



GLENORCHY WAR MEMORIAL POOL

Options Assessment Report

1st August 2024
Final Version 1.0

Acknowledgement of Country

MI Global Partners acknowledges the Traditional Custodians of the land on which we work and recognise their continued custodianship and connection to the land, waters and community.

We pay our respects to their Elders past, present and emerging.



Artwork by Keith Tarrier

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This report provides summary outcomes of the analysis of the three shortlisted Glenorchy War Memorial Pool site options.

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1 Executive Summary

This report details the process of shortlisting three options, the high-level concepts and the outcomes of a demand, financial and economic assessment for each option.

A preferred option has been recommended based on the analysis, as well as community and stakeholder engagement.

Options Assessed

An investment logic mapping process and needs assessment within the greater Hobart area identified nine potential options for the Glenorchy War Memorial Pool (GWMP) site. These options are listed below:

1. Revitalise the Existing War Memorial Pool
2. Replace Existing Pool 'Like for Like'
3. Multipurpose 4 Indoor Courts (Non-aquatic) Facility
4. Larger Outdoor (50m) and Indoor (25m) Aquatic Facility
5. Multi Use Facility (Outdoor 25m Pool and Indoor Courts)
6. Indoor (50m) Aquatic Facility with Semi Open-Air Pool Functionality
7. Indoor (25m) Multi Use Facility with Semi Open-Air Pool Functionality and Indoor Courts
8. Parkland / Open Space
9. Outdoor Junior Playing Fields

Selection criterion were developed to determine which of the nine options should be shortlisted to undertake more detailed assessment. The selection criteria include the option's ability to deliver community, economic, financial and strategic benefits for the Glenorchy region.

The Shortlisted Options

1. Option 4 includes: Outdoor 50m pool, indoor 25m lap pool, indoor 12mx 20m warm learn to swim / program pool, wellness hall (spa, sauna, steam), leisure pool / toddler pool, café
2. Option 5 includes: Outdoor 25m pool, indoor 12mx 20m warm learn to swim / program pool, wellness hall (spa, sauna, steam), 2 x indoor multi-use courts, gymnasium (842 sqm), café
3. Option 6 includes: Indoor 50m pool, indoor 12mx 20m warm learn to swim / program pool, indoor leisure pool / toddler pool, wellness hall (spa, sauna, steam), cafe

Analysis

The table below summarises the assessment across the three shortlisted options in order to assist in identifying the preferred option moving forward. The assessment includes:

- Delivering on financial, economic and social requirements including a positive Net Present Value (NPV) and Benefit Cost Ratio (BCR); and
- Meeting the overall project objectives / selection criteria.

	Option 4	Option 5	Option 6
Construction Costs	\$72.7M	\$69.2M	\$70.7M
<u>Economic Appraisal</u>			
Net Benefits (NPV)	\$18.5M	\$9.8M	-\$3.6M
Benefit Cost Ratio (BCR)	1.22	1.12	0.95
<u>Cash Flow / Operations</u>			
Annual Revenue	\$2.7M	\$3.1M	\$1.9M
Annual Expenses	\$3.5M	\$3.4M	\$2.9M
Annual Profit (Deficit)	(\$845,000)	(\$215,000)	(\$1,025,000)
<u>Selection Criteria</u>			
Delivering Community Benefit	4 / 5	4 / 5	4 / 5
Community Usage, Benefit and Preferences	5 / 5	4 / 5	5 / 5
Delivering Benefit to Schools	4 / 5	3 / 5	5 / 5
Estimated Cost to Build (i.e. level of funding required)	2 / 5	2 / 5	2 / 5
Revenue Generating Opportunities	4 / 5	4 / 5	3 / 5
Ongoing Operational Costs	2 / 5	2 / 5	3 / 5
Regional Asset - Delivering Out of Region Visitation	5 / 5	4 / 5	2 / 5
Alignment with Council Strategic Plan	3 / 5	4 / 5	2 / 5
Overall Selection Criteria Score	29 / 40	27 / 40	26 / 40
Option Ranking	1	2	3

Identified recommended option

Option 4 has been assessed as the option returning the most positive outcomes based on:

- Delivering net economic benefits of \$18.5 million and a BCR of 1.22
- Delivering annual revenue of \$2.7M
- Delivering a greater social outcome (i.e. participation and health benefits)
- Delivering the highest score across the selection criteria (29 / 40)

