
REPORT NO:	0.0
REPORT TITLE:	Hume Indoor Cricket Centre
SOURCE:	Kristen Cherry, Manager City Life
DIVISION:	City Services & Living
FILE NO:	HCC21/484
POLICY:	-
STRATEGIC OBJECTIVE:	1.3: Promote a healthy, inclusive and respectful community that fosters community pride and safety
ATTACHMENTS:	Nil

1. SUMMARY OF REPORT:

- 1.1 In December 2020 (Report HE119) Council resolved to apply for a \$1.5M grant through the Victorian Government's 2019/20 Community Cricket Program to establish an Indoor Cricket Centre at Greenvale Recreation Reserve.
- 1.2 Following this resolution, Council referred \$4.573M (pending the successful funding application) to its 21/22 to capital works program to support delivery of the centre.
- 1.3 In March 2022 the State Government announced that Council was successful in securing funding for the project.
- 1.4 In October 2022 Council tendered for the Indoor Cricket Centre and associated pavilion.
- 1.5 Project costs have increased by approximately 40% above budget. In the grant agreement with the State Government, Council is liable for any costs above budget.
- 1.6 Noting the increased delivery cost, this report seeks to reaffirm Council's commitment to deliver the Hume Indoor Cricket Centre.

2. RECOMMENDATION:

That Council:

- i) **reaffirms its commitment to the Hume Indoor Cricket Centre.**
- ii) **notes the additional financial commitment of approximately \$4M (excl GST) required to deliver this project would be referred Council's capital works program.**

3. LEGISLATIVE POWERS:

- 3.1 This report is written in accordance with the Local Government Act 2020, having effect to governance principle (i) whereby the transparency of Council decisions, actions and information is to be ensured.

4. FINANCIAL IMPLICATIONS:

4.1 Project Funding

- 4.1.1 Council has allocated \$6,073,000 GST exclusive (CP 604759) and \$907,946 GST exclusive (CP 601270) for the development of Hume Indoor Cricket Centre and upgrade of Greenvale Recreation Reserve, respectively, within the Capital Works program. The combined funding to deliver this project is \$6,980,946.00 GST exclusive.
- 4.1.2 The figure identified in 4.1.1 is inclusive of \$1,500,000 funding from Sport and Recreation Victoria. Funding was provided to construct a *six-net indoor cricket training centre with adjoining pavilion that will complement the existing infrastructure at the Greenvale Recreation Reserve and support the development of cricketers in the region.*

REPORT NO: 0.0 (cont.)

- 4.1.3 Construction costs have come in approximately 40% above budget. This is higher than the price escalations impacting the industry.
- 4.1.4 The price reflects the current market condition and is in line with the cost estimated by an independent quantity surveyor. The original budget was set in early 2020, where market, supply chain and broader economic conditions were different to today.
- 4.1.5 The site also requires significant upgrade of essential services (such as water, sewerage, and power).
- 4.1.6 Reaffirming its commitment to the project will commit Council to allocating an additional \$4M (approximately) to it, in its 2023/24 and 2024/25 capital works program.
- 4.1.7 Council's entire 2023/24 Capital Works Program is being re-phased to take into account current market conditions. Therefore, the direct impact of this reaffirmation on other Council projects is not currently known.
- 4.1.8 Should Council not confirm its commitment, the project will be deferred and its future determined as part of 2023/24 budget discussions. This would result in Council being unable to meet the current conditions / milestones of the State Government grant. If this occurs, Officers will write to the State Government seeking a variation in project delivery timelines, however if this was not accepted Council would be required to return the \$1.5M grant to the State Government.

5. ENVIRONMENTAL SUSTAINABILITY CONSIDERATIONS:

- 5.1 The project design takes into consideration Council's environmental sustainability responsibilities and seeks to minimize Council's carbon emissions and subsequent impact on climate change.

6. CLIMATE CHANGE ADAPTATION CONSIDERATIONS:

- 6.1 Nil in relation to this decision.

7. CHARTER OF HUMAN RIGHTS APPLICATION:

- 7.1 The Charter of Human Rights and Responsibilities Act 2006 and Hume's Social Justice Charter were considered and there are no issues to be considered in this regard.

8. COMMUNITY CONSULTATION:

- 8.1 Since the inception of the project there has been a range of community engagement:
 - 8.1.1 Most recently (following the funding announcement in March 2022), the Greenvale Kangaroos Club, Sport and Recreation Victoria and Cricket Victoria were engaged as stakeholder representatives on the Hume Indoor Cricket Centre Project Control Group.
 - 8.1.2 At the time of the initial Council report on the project (21 December 2020; HE119) submissions were received from nine sporting clubs (Hume Cricket Club, Roxburgh Park Broadmeadows Cricket Club, Westmeadows Cricket Club, Greenvale Sports Club, Greenvale Kangaroos Club, Craigieburn Cricket Club and Greenvale Football Club), in support of the project proceeding.
 - 8.1.3 Cricket Victoria and Cricket Australia also wrote to Council in December 2020 seeking support for the centre.

9. DISCUSSION:

9.1 Project History

Date	Action
2018	<ul style="list-style-type: none">• State Government announces Community Cricket Grant program as a 2018 election commitment.

