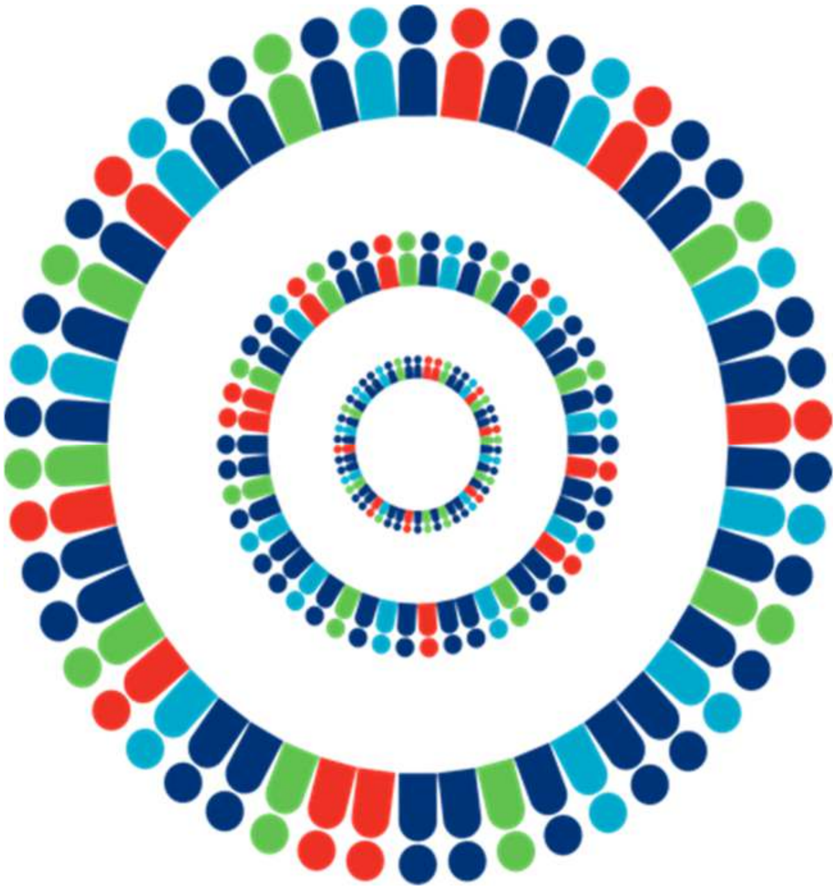
UHY Haines Norton
Chartered Accountants

The Big Project- Priority 1 Projects – 2023 Update

Prepared for the Barossa Council

PRUDENTIAL REVIEW

February 2024



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Contents

EXECUTIVE SUMMARY

Abbreviations

ABP	Annual Business Plan
CPI	Consumer Price Index
LTFP	Long-Term Financial Plan
RBA	Reserve Bank of Australia
TBC	The Barossa Council
The Act	*Local Government Act 1999*

Purpose and Scope of this Report

Section 48 of the *Local Government Act 1999* (The Act) requires that councils obtain and consider a report that addresses prudential issues before a council engages in any project in the following circumstances.

- where the expected operating expenses over the ensuing five years are likely to exceed 20% of the council's past five financial years' average annual operating expenses or
- where the expected capital cost of the project over the ensuing five years is likely to exceed $4m (indexed) or
- where a council considers that it is necessary or appropriate.

The prudential issues that must be addressed are:

- the relationship between the project and relevant strategic management plans.
- the objectives of the Development Plan in the area where the project is to occur (note that the *Planning, Development and Infrastructure Act 2016* has now replaced the *Development Act 1993,* and Council Development Plans have been replaced by the state-wide Planning and Design Code.
- the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the marketplace.
- the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes.
- if the project is intended to produce revenue, revenue projections and potential financial risks.
- the recurrent and whole-of-life costs associated with the project, including any costs arising out of the proposed financial arrangements.;
- the financial viability of the project and the short and longer-term estimated net effect of the project on the financial position of the Council.
- any risks associated with the project and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the Chief Executive Officer and to the Council);
- the most appropriate mechanisms or arrangements for carrying out the project.
- if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the *Land Valuers Act 1994*.

Appendix A sets out the complete legislative requirements.

The purpose of this report is to update the previous Prudential Reports on The Big Project as it stands in February 2024. The Barossa Council (TBC) has set out the following reasons for updating the Prudential Report on The Big Project:

- As a multi-generation strategy with significant community benefit with associated risk, it is prudent to regularly review the strategy independently. This was last performed in 2021.
- There is an array of completed and commenced projects which align with the 2021 review.
- There remain two large and three smaller projects to complete, which align with the 2021 review.
- The delivery environment has significantly changed from 2021 with challenges in the market to deliver upon the strategy and each project which have resulting material and labour challenges and significant cost escalations.

The status of the Phase 1 projects is provided in the Description section of this Report.

This Prudential Report addresses the prudential matters in Section 48 of the Act in regard to this project.

The Summary of Findings section in this report provides our comments against each of the prudential matters.

Background

In 2016, TBC endorsed a report to commence a project to develop a multi-generational 35-year vision for key infrastructure assets to support growth in economic, social, community and environmental outcomes. The master plans and delivery upon them are known as The Big Project. Through engagement and consultation, a raft of plans has been developed in four key outcome areas;

- Recreation and Sporting Facilities
- Aquatic Strategy
- Cycle and Leisure Tourism
- Arts, Culture and Heritage Tourism

The Council has reviewed and keeps under review the status of The Big Project delivery through the annual planning and budgeting processes and considered ways to assess the many competing demands across multiple facilities, several factors, including;

- The vision of the plans and community
- Economic development and growth opportunities, especially culture, art and recreational and sporting tourism
- Needs analysis.
- Participation and population
- Renewal and upgrade priories versus new infrastructure
- Ability to attract and align with understood State and Commonwealth grant programs and strategies.
- Third-party funding support
- Shared use and multiuse efficient infrastructure opportunities
- Upstream Project needs to achieve primary targeted outcomes.
- Risk profile.

Overriding project principles identified were;

- Retaining a decentralised/local approach to recreational facilities rather than a centralised, greenfield approach
- Shared use facilities wherever practicable
- Maintaining 'business as usual' investments and strategies without impact from the Big Project deliverables
- Leveraging matched funding, co-contributions, and partnership approaches, where possible.

The Big Project is a long-term project that has a 35-year vision and will take decades to complete and will continually, during this period, be subject to review, prioritisation, funding and community needs versus capacity to deliver.

Description of the Project

The Priority 1 Projects and their progress are detailed in the table below. Many are now complete or in progress, and some have been deferred.