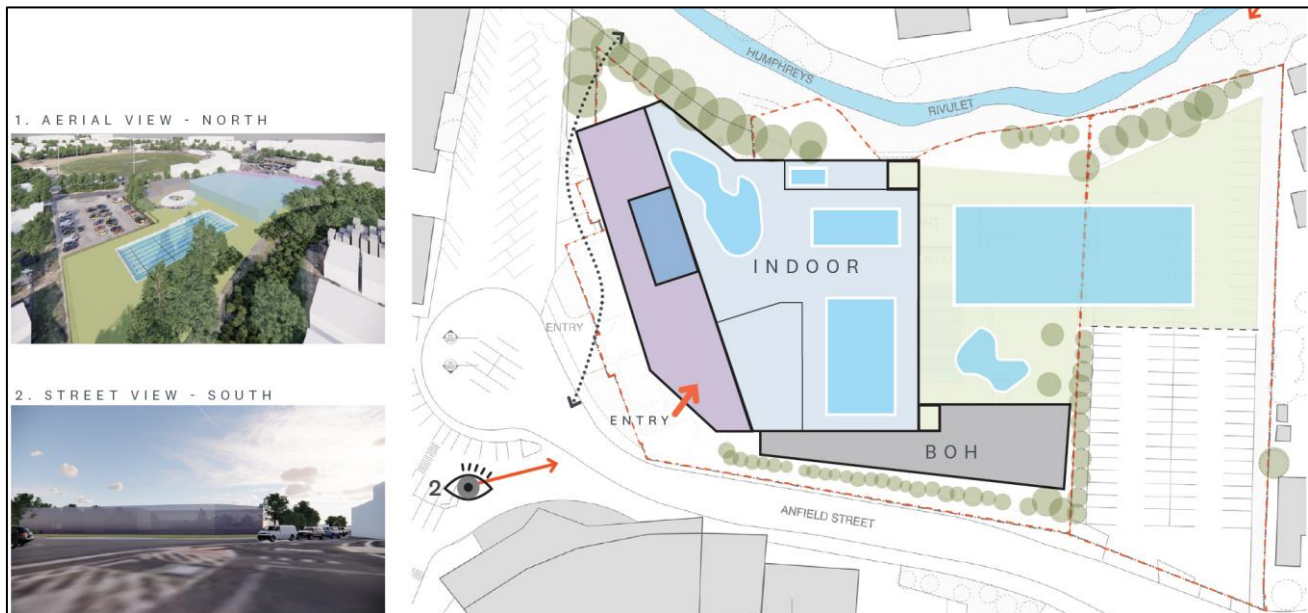


Image: High Level concepts of Option 4

Further stakeholder engagement was undertaken to test the shortlisted options with key stakeholders and user groups including Friends of Glenorchy War Memorial Pool Incorporated, Save the Glenorchy War Memorial Pool, Belgravia Leisure and two local Glenorchy Schools.

Option 4 was well received as the preferred option of these key groups due to the facility providing a 50-metre outdoor pool with sufficient areas for social activities which is considered a unique proposition for greater Hobart, particularly with the twin views of Mount Wellington and Mount Direction. This option also offers all year-round functionality with the indoor 25-metre pool while also catering for new user groups with a dedicated program pool to deliver much needed learn to swim and rehab / aquarobics facilities.

In order to deliver more commercial benefits and reduce the subsidy required to offset the annual deficit the facility is likely to generate, consideration should be made to include a gymnasium, as per Option 5. Splash Devonport Aquatic & Leisure Centre is an example where a tired underutilised outdoor 50 metre pool and waterslide was redeveloped to include a 25 metre eight-lane indoor swimming pool, an indoor learn to swim/warm water exercise pool with water play features, an outdoor water play splash pad and a fully equipped Health Club with a Gymnasium and a Group Exercise Studio. The success and utilisation of the gymnasium has ensured commercial success of this facility and the deficit subsidised by local Council is minimised.

Next Steps

A preferred option will seek endorsement by Glenorchy City Council and proceed to the next phase including:

- Detailed concept planning
- Detailed cost planning
- Refined demand, financial and economic modelling
- Risk assessment
- Funding opportunities.

A final report including the above as well as the case for investment, engagement summary and the shortlisted options assessment will be delivered to finalise the Glenorchy War Memorial Pool Options Assessment scope of work.

