



**MOUNT BARKER**  
DISTRICT COUNCIL

# **Mount Barker**

## **Regional Hub Aquatic Centre**

### *Cost Benefit Analysis*

December 2017

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## Introduction

This cost benefit analysis will provide an initial calculation and summary of the comparable benefits and costs of this project. It will assist in forecasting whether the benefits of a project outweigh its costs and by how much relative to other alternatives. In summary, it carries two key functions:

- To determine if the project is a sound investment
- To provide a basis for comparing alternative courses of action

## Needs

According to the National Sport and Active Recreation AusPlay data (commenced 2011 replacing the Exercise, Recreation and Sport Survey [ERASS] Australian Institute of Sports data collection program 2001-2010), Swimming participation is in the top ten sports activities across the nation.

The most frequently participated active participation activity by all children is swimming (followed by Australian Football, then soccer and netball).

Swimming is the second most popular activity participation activity by all adults after general fitness/gym activities and ahead of Australian football, golf and yoga.

For the purpose of the National Sport and Active Recreation Policy Framework the following definitions apply:

+ “Sport” is defined as:

*A human activity involving physical exertion and skill as the primary focus of the activity, with elements of competition where rules and patterns of behaviour governing the activity exist formally through organisations and is generally recognised as a sport.*

+ “Active recreation” is defined as:

*Active recreation activities are those engaged in for the purpose of relaxation, health and wellbeing or enjoyment with the primary activity requiring physical exertion, and the primary focus on human activity.*

Extrapolation of the South Australian current participations rates provides the following **indicative** numbers:

## Mount Barker Regional Hub Aquatic Centre – Cost Benefit Analysis

AusPlay Participation data and projections											
Sport	South Australian participants – total participation %		Approximate Number of participants based on 2016			Approximate Number of participants based on 2036			Approximate Number of participants based on CURRENT regional catchment		
	Adult	Child 0-14 yo	Adult	Child	Total	Adult	Child	Total	Adult	Child	Total
			26,669	6,737	<b>33,406</b>	43,253	12,162	<b>55,416</b>	78,000	22,000	<b>100,000</b>
			Population <b>33,406</b> Mount Barker District Council ONLY			predicted population <b>55,416</b> Mount Barker District Council ONLY			100,000 regional participation extrapolation		
<b>Swimming</b>	5.5	18.9	1,467	1,273	<b>2,740</b>	2,379	2,299	<b>4,678</b>	4,290	4,158	<b>8,448</b>
<b>Fitness/ gym</b>	25.3	8.5	6,747	1,704	<b>8,452</b>	10,943	1,034	<b>11,977</b>	19734	1870	<b>21604</b>
<b>basketball</b>	3	6.7	800	451	<b>1,251</b>	1,298	815	<b>2,112</b>	2,340	1474	<b>3,814</b>
<b>TOTALS</b>					<b>12,443</b>			<b>18,767</b>			<b>33,866</b>

The Mount Barker *Open Space Recreation and Public Realm Strategy* was prepared through research and extensive community consultation process with the final suite of documents endorsed by Council in March 2014. In relation to swimming, basketball and indoor recreation sports the following was included:

Topic/Activity	Finding	Source
Swimming pool	<p>There is strong support for refurbishment of the Mountain Pool or development of a new venue at an alternative site. The existing facility is considered to be inadequate.</p> <ul style="list-style-type: none"> <li>The desire for a 50m pool has been expressed by the swim club and community members.</li> <li>Demand has been expressed for lap swimming, recreational water space and a hydrotherapy pool.</li> </ul>	“Regional Hub Feasibility Report”
Basketball	<p>Consultations with the Mavericks Basketball Club, Eastern Hills Basketball Association, SA Country Basketball and Basketball SA highlighted:</p> <ul style="list-style-type: none"> <li>The need to plan for future population growth and provide facilities</li> <li>The potential to enhance the Adelaide Hills Recreation Centre</li> <li>Interest in the future management of the Adelaide Hills Recreation Centre</li> </ul>	“Regional Hub Feasibility Report”
Other Indoor Sports	<p>There is community interest in a number of indoor sports and activities including:</p> <ul style="list-style-type: none"> <li>FUTSAL / indoor soccer</li> <li>Roller hockey</li> <li>Fencing</li> <li>Table tennis</li> <li>Volleyball</li> <li>Dance</li> </ul>	Raised by sporting groups and community members to Council staff

	<ul style="list-style-type: none"> <li>• Gymnastics</li> <li>• Fitness Class (yoga)</li> <li>• Gym/ Aerobics</li> </ul>	
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Note: “Stephenson Land” refers to the land now owned by Council between Springs Road and Bald Hills Road and designated for community regional hub development.

