



BUSINESS CASE: FRED FINCH PARK SPORTS STADIUM REDEVELOPMENT

Applicant:
Illawarra Sports Stadium Ltd



Version 5
May 2021

KEY PROPOSAL DETAILS

Proposal Information	
Proposal name	Fred Finch Park Sports Stadium Redevelopment
Lead proponent	Illawarra Sports Stadium
Lead proponent ABN	18 054 622 196
Proposal partners	Wollongong City Council
Lead Contact	
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Proposal Scope	
Proposal summary for publication <i>Please provide 150 words or less</i>	Construction of three additional multipurpose international courts including multi-purpose room, netball administrative centre, seating for approximately 2,000 spectators and gymnasium to complement the current four courts.
Proposal Location	
Proposal address	<i>Fred Finch Park, Berkeley NSW 2506</i>
Local government area	Wollongong City Council
NSW electorate	<i>Wollongong</i>
Federal electorate	<i>Whitham</i>
Supporting Information	
Attachments <i>Please list out all supporting information provided</i>	<ul style="list-style-type: none"> • Letters of support from Wollongong City Council (Lord Mayor GB; Councillor JR) • Letters of support from ISS partners (IDNA; IBA; UBL) • Letters of support from NSW sports industry (Basketball NSW; Illawarra Hawks; Netball NSW) • Letters of support from court hirers (Illawarra District Table Tennis Association; Lifeline South Coast; Wollongong Roller Hawks) • ISS upgrade scope of works document (proposal) • WCC minutes for proposal (alternative case) • Opinion of costs (quote for project capital costs) • ISS annual reports (last three financial years) • WCC - Owner's Consent

DOCUMENT INFORMATION

Document Summary Information	
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Document History			
Version	Amendment	Amendment Date	Amended by
1	Completed draft for ISS executive review	5 July 2020	RR
2	Reviewed by ISS Managing Director	7 July 2020	IR
3	Reviewed by ISS Chairman	27 July 2020	GH
4	Projected costs and cost-benefit analysis adjusted to incorporate WCC's recommendations (Nov, 2020); Reclassification of Multi-purpose Room and Canteen areas in proposed building as requested by WCC (Feb, 2021); Updated dates indicating milestones.	14 March 2021	RR
5	Final review of content, including financials and attachments	20 May 2021	PR & GH

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EXECUTIVE SUMMARY

In response to the impact of the COVID-19 pandemic both the Commonwealth and NSW State Governments recognised the need to stimulate the country's economy and announced a range of economic responses geared towards small to medium businesses and Not-For-Profit (NFP) organisations to assist with cash flow and worker retention. This new investment allowed for planning and new construction projects to be fast-tracked without the normal planning approval for the health, safety and welfare of the public during the viral pandemic.

In line with government objectives, the Illawarra Sports Stadium Ltd. (ISS) is seeking access to government funds to implement much needed upgrades to the community sports facilities in Fred Finch Park, Berkeley NSW.

ISS is a medium size NFP organisation located in the socio-economically disadvantaged community of Berkeley. Both ISS and the community were severely affected by the pandemic. Figure A shows how much bookings for community sports at ISS were devastated by COVID-19 disruption.

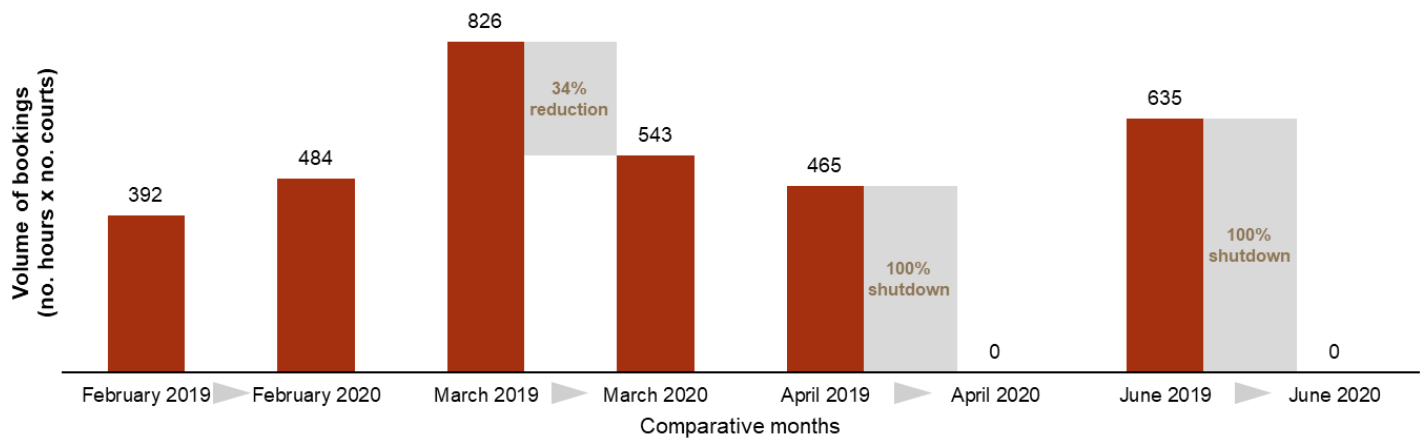


Figure A. Downturn in ISS' volume of bookings specific to COVID-affected months

ISS is committed to supporting the health and wellbeing of the community but is critically in need of infrastructure upgrades. ISS is proposing a "Fred Finch Park Sports Stadium Development Project" to mutually satisfy the objectives of the Commonwealth Government of Australia, the NSW State Government, the Wollongong City Council (WCC) and the Illawarra Sports Stadium, by upgrading the existing facility to:

- Help address the impact of the COVID-19 pandemic on the ISS and the Illawarra community
- Create an estimated 500 full time equivalent jobs
- Assist local sporting clubs and associations (including but not limited to netball, basketball, table tennis, and dance), and enable increased levels of inclusion, diversity, female participation and grass-roots sports to the community, including activities for the aged and/or disabled.
- Cater for additional programs which address the health and wellbeing of school children
- Provide additional activities for local residents
- Assist WCC to address the demands arising from the West Dapto housing developments (25,000 new residents) in conjunction with the outdoor netball facilities at Fred Finch Park
- Provide a viable venue for elite and semi-professional female sports programs
- Provide hirers with a viable venue, which caters for up to 2,000 seated spectators to attend events, (including but not limited to - Trade Fairs, Shows, Championships, Presentations, Seminars and Conferences)
- Assist WCC to replace the current Netball Administration Centre, (The Val Curran Centre) which is defective and in drastic need of renovation
- Provide additional courts that comply with Netball NSW's demands
- Provide an improved venue experience for visitors to Fred Finch Park
- Cater for the existing and future demands for courts, which are not currently available
- Assist WCC attract additional tourism through State and National events

- Address the absence of any similar proposed facilities throughout the Illawarra for at least the next 15 years
- Generate more revenue, become financially resilient and more competitive as a not-for-profit entity up against commercial sports stadiums operating across the state
- Improve the social capital in the disadvantaged community of Berkeley

The proposal includes construction of three additional, air-conditioned, multi-purpose, internationally compliant, indoor courts with seating for approximately 2,000 spectators, a multi-purpose room, gymnasium, and a netball administrative centre. There is strong community support behind these upgrades, based on feedback from stakeholder consultations with local council and government representatives, local sports organisations, state sporting peak bodies, schools, businesses, and community groups that clearly show the region lacks these much-needed facilities.

The proposal will cost \$20,838,220. An alternative option is also put forward, which will provide optimal operational capacity at the stadium and maximal economic, health and social benefits to the community. The alternative option will cost \$27,177,020 and would include two additional courts and provide the additional space for more community sports, particularly, basketball, table tennis and futsal, however, WCC is yet to agree to support for this option. Table A compares the two options to upgrade ISS against the base case, ie. doing nothing to the current ISS situation.

Table A. Analysis of options to upgrade ISS

Key considerations		Base case	Proposal	Alternative case
Capital investment		0	\$20,838,220	\$27,177,020
Capacity	Number of indoor courts	4	7 (1.75x base case)	9 (2.25x base case)
	Spectator seating	230	1,825 (7.9x base case)	1,925 (8.4x base case)
	Shower/amenities/change rooms	4	9	11
	Store rooms	3	9	10
Auxiliaries	Multi-purpose room	0	1	1
	Gymnasium	0	1	1
	Canteen	1	2	2

1 CASE FOR CHANGE

1.1 BACKGROUND

The Illawarra Sports Stadium (ISS) is a not-for-profit community organisation established in 1992. It is based in Fred Finch Park, Berkley NSW. The stadium is dedicated to providing an affordable and high-quality events venue and sports facility to the Illawarra district, with four multipurpose air-conditioned, indoor ball courts. For 28 years, these courts have been the home to recreational and competitive basketball and netball for local and regional sports associations and community groups.

ISS is proposing a major redevelopment of its sports and recreation facilities in order to better address the needs of the community now and into the future. The proposed redevelopment project will cost \$20.8 million and will take two years for all works to be completed.

1.1.1 Fred Finch Park Stadium Operations

The ISS has two separate 1,300 m² arenas built for versatile use. Each arena has two ball courts (four indoor ball courts total). The courts are international standard size for netball (two) and basketball (four). There are player locker rooms, first aid rooms, public amenities and a food and beverage canteen in the main foyer. The stadium hires out its facilities seven days of the week, all-year-round, giving priority use to its partner sports organisations before accepting public bookings.

The ISS is partnered with the Illawarra District Netball Association (IDNA), Illawarra Basketball Association (IBA), and Uni Basketball League Wollongong (UBL). As shown in Figure 1, IDNA is the stadium's largest partner, with over 2,700 members as of 2018. IDNA is a competition of 15 local netball sports clubs from around the Illawarra district. ISS has been home to IDNA indoor netball since 1993. Basketball is also a major sport at the ISS with matches run by IBA and UBL. In 2018, IBA had approximately 1,800 active members and UBL consisted of less than 500 members. Numbers have now grown to 2,100 and 650, respectively.

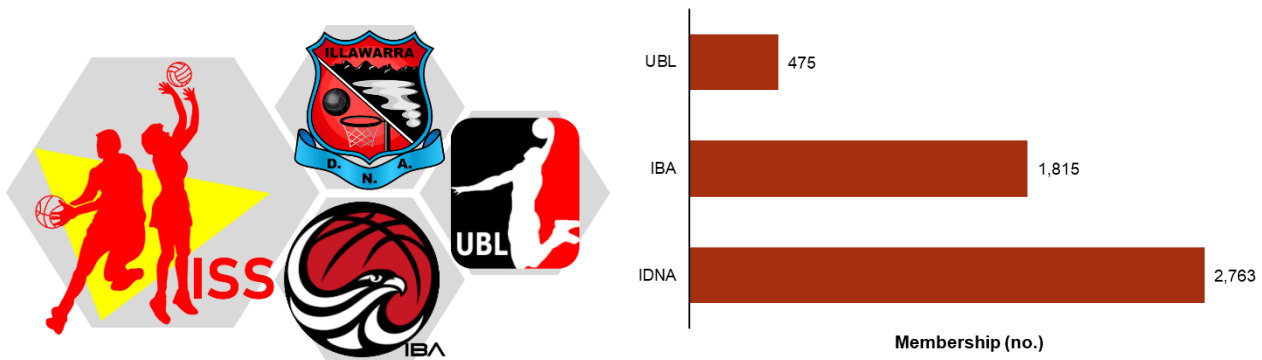


Figure 1. Memberships for ISS partner organisations in 2018

IBA, Illawarra Basketball Association; IDNA, Illawarra District Netball;
UBL, Uni Basketball League Wollongong

The Fred Finch Park stadium partnership between ISS, IDNA, IBA and UBL is focused on providing the public with a comprehensive netball and basketball experience. This includes grass-roots sports for young players, community-engagement recreational sports programs, as well as training sessions, regular tournaments and major championship competitions for experienced sports club members. Each year the ISS also conducts over forty large events organised by schools and sporting associations. These include state championships for netball, basketball, futsal/indoor soccer and martial arts. Other sports and community activities that are held at the ISS include roller skating, dance group competitions, trade fairs, animal shows, book fairs and expos.

1.1.2 Community Impact

ISS is located in Fred Finch Park, Berkeley NSW, just a twelve minute drive, south from Wollongong City. The suburb of Berkeley falls within the top ten percent of most disadvantaged communities in Australia, based on the SEIFA index for measuring area-based socio-economic disadvantage (see Table 1). The latest index was captured by the Australian Bureau of Statistics (ABS) for the 2016 Census. SEIFA scores help determine areas that require funding and services. Berkeley's SEIFA index is markedly lower than its regional index for the Illawarra and falls gravely below the state and national scores.

Table 1. SEIFA indices for disadvantage from the ABS 2016

Area	2016 Index	Percentile
Berkeley	886	8
Illawarra	991	41
New South Wales	1,001	45
Australia	1,002	46

Source: ABS, 2016

The French Finch Park stadium partnership between ISS, IDNA, IBA and UBL provides the sports infrastructure and organised sports programs to the community. These programs are an important element to building social capital. Some of the programs that are run at the ISS include:

- **Table Tennis for Seniors:** recreational table tennis promotes physical and cognitive health in older adults. The program is available Monday to Friday from 9am to 1pm.
- **Table Tennis Aged 9-12:** recreational table tennis runs Monday to Friday each school holidays and during terms 3 and 4 of the school calendar.
- **Basketball for Primary School Students Years 4 and 5:** Weekly workshops aimed at basketball skills development for children and at boosting grass-roots basketball in the Illawarra region. A similar program runs for the two weeks of each school holidays.
- **Playgroups:** play groups visit the ISS to experience 1,200 m² of open space for children to run and play. Some sports equipment (basketballs, soccer balls, etc) are made available.

Communities that participate in sport and recreation develop strong social bonds, are safer places and the people who live in them are generally healthier and happier than places where physical activity isn't a priority. Sport is a popular focal point for strategies that underpin government and non-government organisational policies for community development and social inclusion. Figure 2 summarises thirty ways sport and recreation benefits people and communities.



Figure 2. Infographic on the benefits of sport to people and communities

1.1.3 Economic Contributions to the Illawarra Region

The Fred Finch Park stadium partnership is part of the arts and recreation services industry, which makes up 2% of the economy for Berkeley and the greater Illawarra district, as of 2018. Figure 3 shows that the majority (over 20%) of businesses in Berkeley and Illawarra are from the construction industry.