2 Options Assessed

2.1 Initial Long List of Options

An investment logic mapping process uncovered a need for community facilities at the existing Glenorchy War Memorial Pool (GWMP) Site. A needs assessment within the greater Hobart area identified nine potential options for the GWMP site. These options are listed below:

Initial Long List of Options

Options	Description
1. Revitalise the existing War Memorial Pool	Fix key issues to extend life by approximately 5 years and begin scoping for a replacement facility in this time.
2. Replace existing pool 'like for like'	New outdoor 50m pool and outdoor leisure pool, with supporting facilities and changerooms that meet current standards.
3. Multipurpose courts (Non-aquatic) facility	4 x multipurpose indoor courts (potential uses such as futsal, dance, martial arts, netball, basketball, community/social spaces - non sport).
4. Larger Outdoor and Indoor Aquatic Facility	50m outdoor pool, 25m indoor pool, learn to swim function and wellness facilities (including a spa, sauna and steam facility).
5. Multi Use Facility (Outdoor Pool and Indoor Courts)	Outdoor 25m pool, 2 x multipurpose indoor courts, learn to swim function, wellness facilities, health club and small pool / water play space.
6. Indoor Aquatic Facility with Semi Open-Air Pool Functionality	Indoor 50m pool with an external wall that opens up to enable a semi outdoor pool experience. This option also includes the ability for the 50m pool to have a wall divider creating 2 x 25m pools, learn to swim function and wellness facilities.
7. Indoor Multi Use Facility with Semi Open-Air Pool Functionality and Indoor Courts	Indoor 25m pool with semi open-air function, 2 x multipurpose indoor courts, learn to swim function and wellness facilities.
8. Parkland / Open Space	Includes community outdoor fitness, War and Indigenous memorials, outdoor arts and entertainment space and water play area.
9. Outdoor Junior Playing Fields	Focused on children and youth activity including little athletics, tennis, netball, football (soccer), futsal etc.

Selection criterion were developed to determine which of the nine options should be shortlisted to undertake more detailed assessment. The selection criteria include the option's ability to deliver community, economic, financial and strategic benefits for the Glenorchy region.

Selection Criterion

Criterion	Description
Delivering Community Benefit	The total health & wellbeing and inclusion & connectedness benefit achieved
Community usage, benefit and preferences	The level of benefit to community (i.e. health, wellbeing, inclusiveness and social connection) each option provides as well as community preferences as assessed via the dedicated community survey
Delivering Benefit to Schools	The level of benefit to schools (i.e. physical education, health, wellbeing, inclusiveness and social connection) each option provides as well as preferences as assessed via the dedicated school survey
Estimated Cost to Build (i.e. level of funding required)	Value of investment required to fund the option
Revenue Generating Opportunities	A high-level assessment of the likely demand / usage and commercial success of the facility
Ongoing Operational Costs	A high-level assessment of the potential ongoing operational costs for each facility

Regional Asset - delivering out of region visitation	The likely out of region visitation to the site due to being a unique asset / facility as assessed by the supply of nearby facilities
Alignment with Council Strategic Plan	Aligning with the GCC needs assessment as per the strategic plan

As detailed in the Stakeholder Engagement report, community and school surveys were administered to understand community benefits and preferences as well as additional stakeholder interviews, research and benchmarking to assess each of the options.

Based on the assessment, the initial options have been ranked from 1 (most suitable option) to 9 (least suitable option).

Options	Score (Out of 5)	Ranking
1. Revitalise the existing War Memorial Pool	2.75	7
2. Replace existing pool 'like for like'	3.25	4
3. Multipurpose courts (Non-aquatic) facility	2.75	6
4. Larger Outdoor and Indoor Aquatic Facility	3.75	1
5. Multi Use Facility (Outdoor Pool and Indoor Courts)	3.5	2
6. Indoor Aquatic Facility with Semi Open-Air Pool Functionality	3.375	3
7. Indoor Multi Use Facility with Semi Open-Air Pool Functionality and Indoor Courts	3.125	5
8. Parkland / Open Space	2.5	8
9. Outdoor Junior Playing Fields	2.375	9

The shortlisted options are:

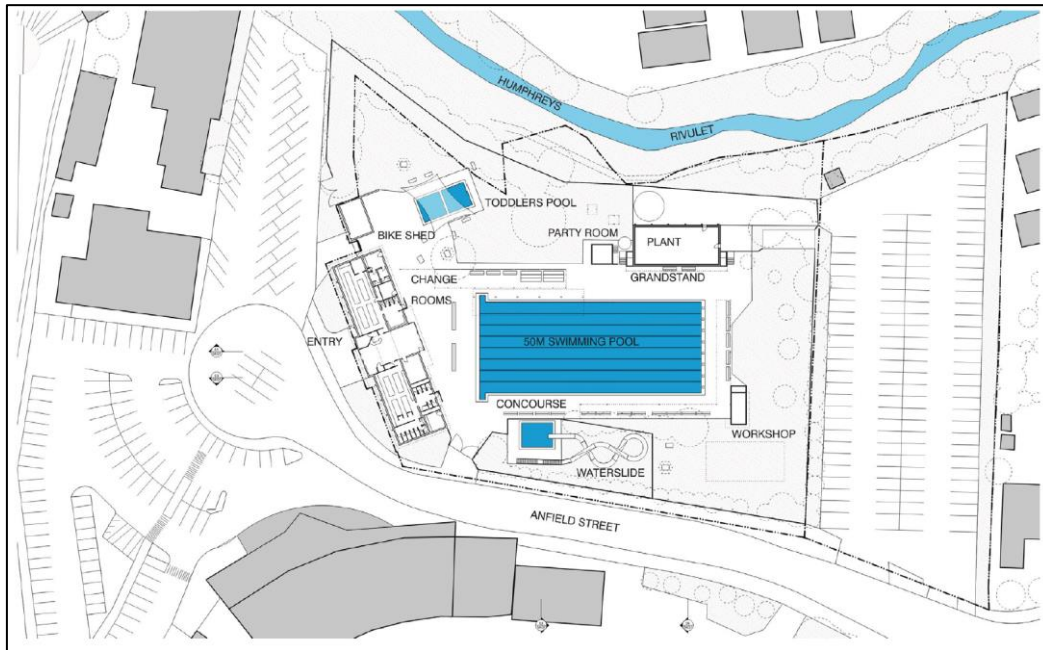
- Option 4 - Larger Outdoor and Indoor Aquatic Facility
- Option 5 - Multi Use Facility (Outdoor Pool and Indoor Courts)
- Option 6 - Indoor Aquatic Facility with Semi Open-Air Pool Functionality

2.2 Shortlisted Options

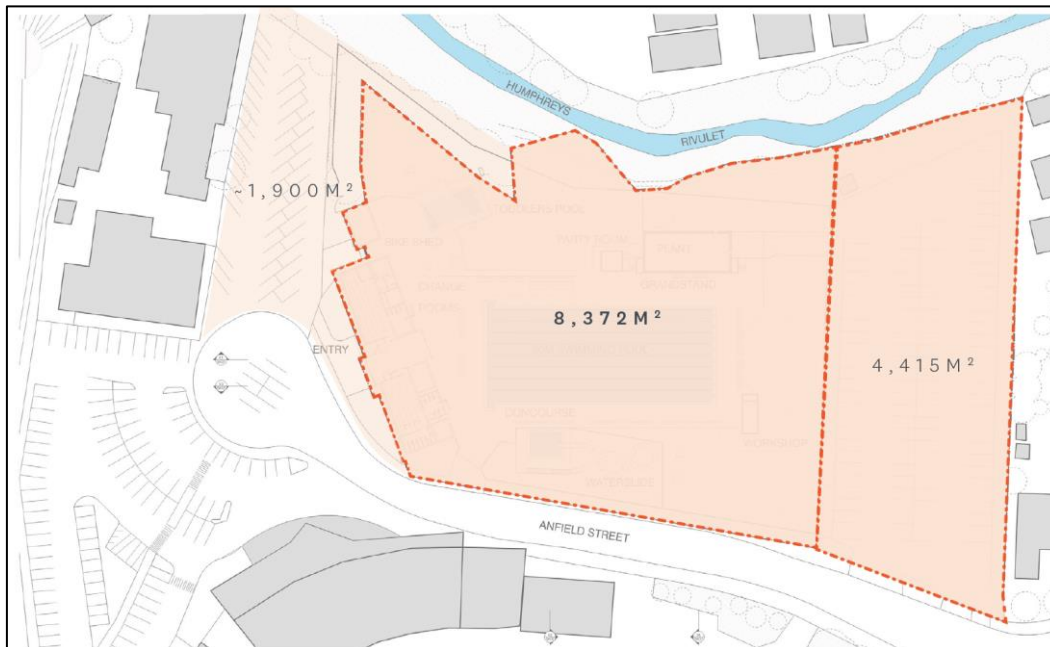
High level concepts were developed for the three shortlisted options. These concepts are based on the following existing conditions, site extent and design principles associated with modern aquatic facilities.