In relation to Council priorities and potential directions for swimming, basketball and other indoor recreation and sport facilities, the *Open Space Recreation and Public Realm Strategy 2014* advised:

<b>Topic</b>	<b>Potential Directions and Priority</b>
Sports Facilities	Hub and multi-use buildings development (Stephenson’s Land).
Indoor Recreation and Sport Facilities	<ul style="list-style-type: none"> <li>• Improve the quality of indoor facilities and ensure the capacity to cater for increased demand.</li> <li>• Consider the potential to upgrade the existing indoor sports facility in Mount Barker township.</li> <li>• Create flexible and multi-functional indoor spaces that cater for a range of community groups and needs.</li> <li>• Consider the role of school facilities and other partnership opportunities.</li> </ul>
Aquatic Facilities	<ul style="list-style-type: none"> <li>• Consider relocating the existing swimming pool facility due to small site, declining quality and isolation from other sport and recreation facilities.</li> <li>• Consider opportunities for high profile central location.</li> <li>• Consider sport and recreation Hub potential linked to the existing indoor sport and recreation centre.</li> </ul>

The *2015 Mount Barker Sports and Aquatic Centre Business and Operational Plan* forecast an average 85,500 visits in year one of operation (2020) growing to double within five years of opening.

## **Proposed facility mix to address community need**

The ideal facility mix to address the above mentioned community need, includes:

- 25m x 10 lane indoor pool
- 15m x 15m indoor learn to swim program pool
- Indoor lagoon/leisure pool with water play features
- Wellness lifestyle centre (multi-purpose rooms)
- 2 court indoor stadium (multi-use)
- Cafeteria and retail space
- Centre administration, reception and amenity
- Plant room with associated infrastructure
- Landscaped grassed community space including shaded bbq areas
- Provision for future outdoor 50m pool
- Associated car parking, fencing and facility service requirements

## Alternative Options

Although the above facility mix, developed on Council’s land off Bald Hills Road, is the preferred option, the table below summarises alternatives to this:

Alternative	Reasons against
Continue with existing facility (no major upgrade)	<ul style="list-style-type: none"> <li>• Doesn’t meet community need, expectations</li> <li>• Significant financial subsidy for relatively little return (facility standard)</li> <li>• Asset is beyond its life expectancy with maintenance and running costs escalating annually and may fail at any time.</li> </ul>
Continue with existing facility (major upgrade to make indoor)	<ul style="list-style-type: none"> <li>• Existing site is too small and constrained to accommodate a facility that would meet community need/expectation</li> <li>• Location is not ideal to maximise cross fertilisation of business/associated activities</li> </ul>
Close existing pool, allow private sector to provide aquatic facilities	<ul style="list-style-type: none"> <li>• Private operators will focus on learn to swim only</li> <li>• Due to operational losses associated with community aquatic facilities, private sector is unwilling to invest as lead.</li> <li>• Inconsistent with community expectation and industry standard</li> </ul>
Partner with a school or similar body to deliver community aquatic facilities	<ul style="list-style-type: none"> <li>• As of lodgement of this submission, no current proposal is developed sufficiently to enable a partnership to be realised</li> </ul>
Postpone investment, whilst undertaking minimal maintenance on existing	<ul style="list-style-type: none"> <li>• Existing facility doesn’t meet community need, expectations</li> <li>• Significant financial subsidy for relatively little return (facility standard)</li> <li>• Asset is beyond its life expectancy, asset may fail at any time</li> </ul>
Locate the facility on an alternative site to the Regional Hub	<ul style="list-style-type: none"> <li>• Site selection process has been undertaken against measurable criteria resulting in the preferred location. No alternative location was identified as viable at the time of lodgement.</li> </ul>

## **Costs**

The construction costs of the proposed Aquatic Centre are estimated at around \$25million.

Costs will be refined further through the detailed design and competitive tender process and will be value managed by an independent QS throughout the life of the project.

The operating loss (from year 1) of the facility is estimated at \$234,761, with depreciation accounting for an additional \$512,116, also in year 1. This has been accounted for within Council's Long Term Financial Plan.

The decommissioning of the existing outdoor aquatic facility will provide for an immediate source of transferable funds, to assist with the operating costs for the new facility. Currently the existing facility runs at an operating loss of in excess of \$300,000.

## **Benefits**

The economic and employment benefits of this investment are summarised below:

### **Economic and employment benefits**

#### *Construction*

As a result of the \$25million investment into the proposed facility, \$53million will be injected into the local District Council of Mount Barker economy with a further \$22million flowing into the broader Australian economy.

With regards to employment, a total of 148 direct, industrial and consumption jobs would be created within the local economy, with a further 84 jobs created nationally.

#### *Operation*

As a result of the annual forecasted expenditure of \$1.5million into the sport and recreation sector, the following economic and employment impacts are noted. \$2.74million dollars will flow annually into the local economy with a further \$1.8m into the national economy.