Project	Grant and Third-Party Contribution $	Total Project $	Schedule
Pre-Phase 1 Projects Accelerated			
Queen Victoria Jubilee Park – Williamstown – Access and Warran Reservoir	0	1,400,000	Completed
Tanunda Recreation Park – Show Hall, Power and Lighting	206,000	3,422,000	Completed
Phase 1 Completed Projects			
Angaston Railway Station	1,136,000	3,480,000	Completed
Angas Recreation Park Redevelopment	1,207,800	3,339,400	Completed
Nuriootpa Centennial Park – Clubrooms, Cricket Net Developments	500,000	1,058,000	Completed
Nuriootpa Centennial Park – Strategic Land Purchase	0	800,000	Completed
Sandy Creed/Curdnatta Recreational Park – Cricket Nets	82,700	136,800	Completed
Stockwell Recreation Park – BMX and other Open Space	255,000	509,000	Completed
Talunga Recreation Park	822,300	3,091,000	Completed
Old Talunga Park	200,400	525,400	Completed
Tanunda Recreation Park	2,710,900	9,402,000	Completed 2024
Lyndoch Recreation Park – Lighting Upgrade, surface and turf wicket installation	272,100	661,000	Completed
Lyndoch Strategic Land Purchase	0	1,800,000	Completed 2024
Phase 1 Under Construction Projects			
Nuriootpa Centennial Park – Soccer	1,335,000	6,031,000	Sept 2024
Rugby Precinct	1,295,000	5,166,000	April 2024
Phase 1 Advanced Planned and Next Projects for Implementation			
Creative Industries Centre (Regional Cultural Hub)	7,461,000	13,920,000	May 2024 to Nov 2025
Lyndoch Recreation Park – Council portion	21,691,000	20,000,000	May 2024 to Dec 2025
Lyndoch Recreation Park – State Portion		20,000,000	

Project	Grant and Third-Party Contribution $	Total Project $	Schedule
Phase 1 Master Planned and Scheduled for Implementation – No Active Project Work at Present			
Murray Recreation Park (Eden Valley)	74,800	187,000	2027
Mt Pleasant Equestrian Infrastructure	127,200	318,000	2027
Nuriootpa Centennial Park – Scout Relocation	272,970	682,424	2031
Stockwell Recreation Park – 2nd Oval	641,600	1,604,000	2032
Phase 1 Master Planned Not Actively Under Development or Scheduled			
Queen Victoria Jubilee Park – Williamstown, Adventure/Caravan Park Redevelopment	Not Available		
Great Australian Wine Trail (GAWT)	The funding strategy is fully grant-funded, and the Council consortium manages it and contributes existing infrastructure to the development of the trail as its construction contribution.		
Phase 1 is Still to be Master Planned			
Springton Recreation Ground	Not Available		
Totals to Date	**40,291,770**	**97,533,024**	
% funded via Grants and Third Party	**41.3%**		
% funded by Council	**58.7%**		

The current projects are the Phase 1 Advanced Planned and Next Projects for Implementation in the table above;

- The Barossa Creative Industries Centre (Regional Cultural Hub)
- The remaining components of Lyndoch Recreation Park

Both of these projects are subject to grants. There has also been an escalation of costs since the original estimates in 2019.

The total costs of these two projects are $53.92m, with grant funding of $29.152m, leaving TBC funding $24.768 m.

Summary of Findings.

The Barossa Council has provided all required information to satisfy the requirements of Section 48 of the *Local Government Act 1999*.

The table below summarises the assessment of the project against the legislation.

- Areas in the table that are highlighted in green are where the prudential issue has been addressed.
- Areas highlighted in yellow are where actions are planned, but are not yet complete and once complete, the prudential issue will be addressed. Yellow also indicates if there is an improvement possibility.
- Areas highlighted in orange identify an area for further consideration or a level of risk to consider.

Report Headings	Legislation: Local Government Act 1999	Comments	
		C	**The Prudential Issue has been addressed.**
		A	**Actions to be Completed or Improvement Possibility**
		R	**Recommended actions to improve compliance or areas with risk to consider.**
Requirement for a Prudential Report	S48(1) & S48(3) & S48(6d)	C	The Project is not for road construction, maintenance or drainage works and is above the Prudential threshold. Therefore, a Prudential Report is required.
Relationship to Strategic Management Plans	S48(2)(a)	C	The project has a relationship with the Council's Strategic Plans and other Council plans and strategies. The Project has factors that should assist the Council in achieving some of its strategic objectives that are detailed within its Strategic Management Plan.
		A	Once complete, the capital works will need to be incorporated into TBC's Asset Management Plans. TBC is in the process of updating the Asset Management Plans with sub-projects that have been completed. These updates are expected to be completed in April/May 2024.
Objectives of the Development Plan in the Area	S48(2)(b)	The new legislation, Planning, Development and Infrastructure Act 2016, now applies, but this reference has not been updated in this section of the *Local Government Act 1999*.	
		Noted: The project is predominantly in the Recreation Zone within the Planning and Desing Code	
		A	Some elements of The Big Project will require Development Approval, which will include public notification.
Economic Impact	S48(2)(c)	C	The Local Economic Impact of The Big Project, including the Creative Industries Centre, has been assessed by a qualified and experienced consultant. It shows economic and social benefits to the district. There is not expected to be any negative impact on businesses in the area. The effect on clubs during the construction period is being managed by using alternative arrangements. TBC has a Procurement Policy that outlines its principles on Open and Fair competition in the marketplace.
Consultation	S48(2)(d)	C	TBC has a communication plan to ensure that stakeholders have input into The Big Project. Consultation has commenced on projects as they have been implemented. Development Assessments for some components of remaining projects will require public notification. The Big Project is included in TBC's ABP and LTFP, and these documents undergo public consultation before being adopted by the Council.
Revenue Projections and Risk	S48(2)(e)	C	TBC is only able to complete the projects as currently planned with grant funding. This grant funding has been confirmed.
Recurrent and Whole-of-Life Costs	S48(2)(f) Project Costs	C	Recurrent costs have been identified.
The Financial Viability of the Project	S48(2)(g)	C	The LTFP has been updated to include the projects. This LTFP will be continually updated throughout the year until it

