's infrastructure, including roads, sidewalks, and public spaces. This can create safety hazards, reduce accessibility, and detract from the overall aesthetic appeal of the area. Additionally, the preservation of heritage buildings and structures may be compromised, leading to irreversible damage and loss of historical value.
4. **Increased safety concerns:** If safety issues related to the nighttime economy are not addressed, it can have detrimental effects on the community. The absence of appropriate security measures, well-lit areas, and responsible alcohol service can contribute to anti-social behaviour, crime, and negative perceptions of the precinct. This may discourage both residents and visitors from engaging in evening activities on Jetty Road, impacting local businesses and the overall vibrancy of the area.
5. **Limited community engagement and satisfaction:** Without upgrades, the community may perceive a lack of investment and commitment from local authorities and businesses. This can lead to a sense of disconnection and dissatisfaction among residents, potentially resulting in reduced community engagement and participation. The overall liveability and sense of pride in the Holdfast Bay community may be affected.

6. Missed opportunities for improvement: Without implementing the proposed upgrades, the Holdfast Bay community would miss out on the potential benefits that come with revitalising Jetty Road. These benefits include enhanced retail experiences, improved public spaces, increased tourism, job creation, and a vibrant and attractive precinct that contributes to the overall quality of life for residents.

It is important to recognise these risks and potential consequences to motivate the funding and implementation of the proposed upgrades, ensuring the long-term success and sustainability of Jetty Road and the Holdfast Bay community as a whole.

APPENDIX 1 – Prospect Road, Prospect Upgrade Case Study

The following information highlighting the impacts of the Prospect Road, Prospect upgrade, is based on details provided by the former Mayor of the City of Prospect, South Australia.

1. Increased Footfall and Targeted Marketing:

- Through the introduction of free WiFi and a boosted marketing program, footfall on Prospect Road was measured using sophisticated methods such as tracking mobile phone metadata and dwell times.
- The results of this analysis were highly positive and demonstrated that a targeted marketing program for the precinct, rather than individual traders, yielded significant results.
- This data provided compelling evidence that the upgrade of Prospect Road attracted increased foot traffic, benefiting all businesses in the area.

2. Value-added Services and Point of Differentiation:

- The provision of free public WiFi on Prospect Road was not only a value add but also surpassed the speeds and reliability of the Adelaide Council's free WiFi service.
- This created a unique selling point and talking point among users, further enhancing the attractiveness of the mainstreet.
- Such value-added services were leveraged to position Prospect Road as a desirable destination, increasing its competitiveness and drawing more visitors.

3. Minimal Business Disruption During Construction:

- Despite the intrusive and disruptive nature of the construction phase, no businesses closed or relocated during or after the Prospect Road upgrade.
- The decision to conduct all works at night and maintain navigable footpaths during the day minimised disruptions and mitigated the risk of business impacts.
- This successful outcome demonstrated the project's careful planning and consideration for the needs of the local businesses, ensuring their uninterrupted operation.

4. Facade Updates and Footpath Trading Activation:

- Following the completion of the upgrade, a significant number of traders spontaneously updated their facades, enhancing the overall aesthetic appeal of Prospect Road.
- Additionally, all eligible traders (100%) activated their footpath trading areas, resulting in the creation of six distinct outdoor dining opportunities.
- This high uptake and utilisation of footpath trading spaces indicate a strong sense of community engagement and the potential for increased revenue generation for the traders and the local economy.

5. Low Vacancy Rates:

- Prior to the upgrade, Prospect Road had average vacancy rates.
- Since the upgrade, Prospect Road has consistently exhibited the lowest or among the lowest vacancy rates among suburban main streets, with seven out of the last ten years showing the lowest vacancy rate.
- Low vacancy rates are regarded as a reliable indicator of the health and vibrancy of a geographic area or asset class.
- The sustained low vacancy rates suggest that the upgraded Prospect Road has become an attractive destination for businesses, leading to increased commercial activity and stability.

By considering these compelling pieces of evidence, it becomes evident that the upgrade of the Jetty Road mainstreet in Glenelg, South Australia, will yield significant benefits. These benefits include increased footfall, improved services and infrastructure, minimal disruption to businesses, enhanced aesthetics, and higher occupancy rates. The overall positive impact on the local economy and the prosperity of the traders underscores the necessity and value of the proposed upgrade.