It should be noted that these concepts should not be considered final but rather initial first concepts to provide a high-level overview of the potential placement of inclusions and subject to change based on feedback, feasibility and a detailed design process.

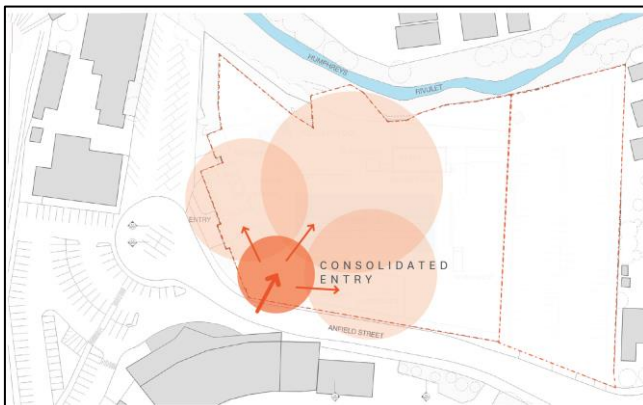
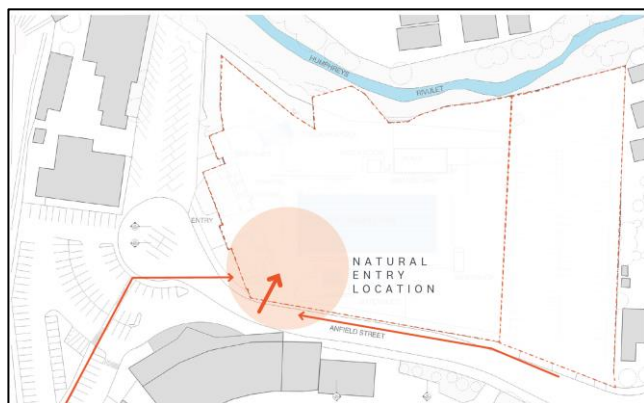
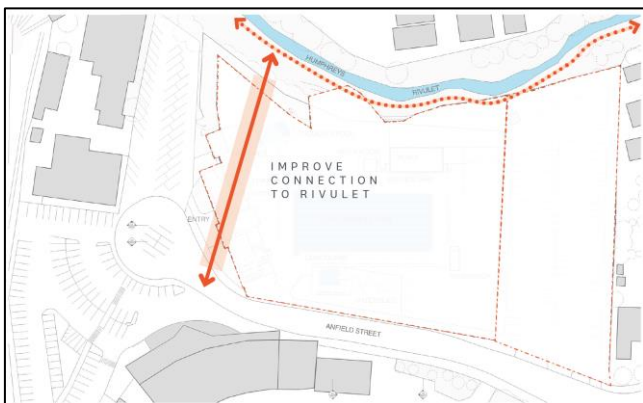
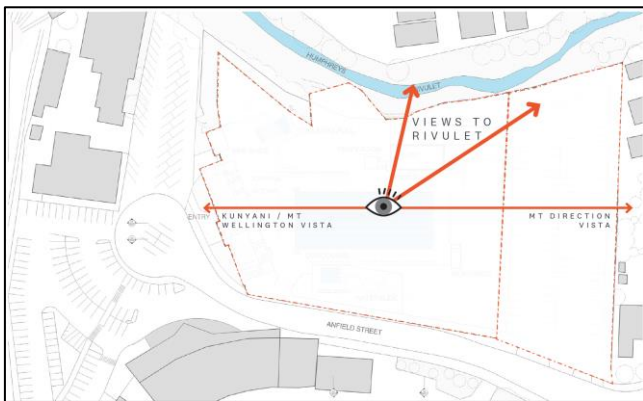
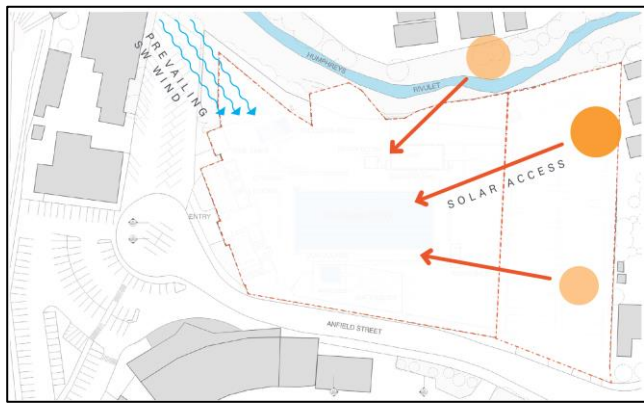
2.2.1 Existing Conditions



2.2.2 Site Extents



2.2.3 Design Principles



These principles have been used in the development of the high-level concept plans noting the perimeter of the site is a limiting factor (i.e., is not a typical rectangle site).