Report Headings	Legislation: Local Government Act 1999	Comments	
		C	**The Prudential Issue has been addressed.**
		A	**Actions to be Completed or Improvement Possibility**
		R	**Recommended actions to improve compliance or areas with risk to consider.**
			goes for consultation with the next ABP. The updated LTFP includes a small increase in rates. The Operating Surplus Ratio remains within TBC's 5-year average target. The ratio moves lower than the 3-year average target for 2026 but returns within targets after this point. The Net Financial Liabilities Ratio remains within TBC's targets.
Risks	S48(2)(h)	R	A Project Risk Assessment has been included for the Big Project as a whole and appears reasonable and aligns with the Council's Risk Framework. Four risks remain high with controls and treatments in place, and 5 risks are higher than their target. Project Risks will evolve as the project commences. We note that the Risk Register includes a review process. An additional 6 risks have been identified in the Barossa Creative Industries Business Case. Two of these risks are rated as low, but we consider they should be rated as moderate.
Project Management	S48(2)(i)	C	We note that The Big Project is made up of a number of projects, some of which are complete and moving to ongoing use. We are satisfied that the approach to the project management of The Big Project has developed to a more 'business as usual' approach for projects already completed along with project management of remaining individual projects.
Sale or Disposition of Land	S48(2)(j)	C	There is no sale of land involved in this Project
Qualifications of Author	S48(4)	C	The experience and qualifications of the lead author and associated firm are included in Appendix B.
Independence of Author	S48(4a), S48(6a), S48(6c)	C	The lead author and the firm UHY Haines Norton declare they have no interest or conflict of interest in the Project and are independent.
Council Consideration of the Report	S48(4b)	C	The grant opportunity will require a special meeting of the Council on Wednesday 20th February. The report will be provided to the Audit and Risk Committee at their meeting, which is proposed in the week commencing the 25thof March 2024
Public Availability of Report	S48(6)	C	The section of this report regarding grant funding is confidential at this point. It is expected that this report will be able to be available publicly as part of the Audit and Risk Committee Agenda, which is proposed in the week commencing the 25th March.

SPECIFIC PROJECT DOCUMENTATION & RELATED POLICIES & PLANS

Several Council documents have been accessed in compiling this report. The associated documents and relevant plans are listed below;

- Barossa Council Documents:
  - Annual Budget and Business Plan 2023-24
  - Barossa Community Plan 2020-2040
  - Infrastructure Asset Management Plan 2020-2030
  - Procurement Policy
  - Strategic Policy Platform and Expected Behavioural Norms of the Council and its Elected Members 2022-2026
- Other Documents
  - Barossa Local Economic Development Plan – April 2022 – SGS Economics & Planning
  - Barossa Creative Industries Centre Business Case and Cost Benefit Analysis – A.P. Sheere Consulting

Prudential Policies

S48 (aa1) requires that a council develop and maintain prudential management policies, practices, and procedures for assessing projects.

S48 (a1) requires that prudential management policies, practices and procedures must be consistent with any regulations.

A Prudential Report required under S48 of the Act is not required to address the adequacy of a council's prudential management policies, practices and procedures; however, as these documents provide a council with guidance on the appropriate due diligence required for projects, the following is noted:

- TBC has a Prudential Management Policy, which was approved on the 19th of July, 2022. It will be next reviewed in July 2026. It is on TBC's website.

  The Policy gives guidance on the appropriate due diligence required for projects. It sets out the triggers for preparing a prudential report as follows;

  - As per Section 48(1) of the Local Government Act 1999, capital and operating cost levels
  - The policy also sets out the range of due diligence required for projects that are not at the level to require a Prudential Report.

ADDRESSING LEGISLATED PRUDENTIAL ISSUES

All discussion in this section relates to the legislated requirements of Section 48 of the Local Government Act 1999. There are no related regulations.

Requirement for a Prudential Report

S48 (1) requires that Council must obtain and consider a report that addresses the prudential issues set out in subsection (2) of S48 before the Council engages in any project where the expenses are calculated to be higher (for the next five years) than 20% of Council's operating expenditure (for the past five years) or where the expected capital cost of the project over the next five years will exceed $4m (indexed), or where Council considers appropriate.

S48 (3) provides that a Prudential Report is not required for work in relation to road construction or, maintenance, or drainage works.

S48 (6d) sets out the calculation of the indexing used to determine the current value of $4m

The indexing of the $4m commenced on the 1st of January 2011. Indexing this figure to September 2023 results in a threshold of $5.8 million on the 1st of January 2024.

The total costs of the current projects are $53.92m, with grant funding of $29.152m, leaving TBC funding $24.768 m. This is above the threshold outlined in S48(2); it, therefore, requires a Prudential Report.

C	**S48 (1), S48 (3) and S48 (6d) Note:** The Project is not for road construction, maintenance or drainage works and is above the Prudential threshold. Therefore, a Prudential Report is required.

Relationship to Strategic Management Plans

S48 (2) (a) requires the Prudential Report to address the relationship between the Project and relevant Strategic Management Plans.

S122 of the Act requires councils to develop and adopt plans for the management of its area which are collectively called the Strategic Management Plans. These plans include:

- The Strategic Management Plan
- The Long-Term Financial Plan
- Infrastructure and Asset Management Plans

Strategic Management Plan

TBC's key Strategic Management Plan is called the Barossa Community Plan 2020-2040. There are many infrastructure sub-projects as part of The Big Project. The Big Project supports and assists TBC in achieving many of its Themes. The Community Plan is currently under review.

The project has a relationship and factors that should assist TBC in achieving some of its strategic objectives.

Annual Business Plan

The project is included in the current (23/24) Annual Business Plan. Expenditure and funding identified for The Big Project are included in the 2023/24 Annual Business Plan.

Asset Management Plans

TBC's Infrastructure Asset Management Plan 2020-2030 includes The Big Project in regard to;

- Stakeholder engagement and consultation processes
- Service Levels
- Risk Management

Individual capital projects within The Big Project will need to be updated within the plan as they are completed. TBC is in the process of updating the Asset Management Plans and expects these to be completed in April/May 2024.

Long Term Financial Plan (LTFP)
The Project is included in TBC's LTFP. The Project's impact on the LTFP is discussed in this report's Financial Viability section.

Other Council Strategies and Plans
Barossa Local Economic Development Plan 2022-2027. This plan has been prepared by SGS Economics & Planning. The plan aims to provide a pathway to growing regional output and productivity and supporting the growth of new economic and employment opportunities. The plan includes an action plan which consists of the following actions where the Big Project is involved;

- Pursuing The Big Project initiatives as part of efforts to boost regional infrastructure, including projects such as the Great Australian Wine Trail and town entry signage.
- Developing funding plans/strategies for town centre infrastructure gaps
- Explore opportunities for expansion of active tourism in the southern Barossa region in particular, with new infrastructure potentially linked to The Big Project
- Pursue opportunities for active transport connections linking residents to town centres, potentially to be developed as part of The Big Project
- Investigate opportunities for the expansion of creative industries in the region (potentially leveraging The Big Project funding).

Strategic Policy Platform and Expected Behavioural Norms of the Council and its Elected Members 2022-26
This document guides TBC's advocacy, leadership, lobbying and activity. The document supports The Big Project.