Local employment will see a further 14 jobs created as a result of this facility with an additional 7 within the national workforce.

Detailed breakdowns of the economic and employment benefits on the project per industry sector is contained at the conclusion of this report.

### *Social benefits*

The Australian Sports Commission provides a range of papers detailing the importance of sport and physical activity supporting a number of life-long health and wellbeing benefits. In summary, the Australian Sports Commission research supports 3 key messages:

1. Regular participation in sport and physical activity offers immediate and long-term personal health (i.e. physical and mental) benefits.
2. Population-wide participation in sport and other forms of physical activity has been shown to reduce risk factors associated with some non-communicable diseases and other health problems, leading to population health benefits.
3. Awareness that regular physical activity, that may include sport participation, makes a positive contribution to health and personal wellbeing, is an important public health message.

The communities of Mount Barker District and broader region will benefit from the opportunities arising from the creation of this community facility. Users will include organised club swimming and indoor sports activities, learn to swim, recreation and water play, rehabilitation warm water exercise options, school swimming carnivals and localised programs and activities that promote regular exercise. By accommodating this broad range of user groups, the facility will provide direct and indirect health and well-being benefits to the community, in particularly preventive health.

Health is defined as a complex state of complete mental, physical and social well-being; not merely the absence of illness or infirmity. Therefore the well-being benefits and opportunities would include:

#### Mental benefits including:

- improved confidence
- relief of stress/tension and stress related illness

#### Physical benefits including:

- losing weight
- improved posture
- improved body shape

#### Social benefits including:

- meeting people
- making friends
- competition as a means to improve self esteem

Being a member of a sports club (such as swimming, basketball, gymnastics and other indoor sports) and regularly participating in sport and/or volunteering with a sports club will develop personal qualities from:



- Co-operation – working with others.
- Competition – testing yourself against others.
- Physical challenge – testing yourself against the environment or your best performances.
- Aesthetic appreciation – recognising quality of movement in a performance.

The facility will also provide space for gathering both formally and informally and increase the conversation points within community for people to come together and engage, participate or just be part of an audience experiencing an event, game or performance.

Included within the proposed facility is a learn to swim pool, which enables an increasingly younger demographic, the opportunity to learn swim safety and life-long skills and technique. Current learn to swim facilities in Mount Barker are at capacity and without more facilities being developed, there is a risk that the growing population will not be given reasonable access to shallow depth, learn to swim facilities. Without children undertaking learn to swim programs, the risks of drowning's will significantly increase, something a new facility will help to prevent.

Currently, given the lack of adequate aquatic facilities in Mount Barker, many local swimmers are forced to travel to Adelaide to undertake learn to swim or competition training. This creates significant pressure on time-poor families, with a minimum journey of 45 minutes each way creating both time and financial stress. A new facility, servicing a growing catchment of over 100,000 people, will ensure the majority of the community is located within a 10 minute drive.

Aquatic and Indoor Sports facilities are also effective at promoting intergenerational activities, mixing young and old but also people from different cultures and backgrounds. With an absence of youth facilities in Mount Barker, together with that growing population cohort, this facility will provide much needed activity and interest for the regions youth, and in so doing, seek to address youth obesity, boredom and social isolation.

The incorporation of high-speed internet will also assist with creating an environment that supports a range of business and social needs of an increasingly technology hungry community.

With a forecasted growth to over 170,000 visitations a year, the Mount Barker Regional Aquatic and Indoor facility will be a community hub where people can come to share experiences, compete, learn and socialise, all whilst achieving improved health and well-being.

## **Recommendation**

Based on the cost benefit analysis presented below, the following is recommended:

- Decommissioning of the existing outdoor swimming facility (Cameron Road) and construction of a new indoor aquatic centre
- Scope of new facility to reflect demonstrated need
- Scope to reflect optimal mix to ensure minimised financial subsidy
- Local employment through construction and during operation
- Continued partnership approach with all tiers of government and industry

## **Supporting Reasons**

The reasons for this recommendation are as follows:

- Existing facility is well past its useful life expectancy, failing in key areas of functionality, capacity, financial performance, asset condition, community/user expectations and safety.
- Given the City of Mount Barker will grow by over 60% across the next 25 years, the warrant exists for a modern aquatic centre to satisfy the needs of a growing and increasing demanding population.
- The operating subsidy for the existing facility is not commensurate with its accessibility and suitability for the public (limited operating season, sub-standard facilities)
- The operating subsidy for the new facility is forecasted and achievable within Council's Long Term Financial Plan and provides for a facility standard meets community and industry expectations.
- The proposed facility will include elements that cater for a demonstrated need and will ensure an appropriate mix of wet and dry facilities to ensure operating losses are minimised, whilst community use is maximised.

## **Attachments**

Economic Forecast Modelling  
Economic Impact Operating Expenditure