2.2.4 Option 4 – Larger Outdoor and Indoor Aquatic Facility

Option 4 includes:

Outdoor Facilities (Open 8 months per year)

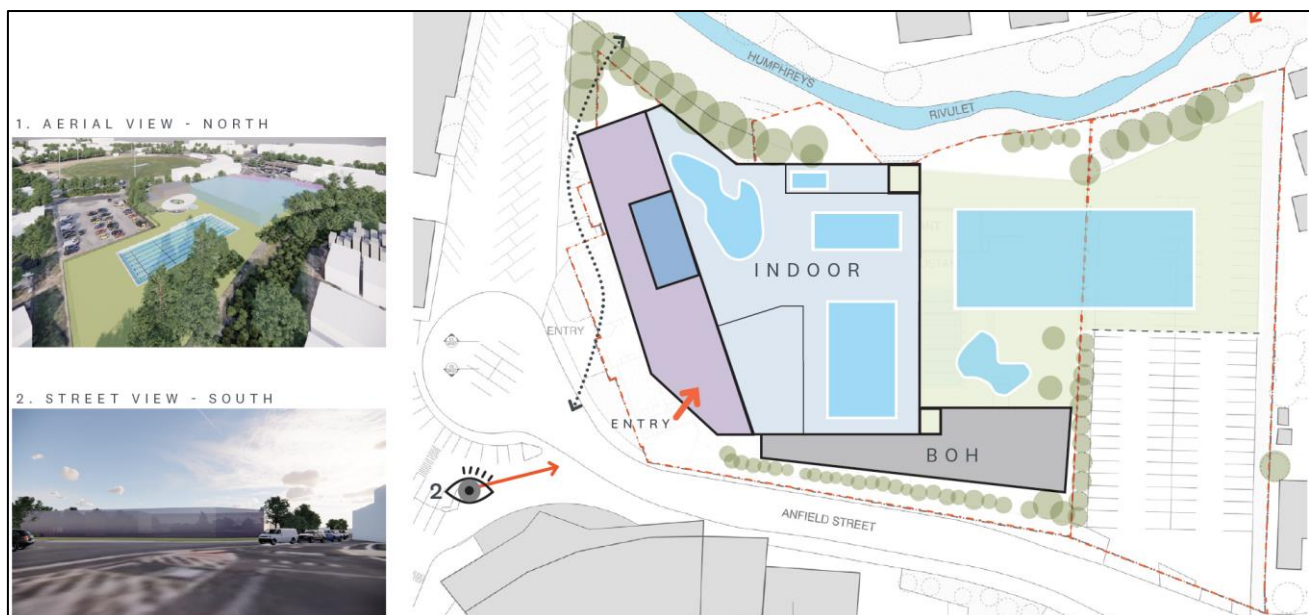
- Outdoor 50m pool
- Grandstand / spectator area (200 capacity)
- Outdoor change area
- Outdoor splashpad / slide
- Leisure landscape for picnics

Indoor Facilities (Open 12 months per year)

- 25m lap pool
- 12m x 20m warm learn to swim / program pool
- Wellness Hall (spa, sauna, steam)
- Leisure pool / toddler pool
- Change village / facilities

Other

- Back of house (control room, laundry, pool plant, heating)
- Front of house (foyer, creche, café, reception, retail)
- TBC car bays



2.2.5 Option 5 – Multi-use Facility (Outdoor Pool and Indoor Courts)

Option 5 includes:

Outdoor Facilities (Open 8 months per year)