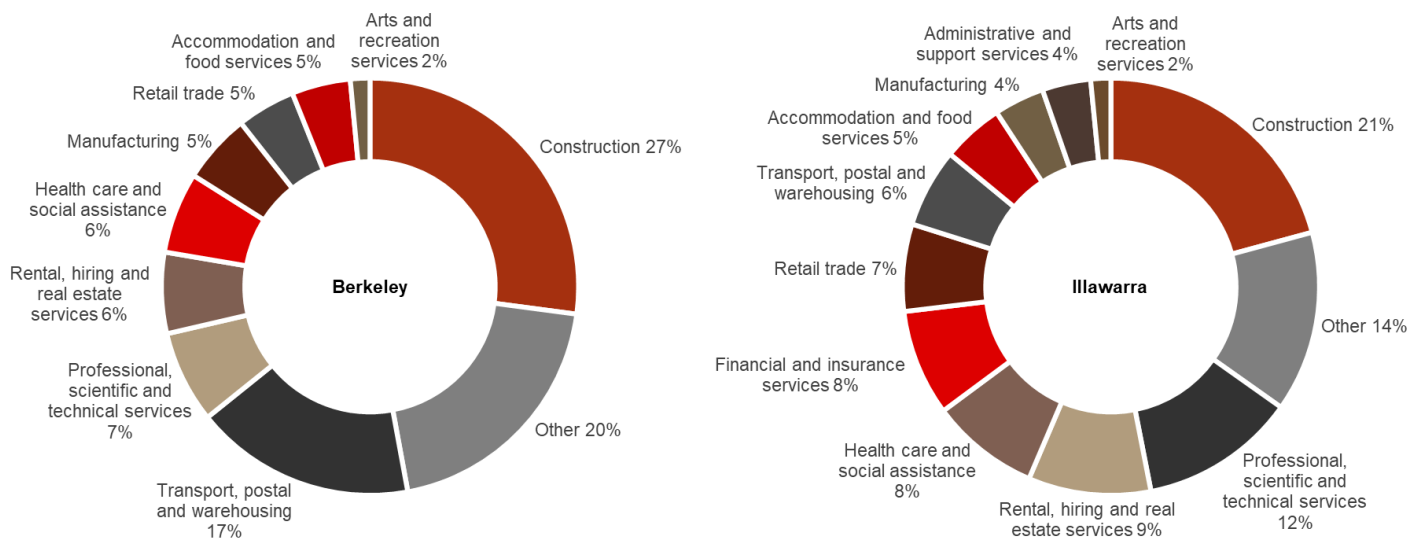


Figure 3. Diversity of industries in Berkeley and the Illawarra region for 2018

Source: ABS, 2020

While Berkeley is traditionally classified as a disadvantaged area with a low socio-economic standing, some leading indicators point to economic growth since 2016. The median property price for the suburb of Berkeley has steadily risen from \$441,500 in 2016 to \$535,000 in 2018 and \$545,000 in 2020 (Source: AllHomes, 2020). This is in contrast to the current post-peak contraction seen in neighbouring Wollongong, where median property prices were \$598,000 in 2016, \$625,500 in 2018 and are \$587,500 in 2020.

Berkeley has also observed population expansion and booming businesses, with fewer local businesses closing up every year, as shown in Figure 4.

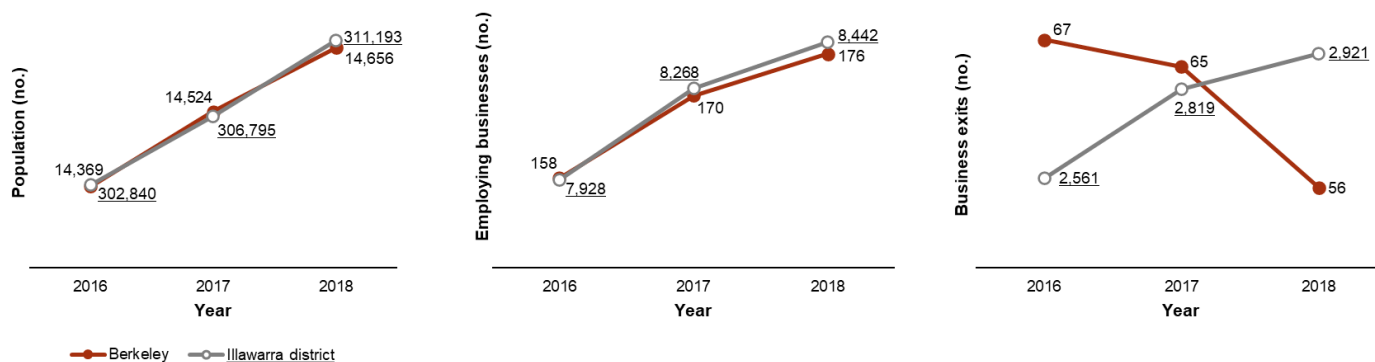


Figure 4. ABS economic indicators for Berkeley versus the Illawarra district

Source: ABS, 2020. Berkeley-Lake Heights-Cringila (SA2) is comparatively overlaid against Illawarra (SA4). Vertical axes are not shared for trend comparison. "Employing businesses" include businesses with one or more employees. Note: ABS unemployment rates post-2016 and all 2019 and 2020 statistics unavailable.

The Fred Finch Park stadium partnership is a key driver of economic movement in the community. Contributions of the stadium partnership can be estimated through consideration of three elements: gross output, direct employment and value added to the community (see Figure 5).

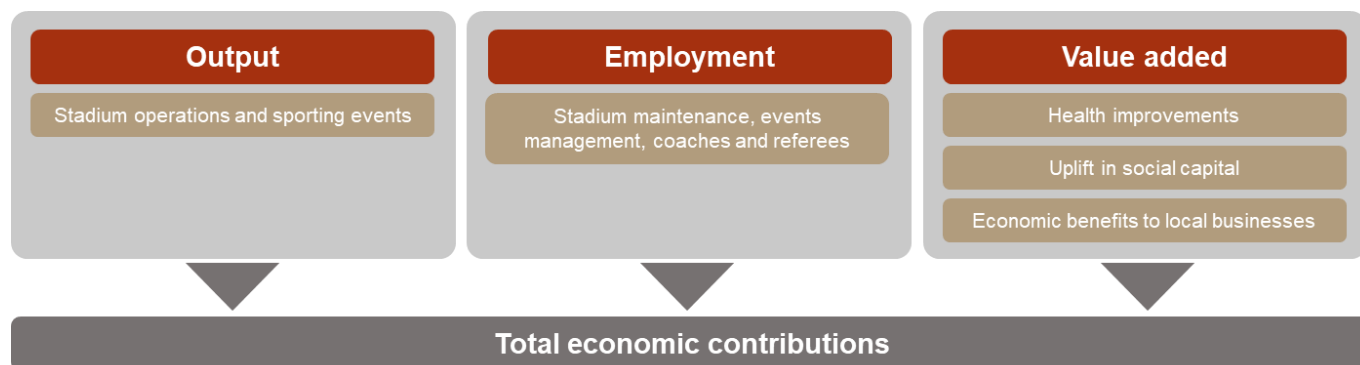


Figure 5. Framework for economic impact analysis

Gross output refers to the economic activity generated through normal stadium operations, including membership registrations, sports and community events at the stadium. In 2018, the stadium partnership's gross output of \$1.1 million directly contributed to 0.005% of Illawarra's gross regional product (GRP). **Direct employment** is measured by number of full time equivalent (FTE) employees at the stadium partnership. In 2018, there were 7 FTEs employed by the stadium partnership, equivalent to 0.003% of Illawarra's labour force (presented in Table 2 below).

Table 2. Economic contribution of the Fred Finch Park stadium partnership

Economic indicator	Stadium partnership	Share of Illawarra	Illawarra*
Direct			
Gross output	\$1.1 million	0.005%	\$23.9 billion
Employment (FTE)	7	0.003%	169.7 thousand
Indirect			
Organised sports participation at a venue	1,643	0.8%	196.5 thousand

*Source: ABS, 2020; Ausplay 2018 data; LMIP, 2020; REMPLAN, 2020

The public **value added** by community sports infrastructure in Australian is estimated at \$16.2 billion annually (Source: KPMG, 2018). Health improvements are seen in sports participants, for instance, reduced risk of chronic disease and stronger cognitive performance. Healthier communities are less of a burden on the healthcare system. In 2018, total health benefits ISS contributed to the broader community are estimated at \$510 thousand. Local cross-industry economic stimulation occurs through increased productivity and induced employment due to visitor influx, especially for large ISS events. Indirect economic benefits of ISS sports are estimated at \$656 thousand. Flow-on benefits of community sports also include increased social engagement, a build-up of community pride and reduced crime rates. Gains in social capital linked to ISS sports are estimated at \$531 thousand (see Table 3 below).

Table 3. Flow-on benefits of ISS sports to all other sectors and industries

Type of benefits	Value added*
Health benefits	\$510.1 thousand
Economic benefits	\$655.9 thousand
Social benefits	\$530.9 thousand
TOTAL	\$1.7 million

*Estimates based on (i) ISS' share of the 2018 Australian market size for all "organised sports participation at a venue", reported at 15,779,600 (Source: AusPlay 2018 data) and (ii) the annual value of community sport infrastructure to Australia including \$4.9 billion in health benefits, \$6.3 billion in economic gains and \$5.1 billion in social benefits (Source: KPMG, 2018).

1.2 RATIONALE FOR CHANGE

The need to upgrade Fred Finch Park indoor sports facilities is based on current and emerging challenges faced by ISS and partner organisations. Changes are needed for ISS to develop resilience for the future, be able to meet operational demands and to increase participation rates in sports and healthy physical activities. An upgraded ISS is expected to reduce running costs, attract and accommodate larger sports and recreational events, and enable more social programs that are critical in boosting female, elderly and youth participation in sports.

The upgrade will also create an estimated 500 FTE jobs, replace the dilapidated Netball Administration Centre and assist Wollongong City Council, better address the needs of the estimated \$25,000 new residents moving into the housing developments, fifteen minutes drive, south of Wollongong City.

1.2.1 Developing Resilience for the Future

The stadium requires significant capital investment to continue to serve the community and become financially resilient, especially against unprecedented economic disruption brought about by COVID-19 and increased market competition from recently proposed and newly constructed indoor stadiums across NSW.

COVID-19 caused major disruption to seasonal ISS sports, with major bookings forced to cancel. ISS clientele such as sports organisations, community groups and schools could not proceed with planned events. Figure 6 compares the volume of March bookings seen in 2019 against 2020 and shows a 34% drop in total hours for March this year. Complete shutdown was in effect for April and June 2020, with significant losses to ISS event bookings expected for the rest of the year.

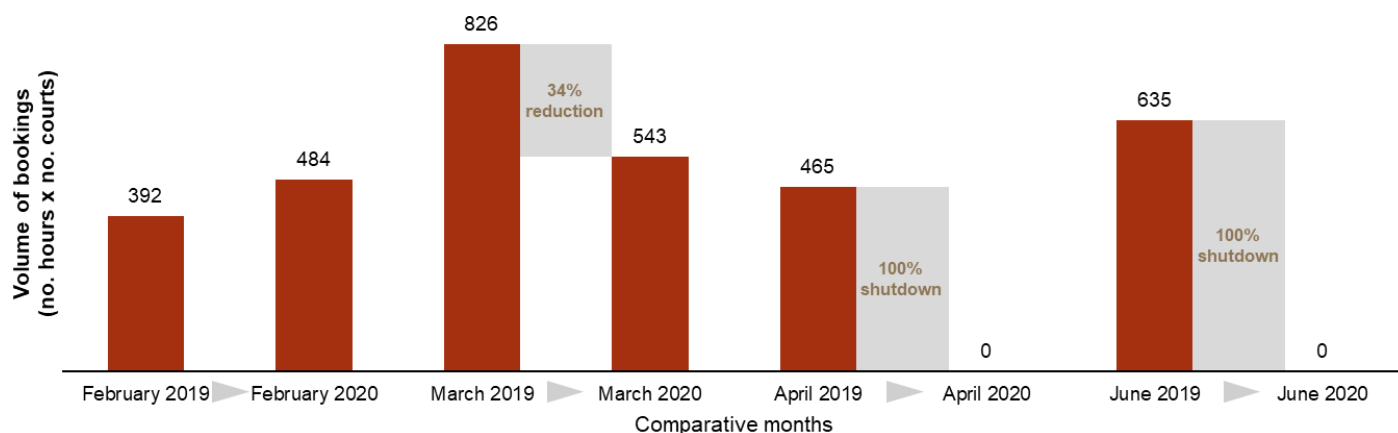


Figure 6. Downturn in the volume of bookings specific to COVID-affected months

Source: ISS online calendar bookings

ISS competes with modern indoor sports facilities in the Illawarra district to host large scale events like national and state championships, and expos. These events are frequent and draw in hundreds of visitors (see Figure 7A). The largest gatherings bring in patrons from across NSW and outside the state (see Figure 7B) and are vital for ameliorating the socio-economic disadvantage in Berkeley. However, new local market entry (Shoalhaven Indoor Sports Centre in Nowra) and other grand sports venues in the pipeline (Beaton Park Regional Precinct in Wollongong City) present harsh competition for a volunteer organisation like ISS. The ability to attract and regularly accommodate large events amidst mounting uncertainty into the future will require major upgrades to the stadium at Fred Finch Park.

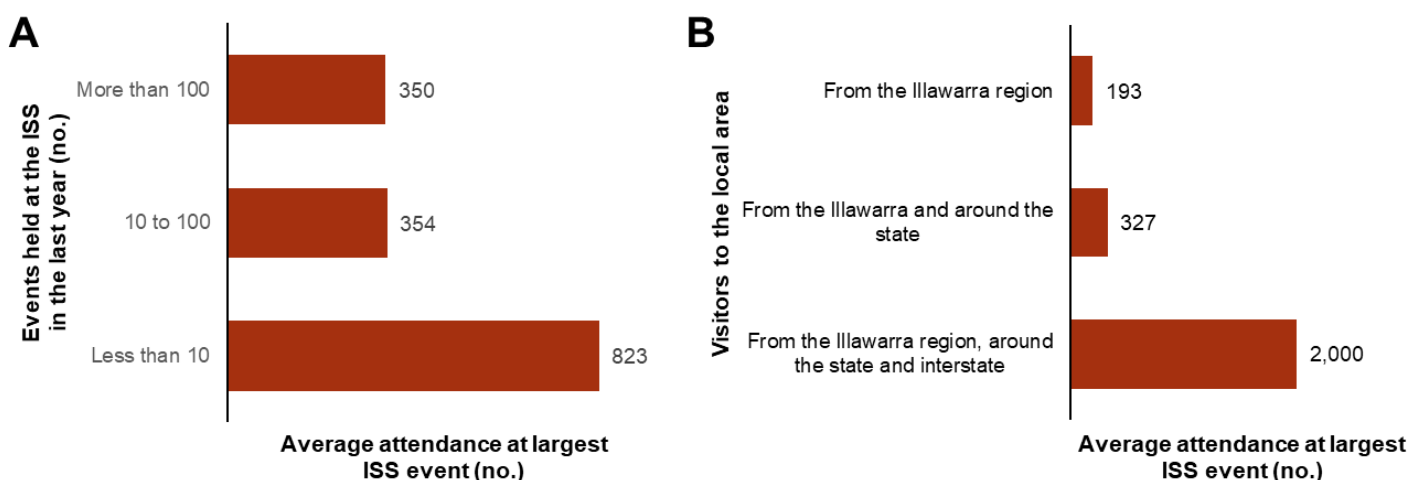


Figure 7. ISS customer feedback on the scale of their events

Source: ISS Online Survey, 2020. Data from a small sample of ISS customers (n = 15) surveyed on the nature of their stadium bookings. Left chart A: Stadium hirers are categorised by frequency of their ISS bookings before comparing the size of their largest ISS event in the last year. Right chart B: Stadium hirers are grouped according to where their patrons come from, before comparing the group average of maximal attendance rates observed by each hirer.