C	**S48(2) (a) Note:** The project has a relationship with the Council's Strategic Plans and other Council plans and strategies. The Project has factors that should assist the Council in achieving some of its strategic objectives that are detailed within its Strategic Management Plan.
A	Once complete, the capital works will need to be incorporated into TBC's Asset Management Plans. TBC is in the process of updating the Asset Management Plans with sub-projects that have been completed. These updates are expected to be completed in April/May 2024.

Development Plan

S48 (2) (b) requires that the Prudential Report address the objectives of the Development Plan in the area where the Project is to occur.

In March 2021, the *Planning, Development and Infrastructure Act 2016* replaced the *Development Act 1993,* and at this time, council Development Plans were replaced by the statewide Planning and Design Code.

Development Assessment, where required, will be provided by the Barossa Assessment Panel. The Development Assessment may trigger a referral to the Commissioner of Highways. Developments completed or under development have received all necessary statutory approvals.

The table following shows the development considerations for each 'Phase 1 Advanced Planned and Next Projects for Implementation' sub-project:

Project	Changed Land Uses	Building / Construction Works in Target Plan	Zoning	Development Approval considerations	Notes
Creative Industries Centre	Phase 1 Works – planning approval received awaiting grant funding to proceed to final building rules approval and delivery of the project.				
Lyndoch Recreation Park	The second oval is changing from viticulture to recreation. All other land uses are continuing as sporting and recreational uses.	Second oval with car parking – no lightning. Upgrade and expansion to existing oval and lighting. Civils, including electrical upgrades, stormwater, internal roads, and fencing. Multifunction Clubroom and Changeroom components: • New club rooms • Earthworks • Paving, internal roads and other footpath works • Retaining walls • Terrace • Canopy • Minor fitments (signage, bollards, bins, benches etc.) and equipment • Stormwater • Electrical and light and power works Demolition works, including existing clubrooms, playground and minor other components	Recreational Rural (related to a very small component of the second oval only)	A recreation area or a building in a recreation area does not require development approval except where it will result in the construction of a new building exceeding 30m2 in total floor area in a recreation area. A recreation area isn't defined in the Regulations but is under the P&D Code and means: "*Any park, garden, children's playground or sports ground that is under the care, control and management of the Crown or a Council, and is open to the public without payment of a charge".* Having regard to the proposal plans, it is suggested that only the following elements would require Development Approval: • Combined clubrooms/change rooms; • Viewing pavilion/bbq; • Any shed exceeding 30m2 - Little athletics shed/grounds shed/shelter/second oval support building • Any fencing in excess of 2.1m (i.e. associated with courts, cricket nets, etc.) • Any lighting towers for night sports *Removal of any trees that are native vegetation will require consent from the Native Vegetation Council under the *Native Vegetation Act 1991.*	Land owned in fee simple by Council understood not to be subject to native title.

Project	Changed Land Uses	Building / Construction Works in Target Plan	Zoning	Development Approval considerations	Notes
		New outdoor bar, canteen, BBQ facility, storage, umpires/scorers room. Landscaping, including terracing and tree planting. New playground installation. Storage sheds		DA would be subject to public notification, and the Relevant Authority will be the Barossa Assessment Panel. DA may trigger a referral to the Commissioner of Highways.	

C	**S48 (2) (b) Note:** The Project is predominantly in the Recreation Zone within the Planning and Design Code.
A	Some elements of The Big Project will require Development Approval, which will include public notification.

Economic Impact

S48(2)(c) requires that the Prudential Report addresses the expected contribution of the Project to the economic development of the local area, the impact that the Project may have on businesses carried on in the proximity and, if appropriate, how the Project should be established in a way that ensures fair competition in the marketplace.

Economic Impact

TBC has developed the Barossa Local Economic Plan. This Plan includes a number of actions to grow regional output and productivity and support the growth of new economic and employment opportunities.

The 2021 Prudential Report noted that A.P. Sheere Consulting prepared several Business Cases and Cost-Benefit Analysis Reports for projects included in The Big Project. The principal consultant of A.P. Sheere has post-graduate qualifications in Economic Development and qualifications in pure mathematics and statistics and has provided this type of service to several councils in South Australia and Australia.

A.P. Sheere Consulting's reports on The Big Project noted the following benefits;

- Increased visitor numbers and subsequent spending
- Increased revenue streams from hosted events
- Increased volunteer activities
- Improved community health status

The economic benefit in potential jobs created, noted in the 2021 Prudential Report, were summarised as;

Project	Cost-Benefit Ratio	Potential Full-Time Jobs Included in Cost-Benefit Ratio
Angas Recreation Park	2.93	124
Tanunda Recreation Park	2.18	255
Southern Barossa Recreation Hub	1.60	258
Nuriootpa Centennial Park	2.07	240
Talunga Recreation Park	1.84	107
Regional Cultural Hub	2.35	432
Stockwell Recreation Park	1.50	90
Combined Impact	**2.24**	**1,506**

The Creative Industries Centre business case and cost-benefit analysis have recently been updated for the application for this project to the Commonwealth Government Growing Regions Fund and have been assessed at a cost-benefit ratio of 3.55 or $3.55 return to the community for the investment of $1.

A.P. Sheere Consulting has provided TBC with a further report on the Creative Industries Centre and estimates that an additional direct 3.0 FTE jobs will be created post-development. The Creative Industries Centre is expected to create an accessible and fit-for-purpose centre that will foster innovation and support businesses. This is expected to drive economic growth and diversification and create jobs for the future.

Impact on Businesses in the Area

Many of The Big Project sub-projects are complete, and TBC staff are not expecting any further negative impact on current businesses in the district. There is likely to be some impact on clubs during the construction periods of the remaining projects. However, TBC management expects to manage this by staging alternative arrangements for club rooms and playing surfaces.

Ensuring Fair Competition in the Marketplace

TBC has a Procurement Policy, which was last reviewed in November 2023 and is next due for review in November 2027.

The Policy reflects Section 49 of the Local Government Act 1999 requirement to ensure that procurement practices, policies, and procedures provide for participants' ethical and fair treatment.

The Policy sets out how TBC will undertake their procurement activities.

C	**S48 (2) (c) Notes:** • The Local Economic Impact of The Big Project, including the Creative Industries Centre, has been assessed by a qualified and experienced consultant. It shows economic and social benefits to the district. • There is not expected to be any negative impact on businesses in the area. The effect on clubs during the construction period is being managed by using alternative arrangements. • TBC has a Procurement Policy that outlines its principles on Open and Fair competition in the marketplace.

Consultation

S48(2)(d) requires that the Prudential Report addresses the level of consultation within the local community, including contact with persons who may be affected by the Project and the representations that they have made, and the means by which the community can influence or contribute to the Project or its outcomes.

TBC developed a Communication Plan for the Big Project, which has been used during the planning and implementation of sub-projects. As each project is prioritised for funding, there is specific engagement and consultations undertaken with stakeholders through the planning and delivery.