REPORT NO: 0.0 (cont.)

November 2019	<ul style="list-style-type: none"> • General Business Item (POR149) requesting that a report be prepared for a future Strategy & Policy Briefing session regarding the potential for Hume City Council to apply for funding for a cricket hub/academy in Hume.
February 2020	<ul style="list-style-type: none"> • POR149 presented to Strategy & Policy Briefing, supporting the submission of a first round EOI.
April 2020	<ul style="list-style-type: none"> • Business case developed to support grant EOI.
May 2020	<ul style="list-style-type: none"> • Council submitted an EOI to the Victorian Government 2019/20 Community Cricket Program (a 6-lane indoor cricket training centre, including an adjoined pavilion).
October 2020	<ul style="list-style-type: none"> • SRV advise that the first stage EOI was successful and invite Council to submit a full application for the project (invitation during Council election caretaker period).
21 December 2020	<ul style="list-style-type: none"> • Report (HE119) presented to Council. • Officer recommendation not to proceed due to limited timeframes to complete assessment of the project against other priorities. • Council decision to proceed and refer \$4.573M to the 21/22 capital works program; subject to successful funding from the Victorian Government.
23 December 2020	<ul style="list-style-type: none"> • Notice of Motion (Cr Dance) that Council rescind the resolution on Council Report (HE119 – Hume Indoor Cricket Training Centre)
8 February 2021	<ul style="list-style-type: none"> • Recission motion defeated in Council chamber.
March 2022	<ul style="list-style-type: none"> • State Government announcement that the Hume Cricket Centre was successful in securing funding.
September 2022	<ul style="list-style-type: none"> • Funding agreement signed with State Government.
October 2022	<ul style="list-style-type: none"> • Tender issued.
February 2023	<ul style="list-style-type: none"> • Council report seeking confirmation of intent to proceed.

9.2 Project Options

9.2.1 Officers have considered a range of options to assist Council with decision making regarding this project:

Option	Note
Proceed now with the full scope for the project	<ul style="list-style-type: none"> • Requires Council to commit an additional \$4M (approximately) to deliver the project. • Delivers on Council's original commitment to the project. • Preferred option of SRV and Cricket Victoria.
Proceed now with a reduced scope for the Hume Indoor Cricket Centre.	<ul style="list-style-type: none"> • Council would not be positioned to enact a reduced scope immediately, resulting in project delays. • Operational and functionality impacts of a smaller facility needs to be ascertained (original Business Case developed on 6 lanes / revised Business Case and project scope would need to be developed). • Following re-scoping, budget and project timing could be confirmed to support re-tendering. • Approval to re-scope would be dependent on support from the State Government in accordance with the funding conditions. • SRV may not support the altered scope, requiring the funding to be returned and Council to commit additional funds to deliver.

REPORT NO: 0.0 (cont.)

<p>Complete the project in a staged approach</p>	<ul style="list-style-type: none"> • Officers would need to confirm logical stages in consideration of State Government funding and developer contributions for the pavilion / oval. • Staged approach would incur additional project delivery costs and reduce economies of scale. • Project costs for future stages would continue to escalate, requiring a further commitment of Council funds.
<p>Proceed with construction of the Pavilion / Oval and remove the Hume Indoor Cricket Centre from the project scope.</p>	<ul style="list-style-type: none"> • Supporting local cricket provision, however project would no longer be in accordance with the funding agreement. • Grant funds would need to be returned to the State Government. • Reputational impact regarding Council's capability to deliver agreed / funded projects.
<p>Defer the project and consider for delivery in 2023/24 Capital Works Budget.</p>	<ul style="list-style-type: none"> • Deferral would allow the project to be re-assessed against Council's entire capital works portfolio, with decision making incorporated into the finalisation of the 2023/24 Capital Works Budget. • SRV have stated that they do not support the deferral of the project. • Reputational impact regarding Council's capability to deliver agreed / funded projects.
<p>Not proceed with the project in its entirety and return the grant funding.</p>	<ul style="list-style-type: none"> • Pavilion and Oval would remain on capital works program (timing TBC) in accordance with Greenvale Masterplan and Precinct Structure Plan requirements. • SRV / Cricket Victoria do not support the removal of the project, noting that it supports the needs of cricket in the entire Northern Metropolitan region. • Grant funds would need to be returned to the State Government. • Reputational impact regarding Council's capability to deliver agreed / funded projects.

9.3 Project Risks and Considerations

9.3.1 There are two predominant risks relating to this project:

- (a) A financial risk related to cost escalations; this would continue to increase if the project is deferred or altered from its current scope. This places an additional financial burden on Council to complete the project, with no opportunities to secure additional / alternative funding that would reduce the burden on Hume ratepayers.
- (b) A reputational risk relating to Council's perceived capability to deliver projects (noting that Council pursued and secured a grant to deliver this project). This may negatively impact the competitiveness of Council's future funding submissions.

9.3.2 As the project is partially grant funded, Council is required to seek approval from the funding partners for variation to scope or timing on delivery.

10. CONCLUSION:

Escalated project costs relating to the Hume Indoor Cricket Centre necessitate a discussion by Council to reaffirm its commitment to deliver the project.