1.2.2 Building Capacity to Meet Growing Demands

The ISS has not undertaken major upgrades since its establishment in 1992. After 28 years, the ISS is nearing the end of its economic life. Deficiencies have emerged in its ability to meet contemporary safety standards, its operational efficiency, and the experience it provides to patrons.

A \$600,000 injury claim against the ISS in 2017 revealed that half of the ISS' existing netball courts are not fit for purpose. The run-off area surrounding the two courts in south wing hall provides 2.1 metres allowance from the goal line to the back wall. This buffer space is sufficient for other indoor sports played at the stadium (see Table 4) and is commonly seen in public netball parks across all Australian states and territories but does not comply with Netball Australia policy requiring 3.05 metres of run-off (see Figure 8). Preventing netball players from colliding with physical obstacles is a priority and IDNA has since had to halve its number of indoor competitive matches. The case has adversely impacted on female sports participation rates at the ISS and added to ongoing operational costs with significantly higher insurance premiums.

Table 4. Local and international run-off laws for the top three most played ISS sports after netball

Most popular sports at ISS	Required minimum run-off	Source
1. Basketball	2 metres	National Basketball League (NBL) Australia, 2002; International Basketball Federation (FIBA), 2020
2. Table tennis	1.5 metres	Table Tennis Australia (TTA), 2020; International Table Tennis Federation (ITTF), 2017
3. Futsal (indoor soccer)	1 metre	Australian Futsal Association (AFA), 2011; Federation of Australian Futsal (FAF), 2016; World Futsal Association (AMF), 2018

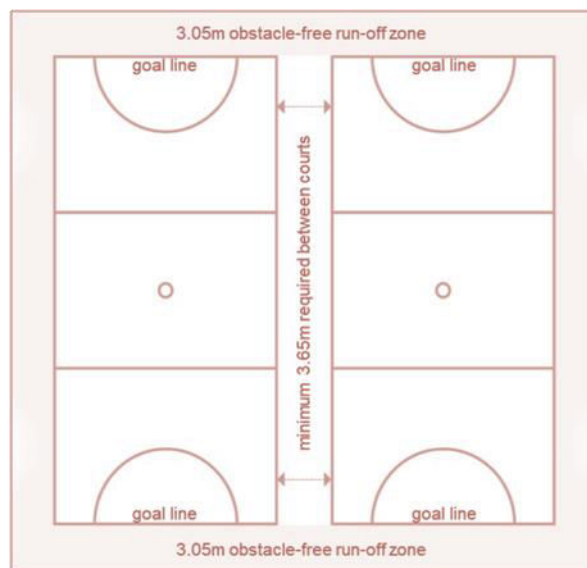


Figure 8. Netball Australia policy on court surround dimensions

Source: Netball Australia, 2015; International Netball Federation (INF), 2020

Indoor thermal fluctuations and excessive humidity occurs during large scale events at the ISS. This has led to cases of heat exhaustion requiring emergency care. Air conditioning (\$300,000 ISS funded) was recently installed (and operational as of June 2020) resulting in increased interest and demand for bookings; many prospective clients seek seating for 1,000 to 2,000 spectators which is well beyond current capacity. Improvements to air quality control alone, however, cannot address the aged facilities and lack of indoor spectator capacity at the ISS.

Figure 9 illustrates the frequency of hire requests ISS could not accommodate due to capacity failure in the last year. The results are based on an online survey of court hirers and show that stadium improvements would most benefit bookings by sports organisations and educational institutions, and over 90% of all customer needs are directed at more indoor courts and spectator seating at the stadium.

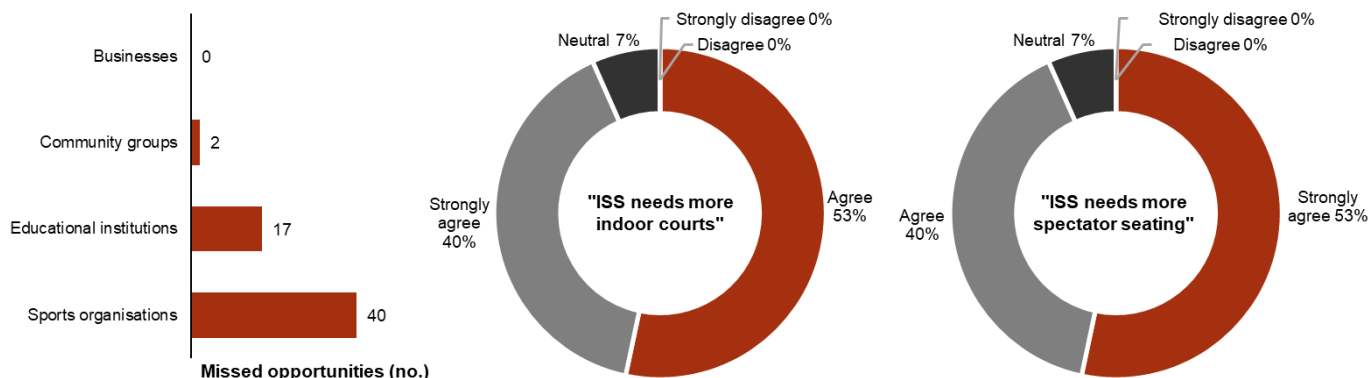


Figure 9. Need for expansion at the ISS

Source: ISS Online Survey, 2020. A small sample of ISS court hirers (n = 15) surveyed on their booking experience in the 12 months. "Missed opportunities" refer to requests for court hire ISS could not meet due to either not enough courts, not enough side court seats and/or clashes with existing bookings.

1.2.3 Implement Social Change Through Sports

Programs are offered by the ISS and its partners to promote sports participation and help children and adults develop sport skills, particularly in basketball, table tennis and netball. Illawarra currently does not have a local club participating in the national premier netball league (Suncorp Super Netball) or Women’s National Basketball League. With IDNA and IBA being the largest local sports bodies for these sports and based at the ISS, development of brand new first-class indoor courts at the ISS would serve as a base to grow local talent through an expansion of grass roots sports programs. A new base would also provide a facility for two of Illawarra’s own national professional women’s sports teams, with potential to mirror the success of the Illawarra Hawks men’s team in NBL. As proof of concept, IDNA set eyes on entering a new team into the Netball NSW Premier League (*Source: IDNA Strategic Plan 2018-2023*). In 2019, IDNA and its sponsors launched South Coast Blaze as a new franchise to join the pinnacle of netball competition in NSW. South Coast Blaze regularly use ISS facilities and offer a professional netball pathway for elite players in the Illawarra, Kiama and Shoalhaven regions. IDNA and South Coast Blaze are fierce proponents for female participation in sports; females aged 15 to 54 years make up 86% of all netball players in the country (*Source: AusPlay, 2019*). More is still needed to address gender inequity in sports, particularly at the national level of mainstream professional sports, and ISS and IDNA are in a prime position to address this gap.

The only indoor facility in the Illawarra region that can accommodate sporting attendances of more than 600 spectators is the Wollongong Entertainment Centre (WIN Stadium) which has seating for about 5,000 spectators. The high cost of hiring the centre is restrictive; to hire the venue for a national ball game costs are around \$40,000 per booking. As the Illawarra moves to establish top tier national women’s sports teams, a much more cost-effective venue is required.

1.3 STRATEGIC ALIGNMENT

The “Fred Finch Park Sports Stadium Redevelopment” proposal seeks funding for major capital works so that ISS can effectively implement policy-driven change and continue to contribute to the community and sports industry. Table 5 provides a summary of how the current proposal addresses strategic policy objectives at different levels of government.

Table 5. Comparing objectives of the current proposal with local, state and federal government priorities

Scope of current proposal	Government objectives	Source
ISS is seeking an expansion of its facilities at Fred Finch Park as it would mean more courts and space for healthy physical activities. This would enable more sporting competitions, social programs and community events to occur. An investment to upgrade ISS infrastructure would support all sports played at the venue. Given that netball is the most popular sport played at the ISS and is a female dominated sport, female sports participation rates are expected to rise most of all.	Increase participation rates in sporting and active recreational activities / Increase opportunities for sport, leisure, recreation, learning and cultural activities in the community	<p>“Wollongong Community Strategic Plan 2022” Wollongong City Council, 2012;</p> <p>“Play Wollongong Strategy 2024” Wollongong City Council, 2014;</p> <p>“Delivery Program 2018-2022 Operational Plan 2020-2021” Wollongong City Council, 2018;</p> <p>“Illawarra Shoalhaven Sport and Active Recreation Plan 2023” NSW Office of Sport, 2018;</p> <p>“Strategic Plan 2022” NSW Office of Sport, 2017;</p> <p>“National Sport Plan 2030” Australian Sports Commission, 2018</p>
Many different sports are played at the ISS, including netball, basketball, table tennis, futsal, floorball, roller skating, boxing and martial arts. These sports need access to quality indoor facilities. Current ISS facilities are in critical need of redevelopment to meet contemporary safety standards. The current proposal seeks to deliver a modern sports and recreational complex to the small, disadvantaged community of Berkeley and the broader Illawarra community.	Deliver sports and recreational infrastructure / Improve access to a variety of quality public play spaces that are distributed equitably across the city and region / Invest in modernisation of existing ageing infrastructure / Redevelop under-used single-sport facilities into multipurpose facilities	<p>“Wollongong Community Strategic Plan 2022” Wollongong City Council, 2012;</p> <p>“Play Wollongong Strategy 2024” Wollongong City Council, 2014;</p> <p>“Illawarra-Shoalhaven Regional Plan 2036” NSW Department of Planning and Environment, 2015;</p> <p>“Illawarra Shoalhaven Sport and Active Recreation Plan 2023” NSW Office of Sport, 2018;</p> <p>“Strategic Plan 2022” NSW Office of Sport, 2017</p>
IDNA and IBA are based at the ISS and are looking to enter Illawarra into the Australian Super Netball League and Women’s National Basketball league. Currently, they face access barriers to a world-class basketball and netball complex to grow and train local talent into nationally competitive teams. ISS is seeking major redevelopment to provide suitable facilities to its partners organisations, so they may achieve their goals.	Create performance pathways for the next generation of sports people to develop into elite athletes / Minimise talented females leaving high performance pathways	<p>“Illawarra Shoalhaven Sport and Active Recreation Plan 2023” NSW Office of Sport, 2018;</p> <p>“Strategic Plan 2022” NSW Office of Sport, 2017;</p> <p>“National Sport Plan 2030” Australian Sports Commission, 2018</p>

Certain competition events, and other large scale attractions like book fairs, trade shows and expos at the ISS draw in visitors from all over NSW and other states and territories. This proposal seeks to upgrade ISS infrastructure to increase stadium capacity and improve venue experience for visitors. A new stadium is expected to increase the frequency of large events which are currently unable to be accommodated due to insufficient court availability.	Attract and host valued events to the Illawarra region;	“Illawarra Shoalhaven Sport and Active Recreation Plan 2023” NSW Office of Sport, 2018; “Illawarra-Shoalhaven Regional Plan 2036” NSW Department of Planning and Environment, 2015
The ISS is seeking to upgrade its facilities to ensure continuation and expansion of its collaboration with local sports industry bodies. ISS has enjoyed an ongoing partnership with IDNA, IBA and UBL. Also, following the success of the 2019 National Junior Table Tennis Championships held at the ISS, the stadium is now in the process of welcoming another partner organisation, the Illawarra Table Tennis Association; bringing their sport to Fred Finch Park. The central limiting factor for the growth of partner operations (eg. starting new sports programs) is the court capacity at ISS.	Facilitate effective collaboration within the sport and active recreation sector	“Illawarra Shoalhaven Sport and Active Recreation Plan 2023” NSW Office of Sport, 2018; “Strategic Plan 2022” NSW Office of Sport, 2017; “National Sport Plan 2030” Australian Sports Commission, 2018

1.4 STAKEHOLDER AND COMMUNITY SUPPORT

ISS consulted key stakeholders and community representatives during the development of the current proposal. A range of stakeholders were consulted using mixed methods to collect feedback.

Table 6 outlines the overall approach taken in the consultation process.

Table 6. Stakeholder engagement framework

Group	Impact by project (Major/Moderate/Minor)	Level of influence (High/Moderate/Low)	Stakeholders	Mode of engagement
Government	Major	High	Wollongong City Council; NSW Government; Commonwealth Government	<ul style="list-style-type: none"> • In-person interviews • Telephone/e-mail • Written submission
ISS partner organisations	Major	Moderate	IDNA; IBA; UBL	<ul style="list-style-type: none"> • In-person interviews • Telephone/e-mail • Written submission • Online survey
Local residents	Moderate	Moderate	Neighbourhood Forum 7	<ul style="list-style-type: none"> • In-person interviews • Telephone/e-mail
Sports industry	Moderate	Moderate	Basketball NSW; Illawarra Hawks of the Men’s NBL; Netball NSW	<ul style="list-style-type: none"> • Telephone/mail • Written submission
Court hirers	Major	Low	Cedars Christian College; Christian Schools Sports Association South Coast; Dept. of Education School Sport Unit; Illawarra Academy of Sport; Illawarra District Table Tennis; Illawarra Plastic Modellers Association; Illawarra Reptile Society; Kanahooka High School Sport Organiser; Lifeline South Coast; South Coast and Southern Illawarra Zone School Sport; Southern Stars - NSW Department of Education; Speedminton Australia; Wollongong Catholic Education Office; Wollongong Roller Hawks of the National Wheelchair Basketball League; and 3 other unnamed local organisations	<ul style="list-style-type: none"> • Telephone/mail • Written submission • Online survey

1.4.1 Government

Engagement with Wollongong City Council commenced in June 2017. Discussions are still ongoing with Council’s Recreation Policy and Planning Advisor and other various committees. Not only have Wollongong City Council stated they “support the extension of the Illawarra Sports Stadium” in their Delivery Program 3.1.1.5 (Source: Wollongong

City Council Delivery Program 2018-2022 Operational Plan 2020-2021), it has granted owner's consent and also allocated \$50,000 towards the development application. In addition, ISS have also secured the support of the community elected councillors (see attachments from Lord Mayor G.B, Councillor J.R and WCC).

Council conducted preliminary site studies for ISS' two-court south wing hall extension. The studies found that the south site overlapped with Council's high risk flooding models (see attached pre-lodgement meeting minutes). ISS has now renewed its proposal for an eastern wing three court extension without a south wing hall.

ISS met with Chief of Staff, NSW Sports Minister in July 2017. In 2018 and 2019, additional joint discussions with State and Federal members have taken place at least once a year. Feedback has been positive but ISS is still to ascertain the level of State and/or Federal funding support that will be made available for the current proposal.