Development Assessment will also require public notification.

TBC's Strategic Plans, including the ABP and LTFP, undergo public consultation, and these plans include The Big Project.

C	**S48 (2) (d) Note:** TBC has a communication plan to ensure that stakeholders have input into The Big Project. Consultation has commenced on projects as they have been implemented. Development Assessments for some components of remaining projects will require public notification. The Big Project is included in TBC's ABP and LTFP, and these documents undergo public consultation before being adopted by the Council.

Project Financial Impact

Project Costs

The total project is expected to be $53.92m, with grant funding of $29.152m, leaving TBC funding $24.768m.

Revenue Projections and Risk.

S48 (2) (e) requires that the Prudential Report address the Project's revenue projections and potential financial risks.

The revenue for the project is the grant funding. TBC is reliant on grant funding to contribute to the costs of the projects within the Big Project. If funding were unavailable, the projects would be unable to be implemented as planned.

TBC has been informed that grant funding has been approved.

C	**S48 (2) (e) Note:** TBC is unable to complete the projects as currently planned without grant funding. This grant funding has been confirmed.

Recurrent and Whole-of-Life costs

S48(2)(f) requires that the Prudential Report address the recurrent and whole-of-life costs associated with the Project, including any costs arising from the proposed financial arrangements.

TBC will need to borrow to fund its portion of the project and incur interest costs; depreciation will also be incurred for the new assets.

The interest costs and depreciation for the projects are included in the current draft LTFP, which is considered in the Financial Viability section of this report.

C	**S48 (2) (f) Note:** Recurrent costs have been identified.

Financial Viability

S48(2)(g) requires that the Prudential Report address the Project's financial viability and the short and longer-term estimated net effect of the Project on the financial position of the Council.

Local Government projects usually provide additional services to their communities and are not usually expected to be financially viable individually. The financial viability of a project is better considered as its effect on a council's Long Term Financial Plan (LTFP). Councils in South Australia use Key Financial Indicators to measure the performance of their Long-Term Financial Plans. They are detailed below.

TBC’s LTFP has been updated to include the projects. The effect on the ratios are shown below. The updated LTFP assumes additional rates than the adopted LTFP being:

- Additional 0.3% extra in base rates for the next three years and
- 2.4% extra over the next 9 years
- Dropping back in later years.

The rate percentage increases required to fund the LTFP, including the projects, are shown in the table below:

The Reserve Bank of Australia (RBA), in its Statement on Monetary Policy – February 2024, forecasts CPI inflation. Note that this is national, not Adelaide CPI. The long-term target is between 2% and 3%.

30th June FY	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
General Rate Increases		4.30%	4.30%	4.30%	3.25%	3.25%	2.0%	2.0%	2.0%	2.0%
RBA CPI forecast	3.3%	3.1%	2.6%	Target between 2% and 3%						

Operating Surplus Ratio

The Operating Surplus Ratio measures the difference between operating income and operating expenses for the year. An operating surplus arises when operating revenue exceeds operating expenses, and an operating deficit occurs when revenue is less than expenses.

The Operating Surplus Ratio expresses the operating surplus (or deficit) as a percentage of operating revenue.

Operating Surplus Ratio

TBC's target is -2% to 10% on a rolling 3-year and 5-year retrospective average.

30th June FY	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
3 yr. Ave.	1.5%	-1.6%	-3.1%	-1.8%	-0.4%	1.4%	2.6%	3.1%	3.3%	3.25%
5 yr. Ave.	2.8%	1.5%	-0.2%	-1.5%	-1.6%	-0.2%	1.0%	2.2%	2.8%	3.2%
Annual	-3.8%	-2.7%	-2.7%	0.1%	1.5%	2.8%	3.6%	2.9%	3.3%	3.2%

The Operating Surplus Ratio remains within TBC's 5-year average target. The ratio moves lower than the 3-year average target for 2026 but returns within targets after this point.

Net Financials Liabilities Ratio

A positive ratio means a level of debt, whilst a negative ratio means TBC has more financial assets than liabilities.

This ratio is calculated using a council's total liabilities less financial assets as a percentage of total operating income.

Net Financial Liabilities Ratio

TBC's target is 0% to 100%.

30th June FY	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
With projects included	53.4%	88.5%	91.6%	81.6%	69.9%	58.1%	46.2%	35.4%	27.1%	17.5%

The Net Financial Liabilities Ratio remains within the TBC's targets with the Project included.

Asset Renewal Funding Ratio

This ratio is calculated using a council's expenditure on renewal/replacement of assets as a percentage of the renewal levels required in the Asset Management Plans.

A ratio of 100% means that a council fully funds its Asset Management Plans. TBC's target for this ratio is 80% to 110%.

Long-term renewal of new assets is incorporated into a council's Asset Management Plans. There are usually minimal renewal requirements for new significant infrastructure assets in the first 10 years of life and, therefore, typically have little impact on the Asset Renewal Funding Ratio in the LTFP.

TBC's Asset Renewal Funding Ratio remains within the target for the LTFP.

C	**S48 (2) (g):** The LTFP has been updated to include the projects. This LTFP will be continually updated throughout the year until it goes for consultation with the next ABP. The updated LTFP includes a small increase in rates. The Operating Surplus Ratio remains within TBC's 5-year average target. The ratio moves lower than the 3-year average target for 2026 but returns within targets after this point. The Net Financial Liabilities Ratio remains within TBC's targets.

Risks

S48 (2)(h) requires that the Prudential Report address the risks associated with the Project and the steps that can be taken to manage, reduce or eliminate those risks (including the provision of periodic reports to the Chief Executive Officer and the Council).

TBC has a Risk Management Framework that uses the following Risk Treatment and priority Matrix;

Likelihood	Consequences				
	Insignificant C1	Minor C2	Moderate C3	Major C4	Catastrophic C5
L1 (Almost Certain)	L(5)	M (10)	H (15)	S (20)	E (25)
L2 (Likely)	L (4)	L(9)	H (14)	S (19)	E (24)
L3 (Possible)	L (3)	L (8)	M (13)	H (18)	E (23)
L4 (Unlikely)	L (2)	L (7)	M (12)	H (17)	S (22)
L5 (Rare)	L (1)	L (6)	M (11)	H (16)	S (21)

E (23 – 25)	**Extreme** - Cease all related work, isolate hazard, and seek direction from Corporate Management Team. Unacceptable if left untreated in all circumstances.
S (19 – 22)	**Severe** - Immediate short term mitigating action followed by senior management endorsed risk treatment. Unacceptable if left untreated in majority of circumstances.
H (14 – 18)	**High** - Senior management attention needed, documented risk treatment to be reviewed and implemented. Unacceptable if left untreated in most circumstances.
M (10 – 13)	**Moderate** - Management responsibility must be specified, maintain existing risk treatments; review as necessary. Unacceptable if left untreated in some circumstances.
L (1 – 9)	**Low** - Manage by routine processes, review risk treatments as necessary. Acceptable if left untreated in most circumstances.