1.4.2 Partner Organisations

ISS has full support from its partners (see attached letters). For IDNA, the proposed project promises additional indoor protection from otherwise unplayable outdoor conditions and no loss of total the courts available. IDNA's Val Curran Building (adjacent to ISS) is in need of a complete renovation/replacement. Replacing it as part of the stadium upgrade makes economic sense. IDNA will benefit in the long run as there is no loss of its designated play area and the IDNA will maintain usage in the new stadium as per the existing agreement with ISS. Netball competitions could be impacted if construction is not completed during off season, for instance, loss of toilet facilities that will place a strain on existing stadium facilities and possibly requiring supplemental temporary toilets at an extra cost. No new IDNA programs have been earmarked at this time as there are insufficient facilities available.

For IBA and UBL, the stadium has been a great location for basketball for many years but is in need of a revamp to cope with increasing demand. IBA wish to see improvements to ISS court availability. UBL has been constrained to its current size based on the lack of extra courts to facilitate games. More UBL programs would be offered if the facilities were improved, for instance, mixed and women's league as permanent programs, player coaching, and an under 18's league are on the horizon. UBL's goal of expansion would be in line with the proposed redevelopment project. During construction, UBL would like to continue operations without significant interruptions.

1.4.3 Local Residents

Neighbourhood Forum 7 has indicated in-principle support for the proposed ISS redevelopment. The Forum has a positive perception of the activities and developments that ISS has coordinated at Berkeley over many years, including ISS's track record of success in developing high standard sporting facilities. The Forum believes that the proposed redevelopment will be well utilised not only by the local community but also by the broader Illawarra community, State and National sporting bodies. The forum has some concerns that the ISS redevelopment will exacerbate traffic management and car parking issues that currently arise at the existing facility and the loss of a small selection of trees. The ISS has formulated plans to address all the forum's concerns.

1.4.4 Sports Industry

Basketball NSW (BNSW) see great opportunity in the ISS upgrade which would enable programmes and activities that encourage all ages and abilities to participate in semi-formal exercise through to State level competition and beyond. ISS upgrades are aligned with the strategic direction of BNSW, especially in the use of facilities to house BNSW staff in High Performance Talent development, Inclusion programmes and Participation level activities.

Netball NSW support the proposal as it strongly aligns with their Strategic Plan to influence facility growth and improvement within local netball communities. Expansion of indoor facilities aligned and adjacent with a local netball association's outdoor court facility, is a high priority for Netball NSW in key regional areas such as Illawarra. Netball NSW advocate that the upgrade plans address both current and future community sporting needs and create a flexible unique sports hub, providing the local and regional communities with new indoor facilities to compliment the outdoors and playing fields used by numerous sports at Fred Finch Park.

1.4.5 Court Hirers

Various local organisations have provided written submissions in response to the proposed ISS upgrades (see attachments). In addition, a random sample of court hirers were surveyed in June 2020 on their customer experience and thoughts on the current proposal for redevelopment at the stadium (n = 15, including IBA and UBL responses).

The survey results demonstrated overwhelming community support with up to 94% of respondents in favour of stadium redevelopment at Fred Finch Park (see Figure 10).

“THE LOCATION, PARKING & OTHER ASPECTS OF THE ISS PROVIDE AN OUTSTANDING OPPORTUNITY TO CREATE A TRULY WORLD CLASS FACILITY WHICH COULD BE REGULARLY UTILISED FOR STATE & NATIONAL EVENTS. IN ADDITION, THE PEOPLE OF THE ILLAWARRA & GREATER AREA WOULD BENEFIT ENORMOUSLY FROM THE DEVELOPMENT OF ISS. WITH THE HOUSING DEVELOPMENT IN THE HORSLEY REGION ONLY KILOMETRES AWAY, IT’S RE-DEVELOPMENT IS AN OPPORTUNITY NOT TO BE MISSED.”

Darren Nunn
Sports Organiser, Kanahooka High School

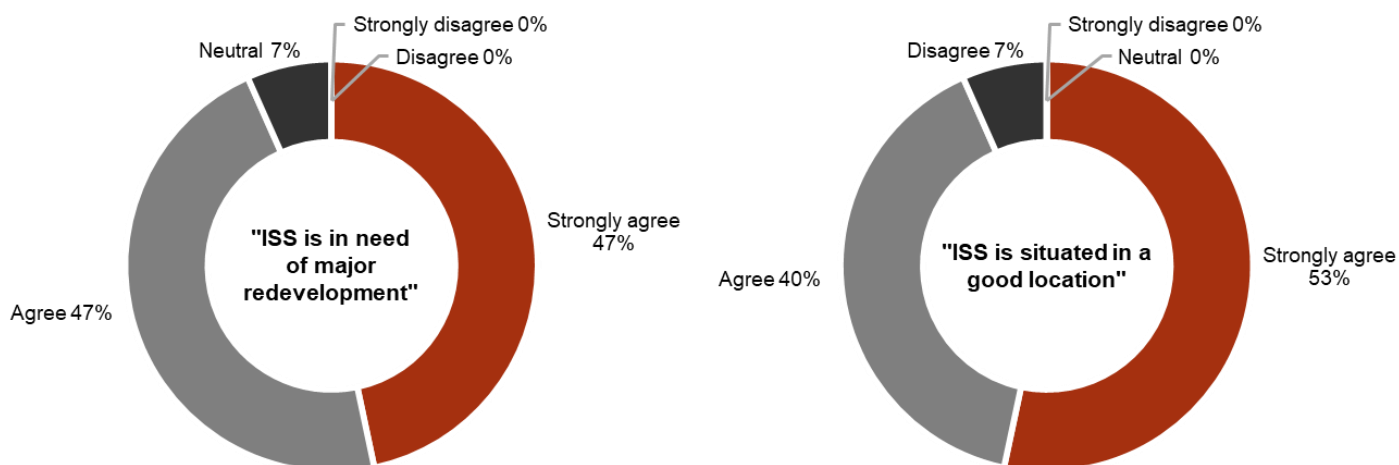


Figure 10. Agreement on the need for upgrades at the ISS

The survey data presented a strong need for change at the ISS, as described in in sections 1.2.1 and 1.2.2. Twelve out of fifteen respondents reported that their operations at ISS were adversely affected by COVID-19 disruptions. This affected group was overly represented by largest local employers such as sports organisations and educational institutions (Figure 11).

“HAVING AN UPDATED FACILITY WOULD BRING MORE EVENTS AND MORE VISITORS TO THE ILLAWARRA AREA WHICH IS NEEDED AFTER THE IMPACT THAT COVID-19 HAS HAD THIS YEAR”

Joanne Payne
President, Illawarra Reptile Society

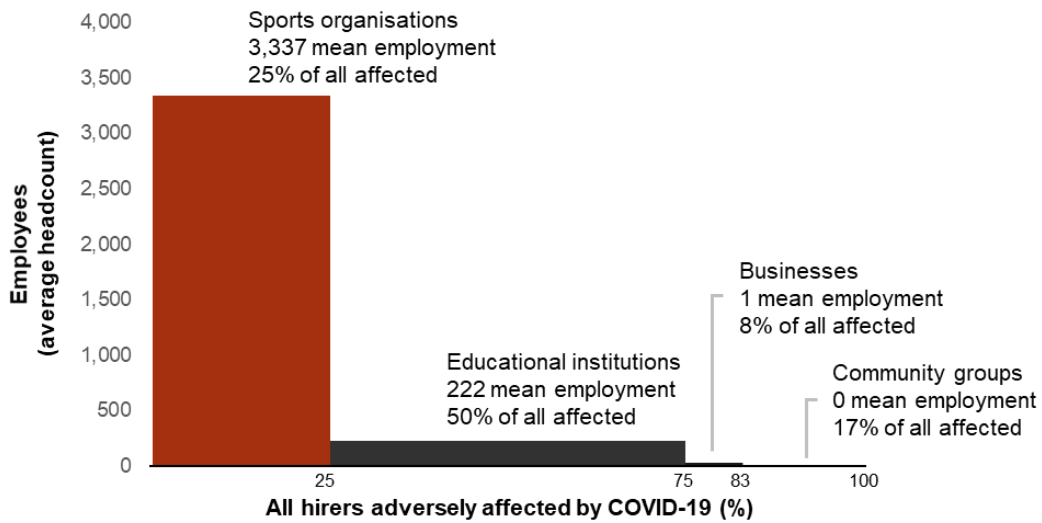


Figure 11. Profile of ISS court hirers negatively impacted by COVID-19

There was clear consensus of opinion that ISS contributes to the community, supports female participation in sports as well as grass roots programs enabling the next generation of Australian sporting champions (see Figure 12). The feedback data therefore strongly reflects the case for change put forward in section 1.2.3.

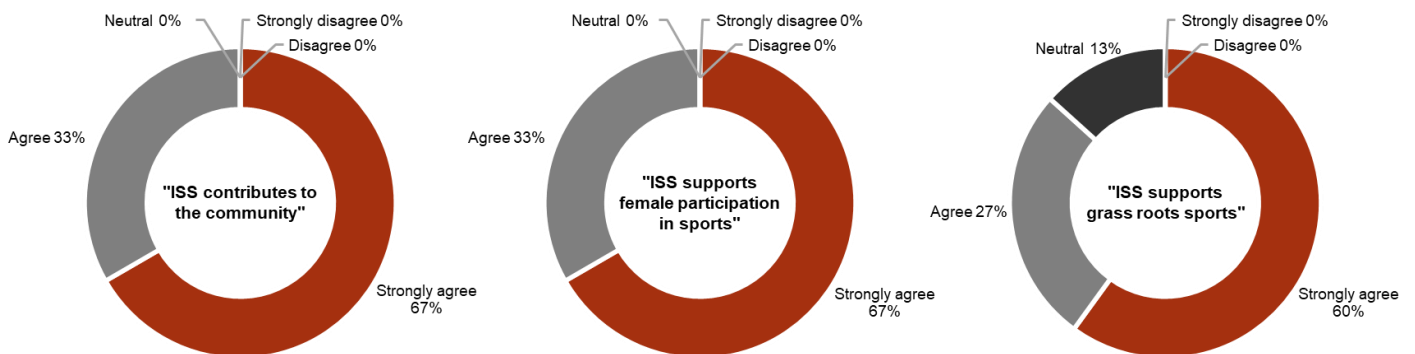


Figure 12. Support for ISS' community contributions

2 ANALYSIS OF THE PROPOSAL

2.1 OBJECTIVES, EXPECTED OUTCOMES AND INDICATORS

The “Fred Finch Park Sports Stadium Redevelopment” proposal seeks to mutually satisfy objectives of the Illawarra Sports Stadium, Wollongong City Council, NSW state and Commonwealth governments:

- Upgrade facilities to generate more revenue, become financially resilient and more competitive as a not-for-profit entity operating against commercial sports stadiums state-wide
- Improve venue attraction and experience for visitors to Fred Finch Park
- Help local sporting clubs and associations with modern sports facilities that promote female participation in sports and grass-roots sports
- Create an estimated 500 FTE jobs
- Replace the dilapidated Netball Administration Centre
- Assist Wollongong City Council, better address the needs of the estimated 25,000 new residents moving into the housing developments, fifteen minutes drive, south of Wollongong City.

The proposal includes construction of a brand new eastern wing extension hall housing three additional multi-purpose international courts. The cost of the proposed project is \$20.8 million.

The expansion of ISS infrastructure is expected to increase current output and outcomes of community sports provided by ISS, IDNA, IBA and UBL. Figure 13 shows a results chain connecting the stadium partnership operations and their positive community impact for the disadvantaged Berkeley area and the greater Illawarra region. A results chain can be used to inform an evaluation framework that assesses project outcomes (Source: NSW Department of Premier and Cabinet, 2020; OECD, 2012).

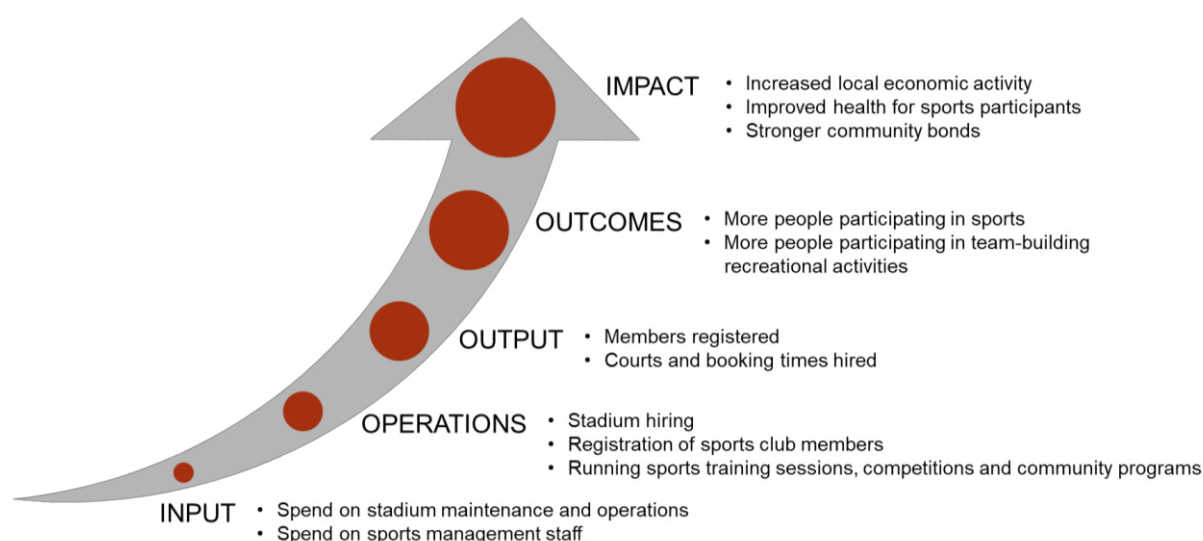


Figure 13. Results chain for activities run by the Fred Finch Park sports stadium partnership

Various objectives of the proposal are comparatively analysed against expected outcomes and indicators of outcomes in Table 7 below.

Table 7. Analysis of aims and outcomes

Objectives	Outcomes	Indicators (observed per year)
Build financial resilience	Increased venue hiring	Total volume of venue bookings
	Increased canteen sales	Total volume of sales
	Reduced ongoing costs	Total expenditure
	Diversified service provision	Bookings from multi-purpose room; Rent from a new gymnasium (eg. health club tenant)
Improve venue attraction	Increased customer base	Number of unique venue hirers
	Increased frequency of large events	Attendance per event
Improve venue experience	More satisfied venue hirers and visitors	Volume of bookings from return and new hirers; Venue user feedback/satisfaction ratings

Increase sports participation	More people participating in community sports	Number of community sports programs; Number of (male/female/total) members registered with ISS partners; Volume of court bookings by ISS partners
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2.2 THE BASE CASE

The business case defines the base case as nothing being done to the current situation at Fred Finch Park. With a lack of investment, the base case will involve high ongoing costs for maintenance works, continued operational inefficiencies and no intervention to make the current stadium safer and fit for purpose for the next thirty years. As new sports stadiums are erected and/or upgraded elsewhere in large cities across NSW, ISS and the small disadvantaged community of Berkeley and the Illawarra will be left behind.

2.3 OTHER OPTIONS CONSIDERED

ISS and its sporting partners had considered various options for upgrading Fred Finch Park stadium infrastructure. A total of four different plans were put forward (see Figure 14).

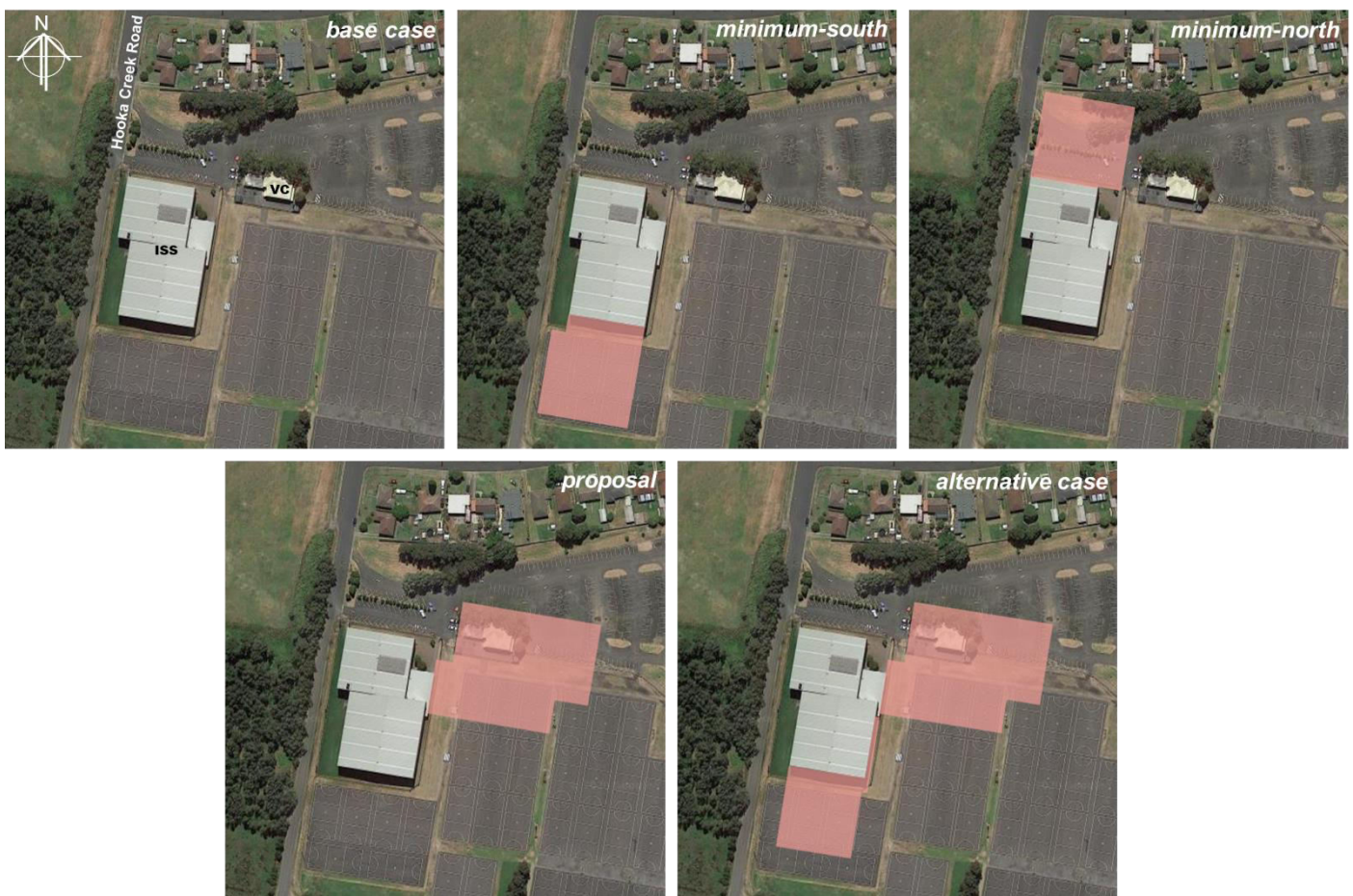


Figure 14. Options for upgrading the ISS

Shaded areas denote proposed building extensions. ISS, existing Illawarra Sports Stadium building; VC, IDNA's existing Val Curran building.

Minimal works to the south of the current ISS building (“minimum-south”) were initially considered. This option included the addition of a two-court hall extension with seating for 2,200 spectators, new entrance foyer, first aid room, female locker room, male locker room, two rooms for referees, and two storerooms. Preliminary studies done by Wollongong City Council did not support the proposed south site as it encroached onto the High Flood Risk Precinct of the Illawarra Lake Floodplain (see Figure 15). Consequently, the ISS board abandoned this option which would require additional studies, building modifications, and regulatory processes which meant insurmountable expenses and potential delays that grossly overshadowed project benefits.

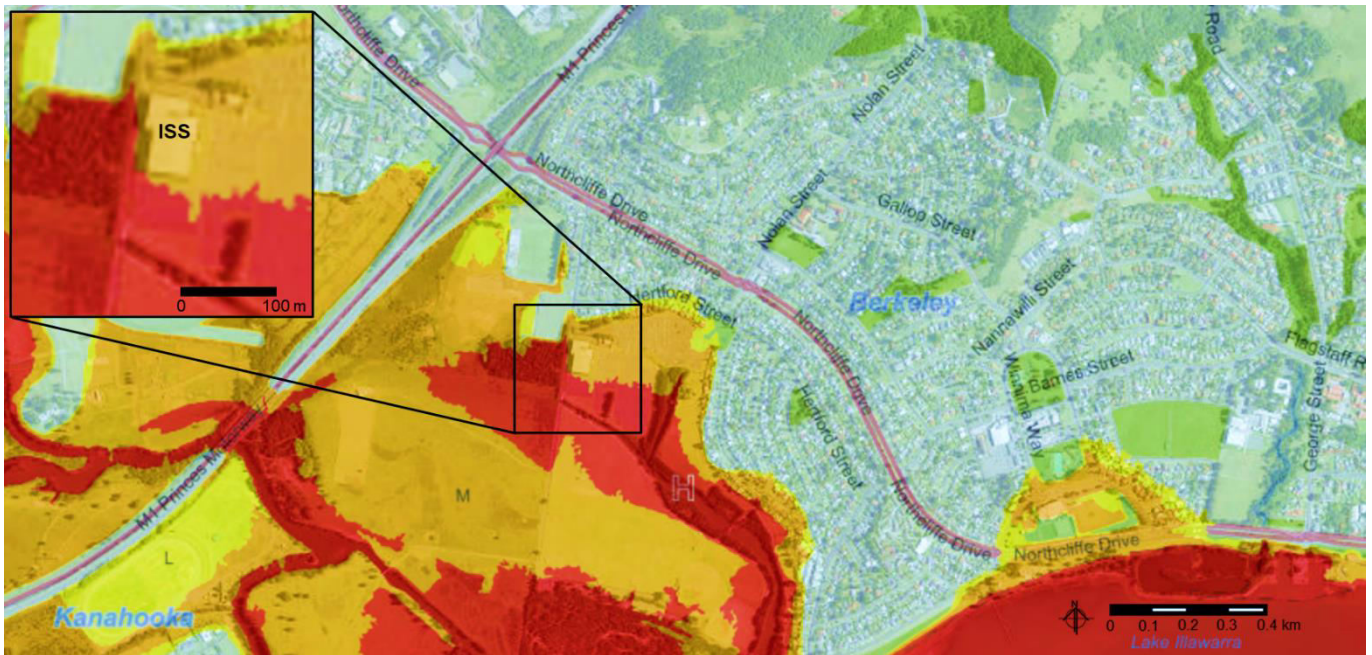


Figure 15. The Lake Illawarra Floodplain is Schedule 9 in the 2009 Wollongong Development Control Plan

Source: Wollongong Planning & Environment Map, 2020. Schedule 9 Lake Illawarra Floodplain is categorised into three flood risk areas. H, High Flood Risk Precinct (red); M, Medium Flood Risk Precinct (orange); L, Low Flood Risk Precinct (yellow). ISS, existing ISS building (zoomed in).

Another similar option for minimal works was considered for the ISS north wing (“minimum-north”), with identical design inclusions as the earlier iteration albeit with negligible flood risk implications. However, due to its blockade of ISS car park entry/egress and close proximity to neighbouring property that would increase noise for the local residents, a northern extension of ISS was not pursued.

A shortlist of options for ISS redevelopment was formed in the end. The final options included an extension of the east wing (the “proposal”), or an extension to both the east and south (“alternative case”). Both options involve replacing the defective Val Curran netball centre with a new administration centre, essential to the operations of IDNA and local netball clubs. A summary of the shortlisted options is provided in Table 8. While the alternative case presents the greatest opportunity for growth, it also requires additional site studies, modified building elevations, and changes to existing WCC flood policies.

Table 8. Analysis of ISS upgrade options

Key considerations		Base case	Proposal	Alternative case
Capital investment		0	\$20,838,220	\$27,177,020
Capacity	Number of indoor courts	4	7 (1.75x base case)	9 (2.25x base case)
	Spectator seating	230	1,825 (7.9x base case)	1,925 (8.4x base case)
	Shower/amenities/change rooms	4	9	11
	Store rooms	3	9	10
Auxiliaries	Multi-purpose room	0	1	1
	Gymnasium	0	1	1
	Canteen	1	2	2

2.4 INFORMATION ABOUT THE PROPOSAL

2.4.1 Scope of Works

The proposal includes construction of three additional multi-purpose international-compliant courts with air conditioning and seating for approximately 2,000 spectators. These inclusions will open up ISS to more sport and community event opportunities. A multi-purpose room and a gymnasium will add to ISS services as these facilities may be rented out, independent of community sport schedules. A netball administrative centre is essential to manage new grass roots programs and an anticipated growth in netball membership numbers and activities. The region lacks these much needed facilities.

Figure 16 presents a drawing of the front exterior of the proposed ISS building with designated colouring of cladding material.

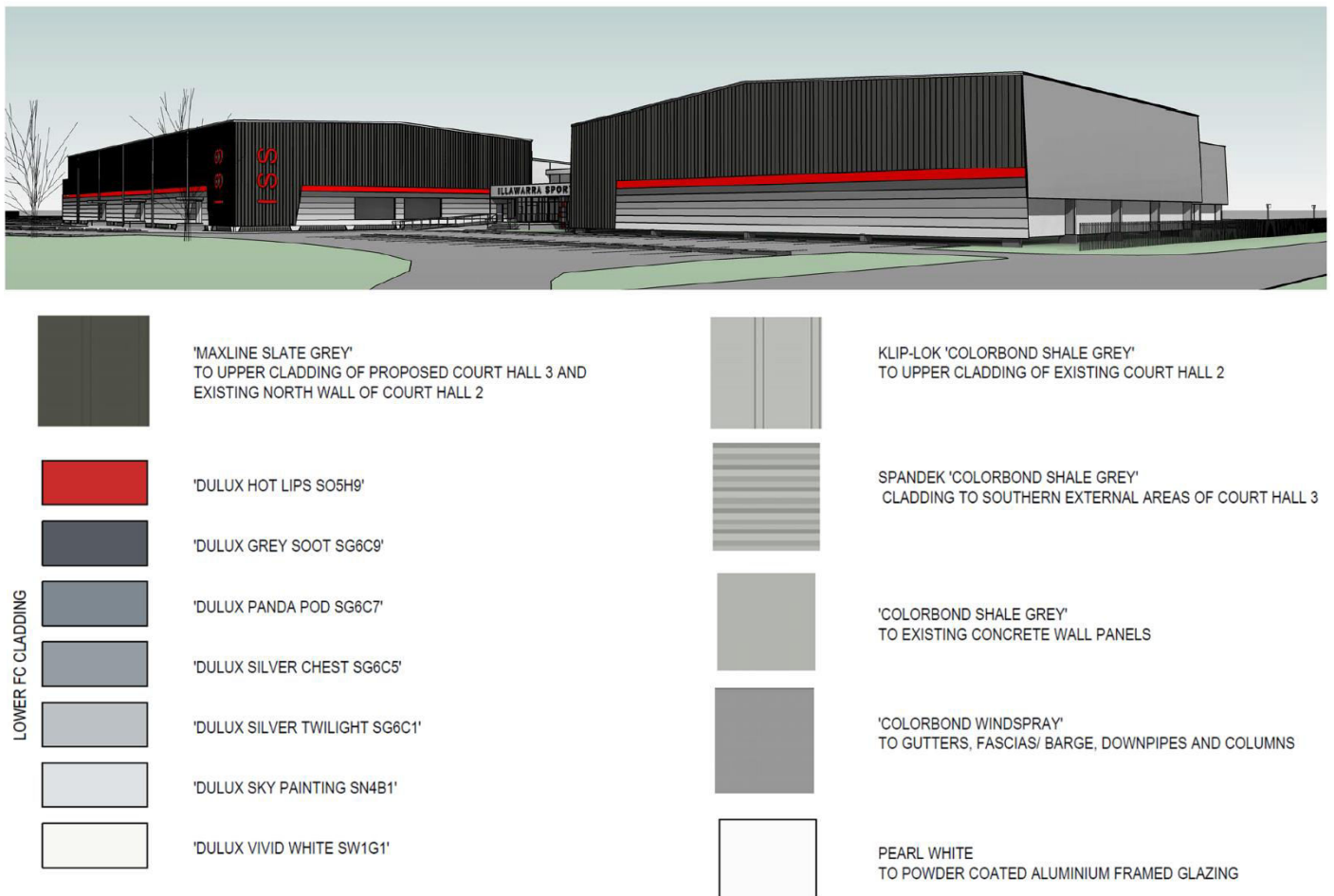


Figure 16. Colourboard of proposed ISS building exterior

Source: Facility Design Group, 2020.

2.4.2 Development Plans

Redevelopment will include demolition of some existing facilities and replacement with a modern stadium. Figure 17 presents the floorplan of the proposed ISS building. Architectural renders of the new facilities are displayed in Figure 18 and a list of all design inclusions are provided in Table 9.