Project Risk Assessments

The Project Risk Register is attached in Appendix C and has been assessed by TBC staff against the Risk Treatment and Priority Matrix. We have reviewed the risk assessment, and it appears reasonable. This Risk Register relates to the Big Project as a whole.

13 Risks have been identified and assessed. The table below shows the initial risk levels and the revised risk levels with controls identified.

	Initial	Revised
Severe	1	0
High	8	4
Moderate	4	5
Low		4
	13	13

Four risks remain high with controls and treatments in place, and 5 risks are higher than their target.

The Risk Register shows when risks will be reviewed.

In addition to the risks for the Big Project as a whole, the Business Case for the Creative Industries Centre details some specific risks relating to this sub-project:

Risk No.	Risk	Proposed Mitigation	Risk after mitigation
1	An agreed deed for funding will not be reached.	The Barossa Council has extensive experience working with the Australian Government, and based on consultation and awareness of Australian Government priorities, agreement of a deed will be achievable.	Low
2	The Community will not agree to the project or will not be engaged	The groundwork has already been provided with extensive consultation through the council's strategy process and through the detailed consultation in the initial design stage	Low
3	Suitable contractors will not be found.	The Council has an ongoing and positive relationship with regional contractors. The Open Tender process will be widely targeted to local contractors. However, the cost of living environment, material supply and other building industry factors have had an impact on contractor availability.	Low
4	Scope change occurs	Council will work closely with all partners to ensure that delivery is in accordance with agreed outcomes. A project of this nature is not likely to experience significant scope change.	Moderate
5	Project planning and consideration of all delivery aspects of the project are not adequate.	A Project Management Plan has been prepared	Low
6	Cost exceeds available funding.	The Barossa Council has a system in place to ensure costs are within the project budget.	Moderate

We make the following comments on the risks identified and assessed in the Business Case:

- Risk No. 1 – the assessment may be too low as the project scope is contingent on reaching a funding agreement. This risk level is likely to be Moderate.
- Risk No. 3 – the assessment may be too low as local government projects across the state are being impacted by a shortage of contractors. This risk level is likely to be Moderate.

R	**S48 (2) (h)** A Project Risk Assessment has been included for the Big Project as a whole and appears reasonable and aligns with the Council's Risk Framework. Four risks remain high with controls and treatments in place, and 5 risks are higher than their target. Project Risks will evolve as the project commences. We note that the Risk Register includes a review process. An additional 6 risks have been identified in the Barossa Creative Industries Business Case. Two of these risks are rated as low, but we consider they should be rated as moderate.

Project Management

S48 (2) (i) requires that the Prudential Report address the most appropriate mechanisms or arrangements for carrying out the Project.

TBC has developed a Responsibility Matrix which shows staffing responsibility for The Big Project:

Position	Role	Notes
CEO	Strategic, financial and project support Funding application support Advocacy and lobbying	
Director Infrastructure and Environmental Services	Strategic, financial and project delivery of approved projects. Funding applications and support and management. Ongoing facilities management. Long-term strategic planning	Aligns with the role of the Directorate. Charged with ongoing facilities maintenance and management.
Director Corporate Services and Business Innovations	Ongoing lease, licence, governance relationships, long-term strategic planning	
Director Development and Community Services	Community development and engagement support, long-term strategic planning	
Manager Community Development	Community development and engagement support, long-term strategic planning	
Senior Strategy Advisory	Community development and engagement support, long-term strategic planning	
Manager Capital Project Delivery	Project Management of approved capital projects, including those under the Big Project	
Project Manager – Core Funded	Project support – especially civils focus	
Senior Technical Manager – The Big Project Funded	Project delivery of approved projects	Contracted to September 2024
Project Officer – Core Funded	Project delivery of approved projects	
Project Manager – The Big Project Funded	Project delivery of approved projects	To support Lyndoch's development
Project Manager – The Big Project Funded	Project delivery of approved projects	Will be sought in 2024 if the Creative Industries Centre funding application is successful
Shared Admin Support x 2	Administration support	
Team Leader, Communications and Engagement	Grant writing	
Community Liaison Partner	Events and openings	
Strategic Asset Coordination Committee	Coordinates long-term investment in capital projects, including The Big Project: some key responsibilities include; • fostering cross organisational governance focussing on the whole-of-life delivery of asset investment • to review all relevant plans as they relate to asset investment with a risk-based approach • develop forward procurement plans	

Position	Role	Notes
	• Develop, implement and update appropriate Project Management Frameworks, including tendering and other procurement processes • conduct project debriefs and reviews	

We note that The Big Project is made up of a number of projects, some of which are complete and moving to ongoing use. We are satisfied that the approach to the project management of The Big Project has developed to a more 'business as usual' approach for projects already completed along with project management of remaining individual projects.

C	**S48 (2) (i) Note:** We note that The Big Project is made up of a number of projects, some of which are complete and moving to ongoing use. We are satisfied that the approach to the project management of The Big Project has developed to a more 'business as usual' approach for projects already completed along with project management of remaining individual projects.

Sale or Disposition of Land.

S48 (2) (j) requires that the Prudential Report address the valuation of any land that will be sold or disposed of.

There is no sale of land involved in this Project.

C	**S48 (2) (j) Note:** There is no sale of land involved in this Project.

Qualifications of Author

S48 (4) requires that the Prudential Report be prepared by a person whom the Council reasonably believes to be qualified to address the prudential issues of the Project.

UHY Haines Norton has been engaged to complete the Prudential Report with the lead author, Corinne Garrett, a firm employee.

Detailed information about UHY Haines Norton and the lead author can be found in Appendix B.

C	**S48 (4) Note:** The experience and qualifications of the lead author and associated firm are included in Appendix B.

Independence of Author

S48 (4a) requires that the Prudential Report must not be prepared by a person who has an interest in the relevant Project.

S48 (6a), S48 (6b) and S48 (6c) detail what an interest would be.

Neither the lead author, Corinne Garrett, nor the firm UHY Haines Norton has any interest or conflict of interest in this Project.

C	**S48 (4a), S48 (6a), S48 (6b), and S48 (6c) Note:** The lead author and the firm UHY Haines Norton declare they have no interest or conflict of interest in the Project and are independent.

Council Consideration of the Report

S48 (4b) requires that the Council must give reasonable consideration to a Prudential Report and must not delegate the requirement to do so.