#	Name	Area
1	EXIST. HALL No. 1	1548 m ²
2	EXIST. HALL No. 2	1314 m ²
3	EX. MULTI-PURPOSE ROOM	42 m ²
4	EX. STORE RM	15 m ²
5	EX. STORE RM	15 m ²
6	EX. MALE AMENITIES 1	43 m ²
7	EX. ACCESS	7 m ²
8	SERVICE CORRIDOR	6 m ²
9	EX. FEMALE AMENITIES 1	42 m ²
10	UMP/REF	6 m ²
11	NEW REFEREE/ SUPERVISOR ROOM	49 m ²
12	EXISTING FOYER	173 m ²
13	EX. ACCESS WC	4 m ²
14	EDB	1 m ²
15	CLNR	5 m ²
16	EX. MALE 2	15 m ²
17	EX. FEMALE 2	18 m ²
18	EX. OFFICE 1	23 m ²
19	EX. OFFICE 2	23 m ²
20	IDNA ADMIN OFFICE	25 m ²
21	CONTROL	43 m ²
22	MERCHANDISE/ SALES	22 m ²
23	MERCHANDISE STORAGE	20 m ²
24	EXTERNAL PLANT ROOM 1	45 m ²
25	NEW ENTRY FOYER	323 m ²
26	ISS CANTEEN	74 m ²
27	COOL	8 m ²
28	DRY	7 m ²
29	SOCIAL CAFE AREA	148 m ²
30	STORE 2	12 m ²
31	T MULTI-PURPOSE ROOM	309 m ²
32	TERRACE	373 m ²
33	CORRIDORS	200 m ²
34	STORE 3	14 m ²
35	KIT	11 m ²
36	CLNR/ HWS	10 m ²
37	IDNA CANTEEN	31 m ²
38	DRY	6 m ²
39	COOL	6 m ²
40	STAFF WC	5 m ²
41	CORRIDOR	15 m ²
42	IDNA OBSERVATION/ DUTY ROOM	36 m ²
43	IDNA UNIFORM ROOM	29 m ²
44	IDNA STORAGE	43 m ²
45	MALE 3	9 m ²
46	FEMALE 3	9 m ²
47	GROUND'S KEEPER STORE	62 m ²
48	STORE 4	61 m ²
49	FIRST AID	13 m ²
50	REFEREE 4	31 m ²
51	MALE 1	41 m ²
52	FEMALE 2	41 m ²
53	CHANGE ROOM 3	63 m ²
54	CHANGE ROOM 2	63 m ²
55	CHANGE ROOM 1	63 m ²
56	OFFICALS/ CONTROL ROOM	39 m ²
57	FIRST AID	15 m ²
58	ACC CHANGE	9 m ²
59	PROPOSED HALL No.3	2515 m ²
60	GYM	219 m ²
61	STORE 5	59 m ²
62	MEZZANINE	979 m ²
63	EXTERNAL PLANT AREA 2	183 m ²

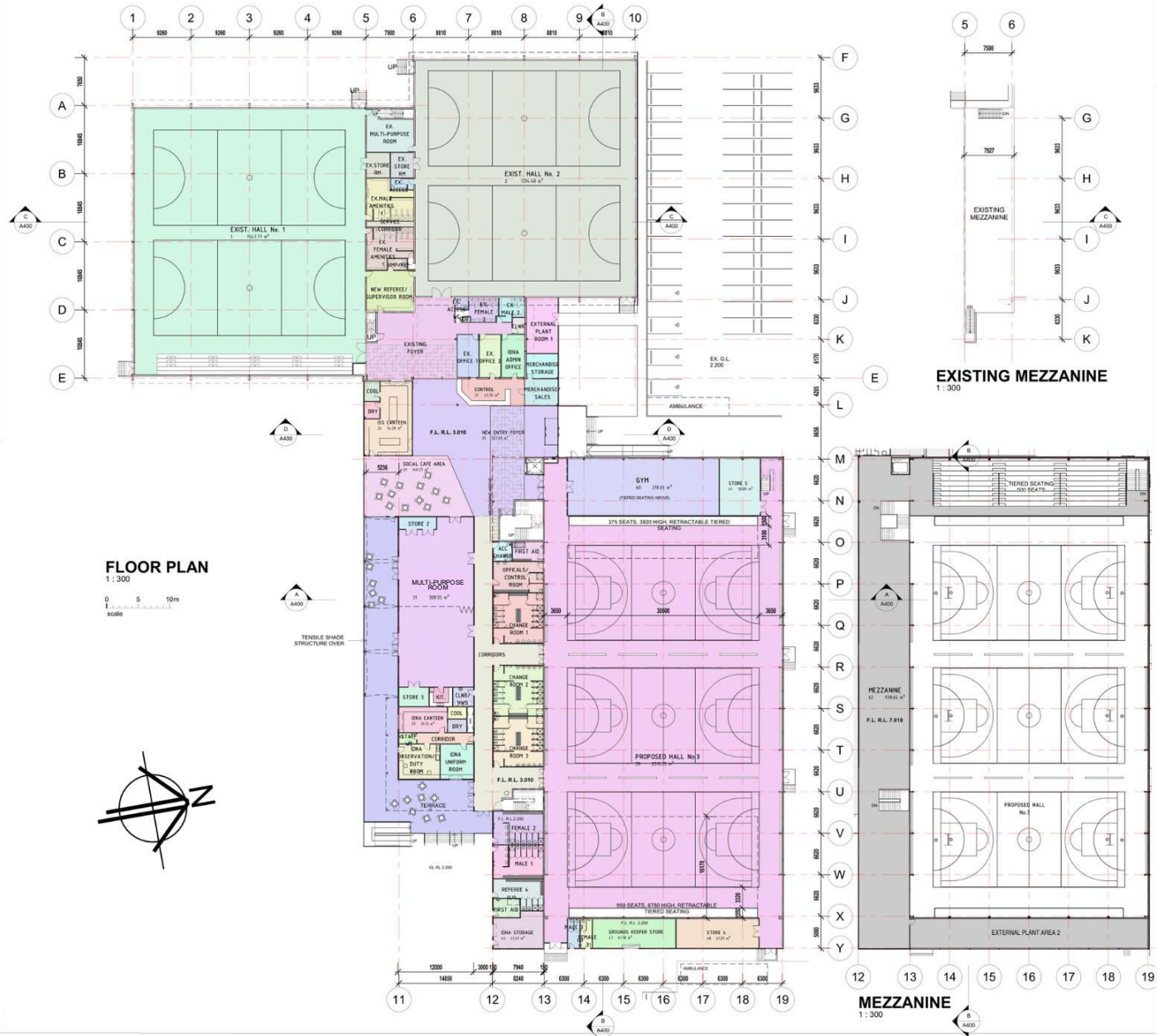


Figure 17. Floorplan of proposed ISS building
Source: Facility Design Group, 2020



Figure 18. Rendered visualisations of new stadium
Source: Facility Design Group, 2020

Table 9. Project inclusions

Component	m ² / item	Cost/ m ²	Component cost
1. Services augmentation - electricity & substation, sewer, water, fire	Item	Item	\$450,000
2. Demolition of Val Curran netball building, part demolition of existing front of house, temporary hoarding/protection	Item	Item	\$120,000
3. Temporary entry to current centre, including security	Item	Item	\$30,000
4. Earthworks and excavation for carparking, road entrance, buildings.	Item	Item	\$100,000
5. External ramps, stairs, terraces, footpaths, external plant room 1	Item	Item	\$280,000
6. Entry foyer, café social, corridors - including air conditioning	671 m ²	\$1,950	\$1,308,450
7. Control, merchandise sales, merchandise storage	85 m ²	\$3,000	\$255,000
8. ISS canteen including dry store, cool room, commercial fittings	81 m ²	\$3,600	\$298,800
9. Multi-purpose room including acoustic dividing wall, store 2 and store 3	335 m ²	\$2,300	\$770,500
10. Kitchenette, cleaner	25 m ²	\$2,200	\$55,000
11. IDNA canteen, cool room, dry storage	45 m ²	\$3,200	\$144,000
12. IDNA observation room, uniform room, corridor, staff toilet, air conditioning	85 m ²	\$2,300	\$195,500
13. ACC change, first aid, officials control room, change 1, 2 and 3; female room 2, male room 1, referee room 4, first aid for netball, male room 3, female room 3 to public	400 m ²	\$2,400	\$960,000
14. IDNA storage, grounds keeper store	105 m ²	\$1,400	\$147,000
15. Two fire rated stairs to mezzanine	Item	Item	\$160,000
16. Lift to mezzanine	Item	Item	\$160,000
17. Sports hall no. 3 including air conditioning	2,515 m ²	\$2,400	\$6,036,000
18. Retractable tiered seating units: 950 seats + 375 seats	Item	Item	\$463,750
19. Sports equipment fitout	Item	Item	\$280,000
20. Store 4	62 m ²	\$1,400	\$86,800
21. Gym	220 m ²	\$2,200	\$484,000
22. Store 5	59 m ²	\$1,600	\$94,400
23. 3 rd stair exit from mezzanine	Item	Item	\$30,000
24. Mezzanine level	980 m ²	\$1,800	\$1,764,000
25. Tiered fixed seating with 500 approx. capacity	Item	Item	\$150,000
26. External plant area	183 m ²	\$1,400	\$256,200
27. Associated works to existing adjoining offices and foyer	Item	Item	\$100,000
28. Fire compartmentation works to existing hall no. 2	Item	Item	\$400,000
29. Fire compartmentation works to new hall no. 3	Item	Item	\$150,000
30. FF+E allowance	Item	Item	\$100,000
31. Car parking upgrade	Item	Item	\$150,000
32. Landscaping	Item	Item	\$50,000

Source: Facility Design Group, 2020

2.5 PROJECTED COSTS

2.5.1 Capital Costs

The proposed capital works will have a base cost of \$16,029,400. This opinion of costs was provided by architecture and construction specialists at Facility Design Group, 2020. With preliminaries, a 10% contingency margin and additional professional fees, total capital expenditure (CAPEX) will be \$20,838,220 (presented in Table 10).

Table 10. Project CAPEX

Item	Margin	Costs
Base costs	NA	\$16,029,400
Preliminaries over \$16 million	15%	\$2,400,000
Contingency over \$16 million	10%	\$1,602,940
Professional fees over \$16 million	5%	\$801,470
TOTAL		\$20,838,220

NA, not applicable

2.5.2 Projected Ongoing Costs

Incremental operational expenditure (OPEX) was analysed for the lifespan of the new building. Expected cash flows for the proposed ISS building are itemised in Table 11 for each decade of 30-year valuation period. Yearly cash flow projections are provided in Table 12 for the first three years of operations.

Table 11. Incremental cash flow projections (by decade)

Item	Proposal			Alternative Case		
	1st decade	2nd decade	3rd decade	1st decade	2nd decade	3rd decade
Revenue						
Court hiring	\$1,181,606	\$2,109,373	\$2,834,821	\$1,969,344	\$3,515,621	\$4,724,701
Multi-purpose room	\$174,722	\$273,005	\$349,469	\$174,722	\$273,005	\$349,469
Gymnasium	\$438,029	\$684,423	\$876,119	\$438,029	\$684,423	\$876,119
Grants and other income	\$102,585	\$134,123	\$140,982	\$170,975	\$223,539	\$234,970
Total Revenue	\$1,896,942	\$3,200,923	\$4,201,391	\$2,753,069	\$4,696,587	\$6,185,259
OPEX						
Floor maintenance	\$91,690	\$131,090	\$152,135	\$144,973	\$181,216	\$181,216
Insurance	\$11,472	\$16,401	\$19,034	\$10,883	\$13,603	\$13,603
Light, heat, power	\$20,945	\$29,945	\$34,752	\$33,116	\$41,395	\$41,395
Pest extermination	\$2,770	\$3,960	\$4,596	\$4,380	\$5,474	\$5,474
Equipment	\$25,329	\$36,213	\$42,027	\$40,048	\$50,060	\$50,060
Water	\$17,502	\$25,023	\$29,040	\$27,673	\$34,591	\$34,591
Repairs	\$71,855	\$163,911	\$199,621	\$119,759	\$273,185	\$332,702
Wages	\$1,017,597	\$1,521,047	\$1,854,148	\$1,017,597	\$1,521,047	\$1,854,148
Fixed asset replacements/renewals (useful lifespan)						
Extended building (30)	\$0	\$0	\$0	\$0	\$0	\$0
Canteen furniture (20)	\$0	\$0	\$8,500	\$0	\$0	\$8,500
Carpet (8)	\$70,000	\$70,000	\$70,000	\$84,000	\$84,000	\$84,000
Control/office furniture (10)	\$0	\$5,000	\$5,000	\$0	\$5,000	\$5,000
Kitchenette appliances (10)	\$0	\$2,000	\$2,000	\$0	\$2,000	\$2,000
Outdoor elevated flooring (20)	\$0	\$0	\$71,000	\$0	\$0	\$71,000
Outdoor terrace furniture (20)	\$0	\$0	\$17,000	\$0	\$0	\$17,000
Spectator seating (15)	\$0	\$184,500	\$0	\$0	\$196,000	\$0
Sports fitouts (15)	\$0	\$180,000	\$0	\$0	\$300,000	\$0
Tiling (15)	\$0	\$51,000	\$0	\$0	\$67,500	\$0
Timber flooring (15)	\$0	\$101,000	\$0	\$0	\$163,500	\$0
Subtotal	\$77,689	\$731,722	\$235,926	\$93,227	\$1,008,510	\$255,643
Total OPEX	\$1,336,848	\$2,659,311	\$2,571,279	\$1,491,654	\$3,129,081	\$2,768,832

All values are incremental to current ISS revenue and expenses. See attached ISS financial analysis spreadsheet for modelling method and assumptions.