The grant opportunity will require a special meeting of the Council on Wednesday 20th February. The report will be provided to the Audit and Risk Committee at their meeting which is proposed in the week commencing the 25th March 2024.

C	**S48 (4b) Note:** The grant opportunity will require a special meeting of the Council on Wednesday 20th February. The report will be provided to the Audit and Risk Committee at their meeting which is proposed in the week commencing the 25th March 2024.

Public Availability of the Report

S48(6) allows the Council to protect its commercial value or avoid disclosing the financial affairs of a person by considering part or all of a Prudential Report in confidence and keeping associated documents in confidence.

The section of this report regarding grant funding is confidential at this point. It is expected at this time that this report will be able to be available publicly as part of the Audit and Risk Committee Agenda, which is proposed in the week commencing the 25th March.

C	**S48 (4b) Note:** The section of this report regarding grant funding is confidential at this point. It is expected that this report will be able to be available publicly as part of the Audit and Risk Committee Agenda, which is proposed in the week commencing the 25th March.

APPENDIX A – Legislation Detail

Section 48 – Prudential requirements for certain activities.

(aa1) A council must develop and maintain prudential management policies, practices, and procedures for the assessment of projects to ensure that the Council –

(a) Acts with due care, diligence, and foresight; and
(b) Identifies and manages risks associated with a project; and
(c) Makes informed decisions; and
(d) Is accountable for the use of Council and other public resources.

(a1) The prudential management policies, practices and procedures developed by the Council for the purposes of subsection (aa1) must be consistent with any regulations made for the purpose of this section.

(1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the Council –

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

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

(ii) where the expected capital cost of the Project over the ensuing five years is likely to exceed $4,000,000 (indexed); or

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

(2) The following are prudential issues for the purposes of subsection (1);

(a) The relationship between the Project and relevant strategic management plans;
(b) The objectives of the Development Plan in the area where the Project is to occur.
(c) The expected contribution of the Project to the economic development of the local area, the impact that the Project may have on businesses carried on in the proximity and, if appropriate, how the Project should be established in a way that ensures fair competition in the marketplace.
(d) The level of consultation within the local community, including contact with persons who may be affected by the Project and the representations that have been made by them, and the means by which the community can influence or contribute to the Project or its outcomes.
(e) If the Project is intended to produce revenue, revenue projections and potential financial risks.
(f) The recurrent and whole-of-life costs associated with the Project, including any costs arising out of proposed financial arrangements.
(g) The financial viability of the Project and the short and longer-term estimated net effect of the Project on the financial position of the Council.

(h) Any risks associated with the Project and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the Council)
(i) The most appropriate mechanisms or arrangements for carrying out the Project.
(j) If the Project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the *Land Valuers Act 1994*

(2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the projects as a whole.

(3) A report is not required under subsection (1) in relation to

(a) road construction or maintenance, or
(b) drainage works.

(4) A report under subsection (1) must be prepared by a person whom the Council reasonably believes to be qualified to address the prudential issues set out in subsection (2)

(4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant Project (but may be prepared by a person who is an employee of the Council).

(4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection)

(6) A council may take steps to prevent the disclosure of specific information under subsection (1) in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the Council).

(6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the Project were to proceed.

(6b) A person is closely associated with another person (the relevant person)

(a) If that person is a body corporate of which the relevant person is a director or a member of the governing body; or

(b) If that person is a proprietary company in which the relevant person is a shareholder; or

(c) If that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee or

(d) If that person is a partner of the relevant person; or

(e) If that person is the employer or an employee of the relevant person; or

(f) if that person is a person for whom the relevant person has received or might reasonably be expected to receive a fee, commission, or other reward for providing professional or other services or

(g) If that person is a relative of the relevant person.

(6c) However, a person or a person closely associated with another person will not be regarded as having an interest in a matter:

(a) By virtue only of the fact that the person

(i) Is a ratepayer, elector, or resident in the area of the Council; or

(ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisations or

(b) In a prescribed circumstance.

(6d) In this section, $4,000,000 (indexed) means that that amount is to be adjusted for the purposes of this section on the 1st of January of each year, starting on the 1st of January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter 2009.

(6e) In this section –

Employee of a council includes a person working for the Council on a temporary basis;

Non-profit association means a body (whether corporate or unincorporated) –

(a) That does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and
(b) That is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.

(7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

APPENDIX B – UHY Haines Norton

UHY Haines Norton Adelaide is a respected firm of Chartered Accountants and Consultants. The antecedents have provided extensive professional services to clients in various industries, including Local Government, for nearly 70 years.

The firm is part of the Australasian UHY Haines Norton network. Across each of our independent offices, partners and staff provide various mainstream and specialist services to clients across many market segments in the public and private sectors. The network is structured to share experience and resources for the benefit of our clients.

The Adelaide firm has one managing partner and twenty staff who combine experience gained in Australia and overseas both within the firm and from employment with major international accounting firms. Our philosophy is to provide informed professional advice and practical services. We also aim to provide direct contact between the most senior members of our firm and the management groups of our clients.

The firm has extensive specialist skills in servicing Local Government entities in various areas, including financial management, financial reporting, governance, internal and external audit, risk management, due diligence, and prudential reports.

Our lead author for this report is Corinne Garrett, Local Government Consulting Manager. Corinne's qualifications and experience are detailed below.

Qualifications

- Master of Laws, Enterprise Governance
- Graduate Certificate in Internal Auditing, Institute of Internal Auditors
- Bachelor of Business (Financial Planning), RMIT
- Diploma AICD Company Directors Course, Australian Institute Company Directors
- Executive Management Program, SA Local Government Managers Association
- Professional Management Program, University of Adelaide, Graduate School of Business
- Auditing Occupational Health and Safety Management Systems, SAI Global
- Management Systems Auditing, SAI Global

Professional Memberships

- AICD Member, Australian Institute of Company Directors
- IIA Professional Member, The Institute of Internal Auditors Australia
- FIPA Fellow, Institute of Public Accountants
- RMIA Risk Management Institute of Australasia

Experience

Corinne has been with UHY Haines Norton since 2012, following an extensive career in Local Government spanning over 20 years. She has in-depth knowledge of financial management processes, procedures, and risk management.

Corinne oversees the Local Government Consulting division of UHY Haines Norton Adelaide. She has a wealth of experience in this sector, which provides her with a clear understanding of the legislative and compliance processes and requirements faced in the sector.

Corinne's experience spans governance, finance, administration, and strategic planning. Corinne has experience developing annual business plans, annual reports, and community consultation material. She has also worked closely with elected members of Local Government and Audit Committees, developing and implementing long-term financial plans, policies, and compliance measures.

Corinne also profoundly understands the vital role of internal and external audits in organisations and audit committees. She has had extensive involvement in working with audit committees and ensuring critical review areas are undertaken to assist the committee in discharging their obligations.

Corinne has undertaken an extensive range of projects in the Local Government, including:

- Section 48 Prudential Reviews
- Rating Procedures
- Rating Reviews
- Financial Management – Overview, mentoring, training, reporting, budgeting
- Analysis of Costs and Services
- Internal Financial Controls Reviews
- Internal Audits
- Development of Risk Management Framework and Business Continuity Plan
- Business Analyst Projects
- Assessment of financial risks, creation of workflows, procedure and financial reporting, Annual Business Plans and Budget Development
- Review of Information Technology Capacity
- Review of Long-Term Financial Plans
- Training Programs on Financial Management – LGA and Municipal Training
- Elected Member training in finance and budgeting for fifteen councils.

Corinne's board and audit committee roles include;

- Independent Chair of the Audit and Risk Committee for the City of Prospect
- Independent Member of the Audit and Risk Committee for the City of Holdfast Bay
- Independent Member of the Audit Committee for the Highbury Landfill Authority
- Vice President of the SA Chapter Committee of the Australian Institute of Internal Auditors
- Past Independent Member of the Audit Committee for the City of Onkaparinga
- Past Independent Member of the Audit Committee for the Town of Walkerville
- Past Board Member of the Statewide Superannuation Board until its merger with Hostplus in April and member of the Hostplus Transition Committee for the year after the merger
- Past member of the Revenue Professionals Board

APPENDIX C – Project Risk Register

Ref	Risk Area	Description	Existing Controls	Level of Risk	Target Risk	Treatment Options	Residual Level of Risk	When Reviewed
1	Financial sustainability - managing community expectations	The council is not able to secure sufficient levels of funding for the Project to make it financially sustainable for Council, but community expectations have been raised	Financial management practices, rigour of LTFP, investment management processes and track record of delivery. Project planning framework. Sound financial position, structure and aligned strategic direction. Projects are not triggered until funding targets are secured or financial performance exceeds expectations and facilitates greater investment capacity than modelled.	**M**	**M**	Community information and consultation practices to appropriately manage expectations	**L**	Every 2 years
2	Financial sustainability and Council reputation	Prudential management assessment does not support the project	Financial management practices, rigour of LTFP, Investment management processes and track record of delivering significant projects within agreed parameters Sound financial position, structure and aligned strategic direction. Projects are not triggered until funding targets are secured or financial performance exceeds expectations and facilitates greater investment capacity than modelled.	**H**	**M**	Financial modelling is realistic and takes into account all possible ROI and sustainability considerations. Data is rigorous and validated. Prudential management assessment is updated periodically.	**M**	Constantly Reviewed
3	Financial sustainability - funding partners	The council is not able to secure funding partners for the Project	Ongoing discussions with potential partners Project-ready projects and alignment with State and Federal Funding opportunities and strategies Allocation of seed and design funding to support applications and partnership opportunities	**H**	**M**	Front foot lobbying at state and federal levels, engaging professional lobbyists, and entering into early MOUs and agreements with potential partners. Build momentum. Link into LGA network and lobbying capacity Continuation of existing seed and design funding for shovel-ready projects.	**M**	Constantly Reviewed
4	Future Councils are not supportive of the initiative	The project loses support and impetus	potential for a proportion of existing EMs to be rejected for subsequent terms Deliver success to date.	**H**	**M**	Ensure the profile of the project and measures of community support help inform the views of those intending to stand for future councils. Target priority for new Council or Councillor inductions and training.	**H**	Nov 26
5	The project set-up budget is insufficient to deliver the full Master Plan and implementation of the Road Map	As per risk	high-level cost assessment process Ongoing review and development of the program. Managing budgets and assets replacement and vision and strategy aligned to delivery Project reviews, ensuring reasonable cost escalation in models	**S**	**M**	appropriate budget management and review. Refer to Council to consider additional budget allocation Ensure ongoing management of budgets. Managing projects to achieve a balance of function and design, value managing projects, accept there will be cost overruns in the current environment. Manage variations proactively.	**H**	Constantly Reviewed

Ref	Risk Area	Description	Existing Controls	Level of Risk	Target Risk	Treatment Options	Residual Level of Risk	When Reviewed
6	Other unplanned events and service pressures cause The Big Project to be deferred.	As per risk	The project has been separated from current business-as-usual priorities and budgets. The council has recorded a strong commitment to pursuing project objectives. Sound long-term financial, asset management, service level management and aligned strategy and vision. Do not overextend borrowings so there is some borrowing capacity rem aiming in the LTFP to respond to unplanned or emergency events.	H	M	No real additional treatment is available.	H	Reviewed Annually or when unexpected events arise
7	Project scope creep	becomes challenging to restrict projects to identified parameters due to community pressure, Council expectations	Clear statements of what is in scope and out of scope - project visual communication approaches	M	M	Community information, communication and consultation processes - consistent messaging and dedicated resources to tackle issues as they arise	L	N/A
8	The community does not actively engage with the Project and consultation processes.	As per risk – This has not materialised; in fact, the opposite has occurred since the inception of the strategy.	Development of communication and consultation strategy. Working Party & Council to be Change Champions	M	M	Has not occurred, and no further treatments are necessary	L	Ongoing
9	Consultation demonstrates that significant sections of the community do not support the project	reflects the tendency for communities to be parochial and not everyone seeing bigger regional benefits – has not materialised; in fact, the opposite has occurred since the inception of the strategy.	Development of communication and consultation strategy. Working Party & Council to be Change Champions	H	M	The consultation process identifies the need to have Community Change Champions throughout the whole of Barossa to shape and support engagement.	M	Ongoing
10	time delivery - delays in sub-project master planning processes	as per risk	no	H	M	dedicated resource to support planning and delivery processes with community groups	M	Ongoing

Ref	Risk Area	Description	Existing Controls	Level of Risk	Target Risk	Treatment Options	Residual Level of Risk	When Reviewed
11	Resourcing - insufficient internal resources and expertise to deliver outcomes	as per risk	Ensure adequate staff is allocated to funded projects through budgeting for project management. Continue to review project delivery methodology	**H**	**L**	Ongoing review of budgets and necessary seed and design funding also allocated for pipeline projects.	**M**	Ongoing
12	Data does not support economic drivers for change anticipated by the Council.	Will impact capacity to obtain grant funding	Continued lobbying, engagement with State stakeholders and inclusion in their strategic documentation, RDA strategic plan inclusion.	**M**	**L**	Environmental scan of data, gap analysis and target collection of information to support project prioritisation and funding applications	**L**	Ongoing
14	Lack of federal and state funding opportunities	wider political landscape impacts suitable infrastructure funding opportunities	The council cannot control the risk	**H**	**N/a**	The council cannot control the risk	**H**	