Table 12. Cash flow projections for first 3 years of operation

Item	Proposal									Alternative Case								
	Year 1			Year 2			Year 3			Year 1			Year 2			Year 3		
	Base case	Project	Total	Base case	Project	Total	Base case	Project	Total	Base case	Project	Total	Base case	Project	Total	Base case	Project	Total
Revenue																		
Court hiring	\$161,392	\$72,626	\$234,018	\$161,392	\$112,208	\$273,599	\$161,392	\$154,098	\$315,490	\$161,392	\$121,044	\$282,436	\$161,392	\$187,013	\$348,405	\$161,392	\$256,831	\$418,223
Multi-purpose room	\$0	\$20,000	\$20,000	\$0	\$20,500	\$20,500	\$0	\$21,013	\$21,013	\$0	\$20,000	\$20,000	\$0	\$20,500	\$20,500	\$0	\$21,013	\$21,013
Gymnasium	\$0	\$50,140	\$50,140	\$0	\$51,394	\$51,394	\$0	\$52,678	\$52,678	\$0	\$50,140	\$50,140	\$0	\$51,394	\$51,394	\$0	\$52,678	\$52,678
Grants/other income	\$16,801	\$12,600	\$29,401	\$16,801	\$12,663	\$29,464	\$16,801	\$12,727	\$29,527	\$16,801	\$21,001	\$37,801	\$16,801	\$21,106	\$37,906	\$16,801	\$21,211	\$38,012
TOTAL Revenue	\$178,192	\$155,367	\$333,559	\$178,192	\$196,765	\$374,957	\$178,192	\$240,516	\$418,708	\$178,192	\$212,184	\$390,377	\$178,192	\$280,012	\$458,204	\$178,192	\$351,733	\$529,925
OPEX																		
Floor maintenance	\$14,497	\$10,873	\$25,370	\$14,497	\$11,036	\$25,533	\$14,497	\$11,202	\$25,699	\$14,497	\$18,122	\$32,619	\$14,497	\$18,122	\$32,619	\$14,497	\$18,122	\$32,619
Insurance	\$17,004	\$1,360	\$18,365	\$17,004	\$1,381	\$18,385	\$17,004	\$1,401	\$18,406	\$17,004	\$1,360	\$18,365	\$17,004	\$1,360	\$18,365	\$17,004	\$1,360	\$18,365
Light, heat, power	\$6,623	\$2,484	\$9,107	\$6,623	\$2,521	\$9,144	\$6,623	\$2,559	\$9,182	\$6,623	\$4,140	\$10,763	\$6,623	\$4,140	\$10,763	\$6,623	\$4,140	\$10,763
Pest extermination	\$438	\$328	\$766	\$438	\$333	\$771	\$438	\$338	\$776	\$438	\$547	\$985	\$438	\$547	\$985	\$438	\$547	\$985
Equipment	\$4,005	\$3,004	\$7,008	\$4,005	\$3,049	\$7,053	\$4,005	\$3,094	\$7,099	\$4,005	\$5,006	\$9,011	\$4,005	\$5,006	\$9,011	\$4,005	\$5,006	\$9,011
Water	\$2,767	\$2,075	\$4,843	\$2,767	\$2,107	\$4,874	\$2,767	\$2,138	\$4,905	\$2,767	\$3,459	\$6,226	\$2,767	\$3,459	\$6,226	\$2,767	\$3,459	\$6,226
Repairs	\$19,022	\$7,133	\$26,156	\$19,022	\$7,240	\$26,263	\$19,022	\$7,349	\$26,371	\$19,022	\$11,889	\$30,911	\$19,022	\$12,067	\$31,090	\$19,022	\$12,248	\$31,271
Wages	\$16,009	\$118,560	\$134,569	\$16,009	\$120,931	\$136,941	\$16,009	\$123,350	\$139,359	\$16,009	\$118,560	\$134,569	\$16,009	\$120,931	\$136,941	\$16,009	\$123,350	\$139,359
Fixed asset replacements/renewals (useful lifespan)																		
Extended building (30)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Canteen furniture (20)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Carpet (8)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Control/office furniture (10)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Kitchenette appliances (10)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outdoor elevated flooring (20)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Outdoor terrace furniture (20)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Spectator seating (15)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sports fitouts (15)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Tiling (15)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Timber flooring (15)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL OPEX	\$80,366	\$145,818	\$226,184	\$80,366	\$148,598	\$228,964	\$80,366	\$151,432	\$231,798	\$80,366	\$163,083	\$243,449	\$80,366	\$165,632	\$245,999	\$80,366	\$168,232	\$248,598

Revenue is expected from hiring out the new courts to community groups and sports organisations, as is the case currently at ISS. Expected volume of court hiring in the Proposed case (3 additional courts) is indexed at 75% of current rental revenue (4 courts) and for the Alternative case (5 new courts) at 125% current levels. In the first year of operations, court hiring is expected to reach only 50% utilisation rates and 75% in the second year before normalising in the third and following years. New revenue streams will also be recognised from hiring out the multi-purpose room, leasing out the gym as well as grants and other income, such as new sports programs at the ISS. The Proposed case will see revenue of \$155,367 in its first year of operations, \$196,765 in the second year, \$240,516 in the third year, and a total of \$1,896,942 in the first decade.

Expected ongoing costs include maintenance of court flooring, insurance premiums, light/heat/power bills, water bills, pest extermination, equipment, wages (including honorarium for volunteer/s, leave and superannuation contributions for part-time employees), and stadium repairs, which are likely to be minimal early on with a newly constructed building. The first five years of operations will see costs related to repairs discounted by 50% and from year 6 to 10, repairs will be discounted by 25% before normalising in the 11th and following years. The Proposed case will see operating costs of \$145,818 in its first year of operations, \$148,598 in the second year, \$151,432 in the third year, and a total of \$1,336,848 in the first decade.

Earnings before interest and tax (EBIT) is calculated from the difference between revenue and expenditure per year. Expected EBIT and cumulative EBIT show a positive trend over the 30-year valuation period in both the Proposal case (Figure 19) and Alternative case (Figure 20). Some stadium fittings will also require replacement/renewal at the end of their useful lifespan (with zero salvage value). A pronounced decrease in EBIT is observed because indoor spectator seating, sports fitouts (eg. basketball ring systems), floor tiles and timber floor boards will need to be renewed after 15 years.

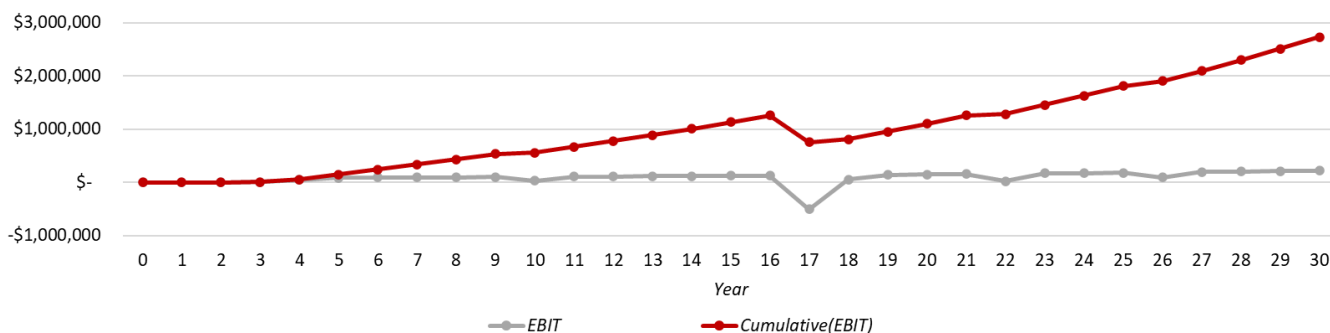


Figure 19. EBIT and its cumulative trend for the Proposal (3 new courts)

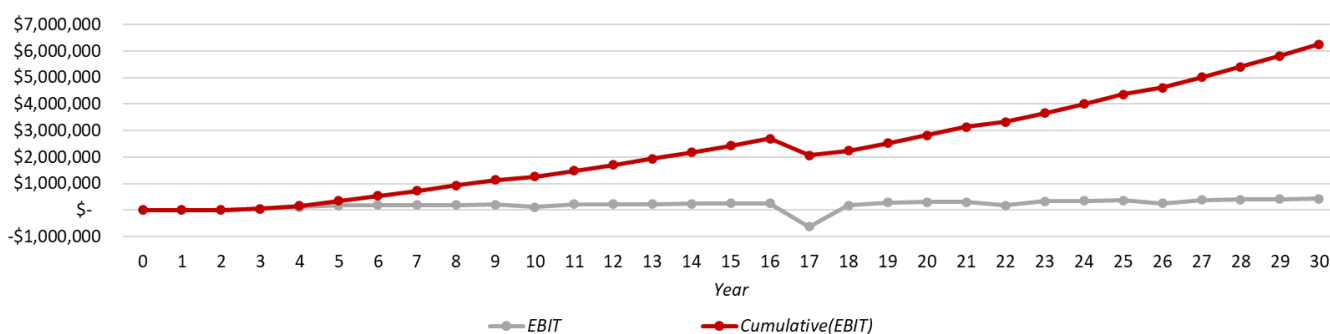


Figure 20. EBIT and its cumulative trend for the Alternative case (5 new courts)

2.6 COST-BENEFIT ANALYSIS

A cost-benefit analysis (CBA) was undertaken in accordance with guidelines issued by NSW Treasury (*Source: NSW Government Business Case Guidelines, 2018*). The analysis was conducted for a project life cycle of 30 years (2 years construction + 28 years stadium lifecycle) with a real discount rate of 7%. Estimations of two key indicators of project's economic value were produced:

- (1) Net present value (NPV) is the difference between the present value of benefits and the present value of costs. A NPV more than 0 implies that a proposal could be viable.
- (2) Benefit-cost ratio (BCR) is the ratio of the present value of total benefits to the present value of total costs. A BCR more than 1 implies that a proposal could be viable.

The output of the CBA is summarised in Table 13.

Table 13. Summary of results of CBA

	Options	Proposal	Alternative case
Costs			
Initial capital expenditure		\$20,838,220	\$27,177,020
Ongoing costs		\$2,568,497	\$3,333,970
TOTAL Costs		\$23,406,717	\$30,510,990
Benefits			
Revenue		\$3,085,128	\$4,506,811
Construction FTEs		500	660
> conversion to economic value		\$27,792,855	\$36,686,569
Terminal value		\$810,181	\$1,426,052
Savings in VC building upkeep		n.q.	n.q.
Health benefits of sports		indirect	indirect
Uplift in social capital		indirect	indirect
TOTAL Benefits		\$31,688,163	\$42,619,432
Project viability			
NPV		\$8,281,447	\$12,108,442
BCR		1.35	1.40

All quantities are present value and incremental to the base case. A 7% discount rate was applied over a 30-year project lifespan. Capital contributions from Wollongong City Council (sponsor) were not included in the analysis. See attached ISS financial analysis spreadsheet for modelling method and assumptions. BCR, benefit-cost ratio; CBA, cost-benefit analysis; FTE, full-time equivalent; NPV, net present value; n.q., non-quantifiable; VC, Val Curran.

The CBA cost items included initial capital expenditure, as shown earlier in Table 10, and ongoing costs, which accounted for operational expenses and changes in net working capital over the 30-year valuation period. The present value of costs for the Proposal totals \$23,406,717.

The CBA also looked at project benefits. The analysis included revenue from new stadium activities, such as court hiring, multi-purpose room usage fees, gymnasium lease, and other income (eg. grants and new sports programs). Construction of the new ISS building is expected to generate direct economic benefits in the form of new jobs creation. Terminal value was also considered to reflect the project value beyond the 30-year valuation period, assuming ISS remains a going concern. Both project options (Proposal and Alternative) require the old Val Curran Centre to be demolished and replaced. This represents long-term cost savings for the local Council, particularly with the abolishment of building maintenance costs for an ageing facility. The Proposed case is expected to return a positive NPV (ie. more than zero) of \$8,281,447 over 30 years and \$1.35 for every dollar invested into the project, as denoted by the BCR. The NPV of the Alternative case is \$3,826,995 higher than the Proposal's. Given that the difference in expected returns is inferior to the difference in their initial capital expenditure (\$6,338,800), the Proposal case appears to be the more favourable of the two options.

The indirect health and social benefits of increased sports participation in the community due to modern expanded sports facilities at the ISS were separately considered in Table 14. By adjusting for these indirect benefits, the Proposed case is expected to return a positive adjusted NPV of \$9,076,619 and \$1.39 for every dollar invested into the project, based on the adjusted BCR. The difference in the adjusted NPV between the Proposal and Alternative case is \$4,357,110. This indicates that the larger investment required for the Alternative case does not necessarily provide proportional returns in present value terms when compared to the Proposal case.

Table 14. Adjusted CBA for the inclusion of indirect benefits

	Options	Proposal	Alternative case
Health benefits of sports		\$389,634	\$649,391
Uplift in social capital		\$405,538	\$675,896
Adjusted project viability			
Adjusted NPV		\$9,076,619	\$13,433,729
Adjusted BCR		1.39	1.44

See attached ISS financial analysis spreadsheet for modelling method and assumptions. BCR, benefit-to-cost ratio; CBA, cost-benefit analysis; NPV, net present value.

Sensitivity testing was conducted to assess the robustness of the cost-benefit output to variations in key assumptions. Sensitivity was calculated (sensitivity = % change in NPV or BCR / % change in assumption) to identify assumptions used in the CBA modelling that were most tightly linked to project viability. As depicted in Figure 21 for the Proposal case and Figure 22 for the Alternative case, the top ranked assumptions were identified: (i) discount rate, (ii) revenue from court hiring, and (iii) revenue from gym tenant.

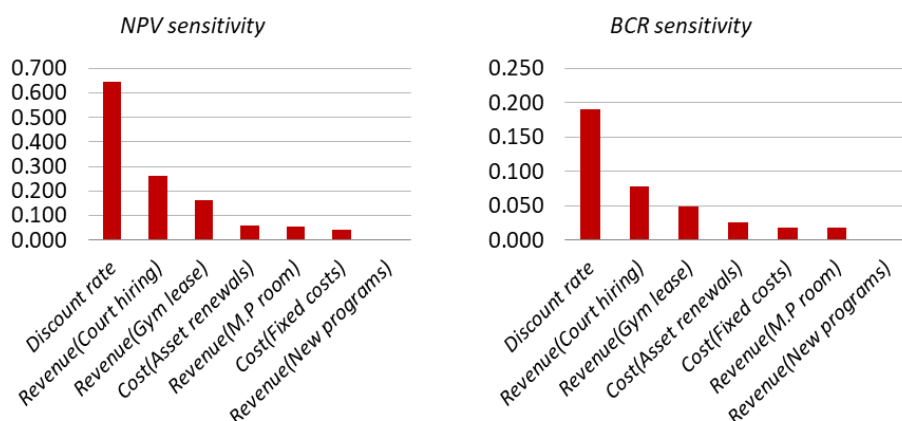


Figure 21. Sensitivity of NPV and BCR to key assumptions testing in the Proposal

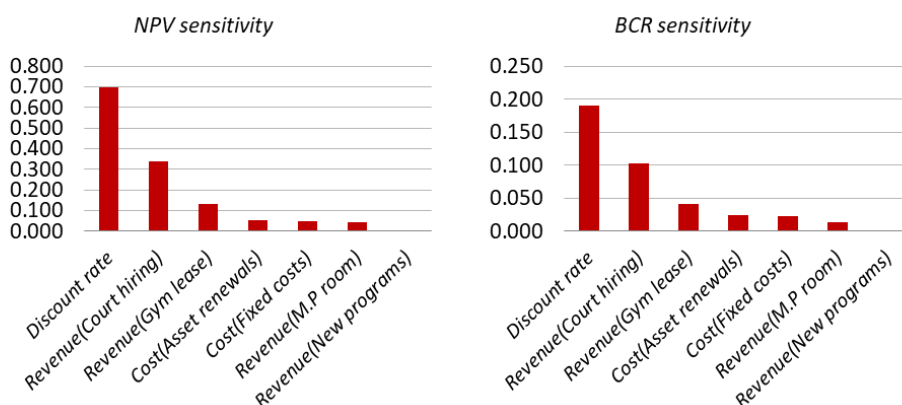


Figure 22. Sensitivity of NPV and BCR to key assumptions testing in the Alternative case

The impact of top ranked assumptions on project viability were tested. Table 15 shows testing with a 10% discounting rate consistent with NSW Treasury (*Source: NSW Government Business Case Guidelines, 2018*), along with 10% reductions in courting hiring revenue and gym lease revenue. These pessimistic views of the CBA model result in positive NPVs (above zero) and favourable BCRs (above one).

Table 15. Summary of results of sensitivity analysis

Options	Proposal	Alternative case
<i>Variation: 10% discounting</i>		
NPV	\$6,325,904	\$9,053,647
BCR	1.28	1.28
<i>Variation: -10% court hiring revenue</i>		
NPV	\$8,016,741	\$11,683,871
BCR	1.34	1.38
<i>Variation: -10% gym lease revenue</i>		
NPV	\$8,199,626	\$12,028,991
BCR	1.35	1.39

See attached ISS financial analysis spreadsheet for modelling method and assumptions. BCR, benefit-to-cost ratio; NPV, net present value.

2.7 PROPOSED FUNDING ARRANGEMENTS

Various sources of funding will contribute to covering project capital costs. Table 16 shows from where funding will be coming for capital works.

Table 16. Proposed capital funding contributions

Stage	2020-21FY	2021-22FY	Remaining years	TOTAL
Proposal capital costs	\$20,838,220	-	-	\$20,838,220
Funding sources				
Commonwealth Government	-	-	-	-
NSW Government (subject of this request)	-	\$20,800,000	-	\$20,800,000
Wollongong City Council contributions	\$50,000	-	-	\$50,000
ISS contributions	\$240,000	-	-	\$240,000
TOTAL	\$250,000	TBD	-	\$21,090,000

3 PROJECT IMPLEMENTATION

3.1 MILESTONES

There are various project stages in upgrading the ISS. Progress into new project stages is marked by milestones (or deliverables) that identified and described below:

1. Design concepts for the upgraded ISS proposal were initially prepared by Facility Design Group in April 2017.
2. Funding commitments will need to be secured from the Commonwealth government and possibly supplemented from NSW Government grant monies. ISS is looking for capital investment of \$20,838,220 for the proposal or \$27,177,020 to proceed with the alternative case.
3. Stakeholder consultations have continuously informed the proposal.
4. Project plans and finalised designs on the new ISS facilities will be developed by Facility Design Group to ensure project documentation and contingencies are in place and the new ISS building complies with regulatory requirements.
5. Project approval will need to be secured to progress the project. This requires project financing and a successful development application result from Wollongong City Council/NSW authorities. It typically takes three months for the development application review process despite the NSW Land and Environment Court designating a 40 to 60 day assessment period. A four-month window has been included in this business case.
6. Procurement of a construction contractor will be managed by SJ (Project Manager) from Facility Design Group.
7. Site preparation may include demolition and site clearance, site mobilisation, pouring of piers and footings.
8. Construction works on the new ISS eastern wing hall can commence in October 2021.
9. Handover of the new stadium to ISS is expected in midway of 2023 after construction and associated works have completed.
10. The brand new ISS is expected to open by August 2023, just months after the 25th March NSW state election.

Figure 23 presents a Gantt chart of the project timeline and includes milestones already achieved and remaining milestones expected on specified time points.

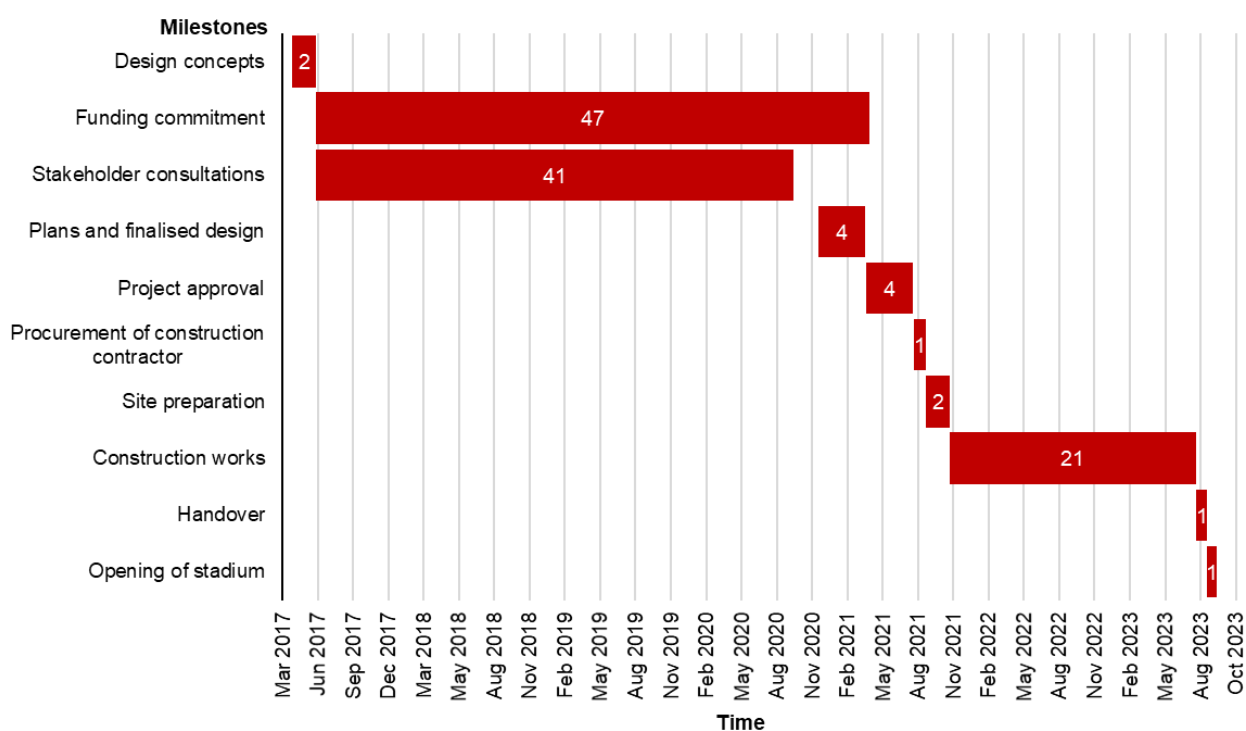


Figure 23. Project timeline

Milestones are marked by deliverables expected. Number labels indicate the duration of project stages based on months.

3.2 GOVERNANCE

A project governance framework was developed to set up structures for decision making processes in the project, defines roles, responsibilities, and liabilities for the accomplishment of the project, and establish communication pathways critical to the effectiveness of the project manager. The governance framework for the proposed redevelopment of ISS is presented in Figure 24.

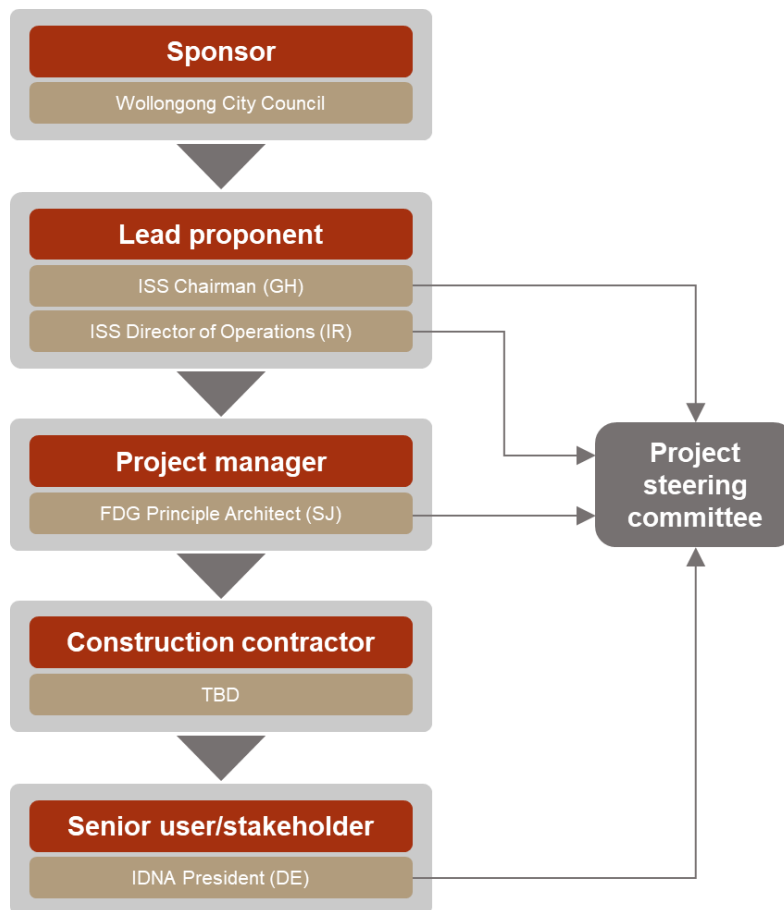


Figure 24. Project governance framework

The various roles covered in the project governance framework are described below:

- The project steering committee (or project board) will be comprised of the ISS chairman and operations director, the project manager, and president of IDNA. The steering committee is a decision-making body that provides oversight for the project. It is responsible for general strategies and opportunities for project planning and implementation, including the review and approval of changes made to project plan, scope, goals, cost estimates, etc. The steering committee also considers any emergent issues or risks to the project and propose solutions to ensure project success. The steering committee will formally convene once project approval is gained (see section 3.1) and at least biannually during construction works (twice in 2021 and twice in 2022). The steering committee can also assemble in response to issue escalations by the project manager.
- The project sponsor is the Wollongong City Council. The Council provides high profile support for the project, authorises its initiation and ensures it conforms to local environmental plans, development control plans and State set rules. The Council also approves any major project changes that could affect public property.
- The lead proponent of the project is ISS. Executive representation from ISS ensures the project is aligned with the strategic goals of the ISS board. ISS also checks that the project scope addresses business needs and monitors progress of the project to ensure the benefits are realised.
- The project manager serves as the interface between ISS and the construction contractor. SJ from Facility Design Group is an experienced project manager for major infrastructure works. SJ will ensure that construction works are produced to the required quality standard and are done on schedule and within budget. SJ will also manage project scope, risks and stakeholder expectations.
- The construction contractor carries out all required building works, carpentry, electrical engineering, plumbing, installation of sports fitouts and other interior finishes, and landscaping.
- The senior user/stakeholder represents one of the main beneficiaries of upgrades at the ISS. IDNA is the senior user/stakeholder and will communicate expectations throughout the project life and advise of potential impacts, issues and opportunities to ensure ISS redevelopment will produce outcomes that are fit for purpose. IDNA is also available to respond to approaches and proposals should the need emerge for changes to the project.

3.3 KEY RISKS

Some key assumptions and uncertainties associated with the stadium upgrade were identified as project risks and scored using the risk matrix shown in Figure 25. Each project risk is rated by considering its likelihood of occurrence at expected project stages and the level of impact it could have on the overall success of the project.

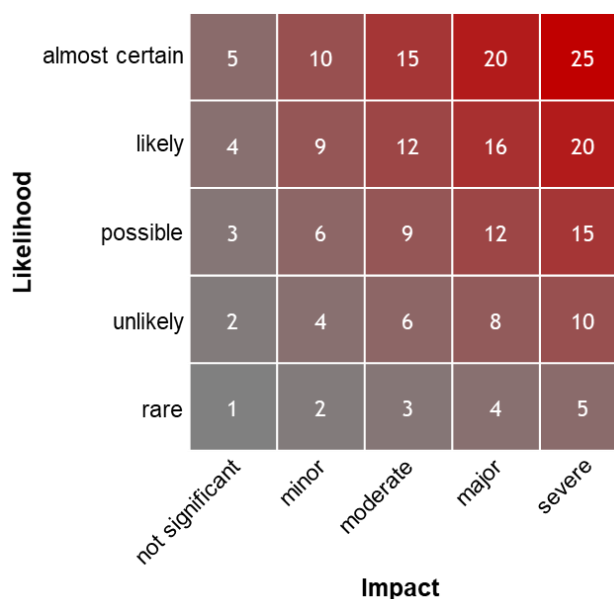


Figure 25. Risk matrix

Projects risks are listed in Table 17 and will need to be continuously monitored and managed throughout the project timeline. An appropriate action plan has also been developed to minimise the impact of risks on project delivery and outcomes.

Table 17. Key risks related to the stadium upgrade

Project stage	Risk	Likelihood	Impact	Rating (1-25)	Action/controls
All	Changes to project governance	Possible	Major	12	Comprehensive project documentation and development of a contingency plan.
	Project scope creep	Possible	Moderate	9	Appointment and empowerment of an experienced project manager.
Funding commitment	Commonwealth Government does not provide full funding for the stadium redevelopment	Possible	Severe	15	Project does not proceed.
	NSW Government does not provide funding contributions to the stadium redevelopment	Possible	Minor	6	Project will have to be fully funded by federal grant/s.
Stakeholder consultations	Lack of community understanding of economic, health and economic benefits	Possible	Minor	6	Proactive engagement with community.
	Stakeholders not available or not participating	Rare	Minor	2	Targeted stakeholder identification at the start of the project and proactive engagement with stakeholders early in the process.

Project stage	Risk	Likelihood	Impact	Rating (1-25)	Action/controls
Project plans and finalised design	Planning requirements either compromise or delay project delivery	Possible	Severe	15	Proactive engagement with local or NSW planning authorities early in the process.
Project approval	Delays at with local Council approval process	Likely	Major	16	Proactive engagement with local or NSW planning authorities early in the process and follow up with review body if no results provided after a two-month assessment period.
	Significant environmental site issues identified	Possible	Moderate	9	Undertake a comprehensive environmental impact statement during planning process.
Procurement of construction contractor	Lack of labour (skilled and general)	Possible	Moderate	9	Appointment and empowerment of an experienced project manager.
	Industrial action	Unlikely	Minor	4	Review industrial action track record of potential contractors and sub-contractors.
Site preparation	Poor foundation conditions	Likely	Moderate	12	Sound planning and geo-tech study to address issues before construction.
Construction works	Interruptions to supply of materials	Possible	Moderate	9	COVID-19 has affected all industries and sectors. Supply chain issues can be avoided or managed via appointment and empowerment of an experienced project manager.
	Long term unsuitable weather conditions during construction works	Unlikely	Moderate	6	Appointment and empowerment of an experienced project manager.
	Introduction of new compliance policies	Unlikely	Moderate	6	New building regulations (eg. due to global warming impetus) could take effect after construction works commence. Stadium designs should use adhere to best practice and current policies.
Handover	Insufficient handover time	Possible	Moderate	9	Ensure that construction program allows for handover and commissioning using soft openings and test events.
Operations	Uncertainty in future cash flows	Likely	Minor	9	Sensitivity analysis of discounted future cash flows and assessment of major cash flow assumptions, accounting for uncertainty by varying the discounting factor.

4 ATTACHMENTS

- Letters of support from Wollongong City Council (Lord Mayor GB; Councillor JR; Owner's Consent)
- Letters of support from ISS partners (IDNA; IBA; UBL)
- Letters of support from NSW sports industry (Basketball NSW; Illawarra Hawks; Netball NSW)
- Letters of support from court hirers (Illawarra District Table tennis Association; Lifeline South Coast; Wollongong Roller Hawks)
- ISS upgrade scope of works document (proposal)
- WCC minutes for proposal (alternative case)
- Opinion of costs (quote for project capital costs)
- ISS annual reports (last three financial years)
- ISS financial analysis spreadsheet