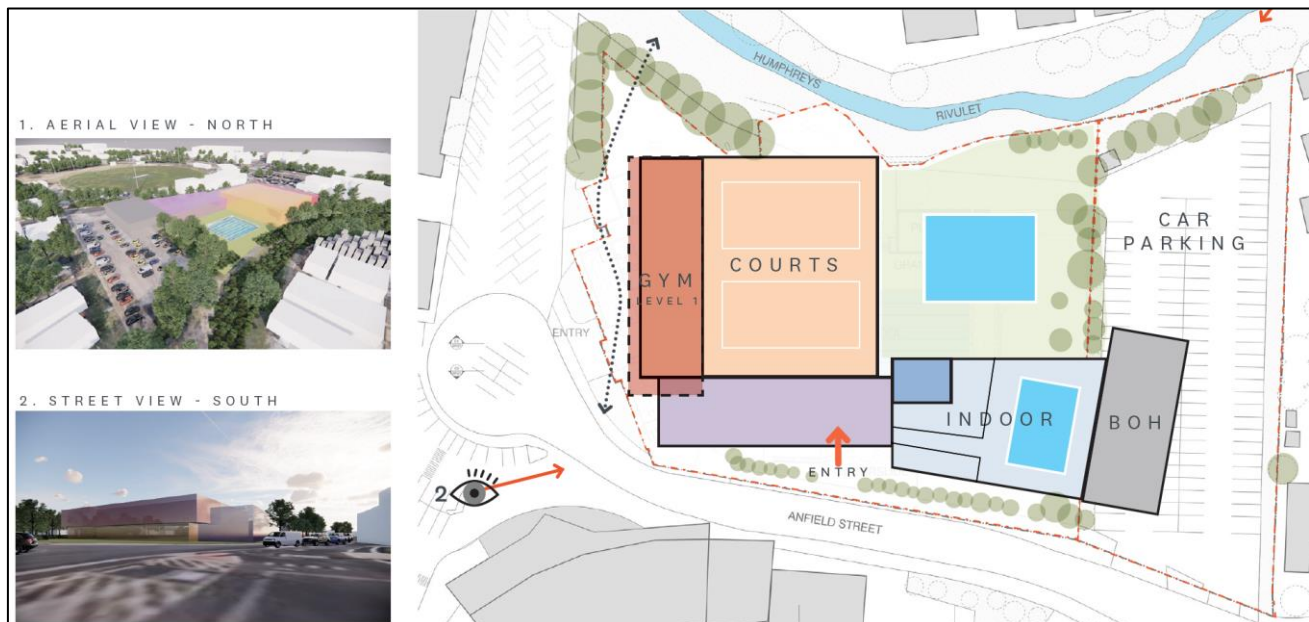
- Outdoor 25m pool
- Leisure landscape for picnics

Indoor Facilities (Open 12 months per year)

- 12m x 20m warm learn to swim / program pool
- Wellness Hall (spa, sauna, steam)
- Change village / facilities
- 2 x indoor multi-use courts (court seating 150 ppl, changerooms)
- Gymnasium (842 sqm)

Other

- Back of house (control room, laundry, pool plant, heating)
- Front of house (foyer, creche, café, reception, retail)
- TBC car bays



2.2.6 Option 6 – Indoor Aquatic Facility with Semi Open-Air Functionality

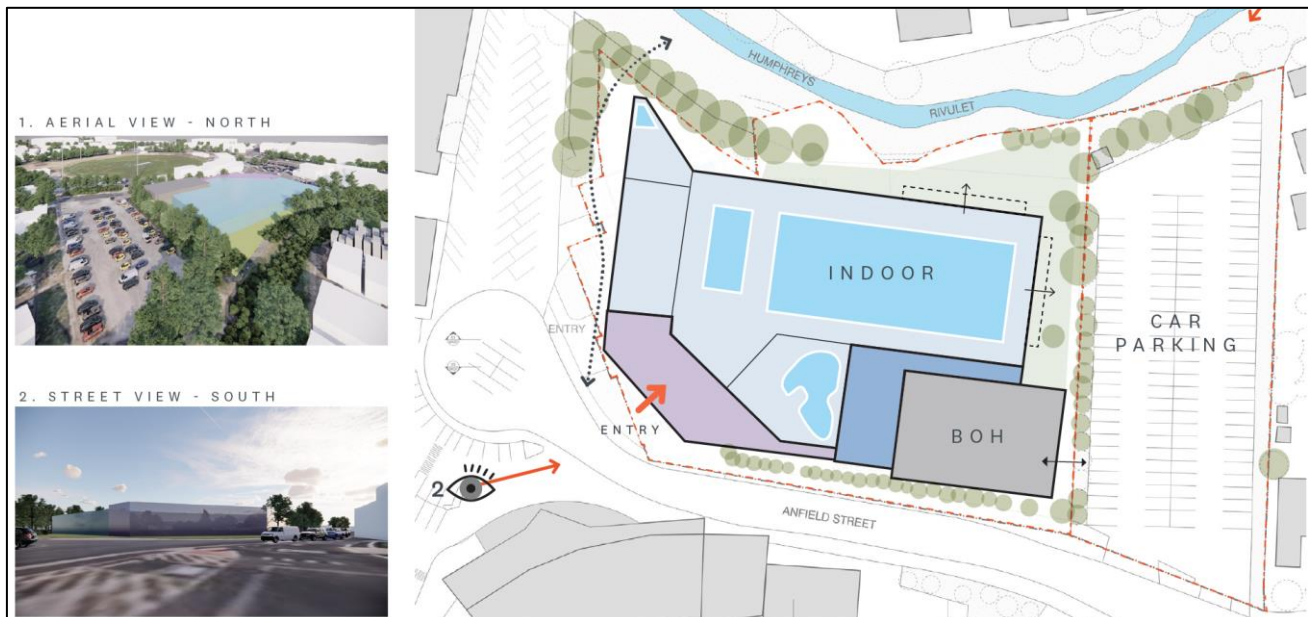
Option 6 includes:

Indoor Facilities (Open 12 months per year)

- Indoor 50m pool
- 12mx 20m warm learn to swim / program pool
- Leisure pool / toddler pool
- Wellness Hall (spa, sauna, steam)
- Change village / facilities

Other

- Back of house (control room, laundry, pool plant, heating)
- Front of house (foyer, creche, café, reception, retail)
- 200 car bays



3 Analysis

3.1 Capital Costs

WT Partnership have provided a cost estimate for the three shortlisted options.

Item	%	Option 4	Option 5	Option 6
Trade Costs		\$54,361,500	\$51,731,500	\$52,851,000
Escalation (2025-2027)	13%	\$7,067,000	\$6,725,000	\$6,871,000
Sub Total		\$61,428,500	\$58,456,500	\$59,722,000
Furniture/Fittings & Equipment (FFE)		\$1,500,000	\$1,500,000	\$1,500,000
Consultant Fees	10%	\$6,292,850	\$5,995,650	\$6,122,200
Contingency	5%	\$3,461,068	\$3,297,608	\$3,367,210
Grand Total		\$72,682,418	\$69,249,758	\$70,711,410

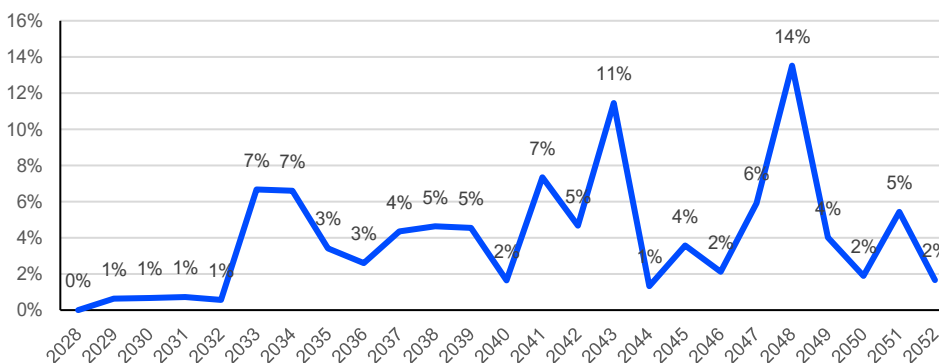
In accordance with the WT Australian Construction Market Conditions Report issued May 2024 the following escalation allowances have been calculated: 2024 (5.5%), 2025 (6.0%) and 2026 (6%).

Construction Costs have been allocated 10% in 2025, 30% in 2026 and 60% in 2027 based off an assumption that best case scenario, the project will be operational in 2028. Should this be delayed, capital costs are expected to continue to escalate at 6% per year.

WT Partnership also completed a whole of life analysis to determine the ongoing annual lifecycle maintenance costs of each option.

Life Cycle Costs (2024AUD\$)	Option 4	Option 5	Option 6
Additional Life Cycle Costs (2028 – 2051)	\$15,158,393	\$14,247,403	\$14,725,411
Average per year	\$606,336	\$569,896	\$589,016

% of overall Lifecycle Costs per year



The major capital costs expected in 2032, 2033, 2040, 2043 and 2048 due to the likely occurrence of the following:

- 2033 – Appliance, pool equipment replacement, repainting of painted finishes.
- 2034 – FF&E partial replacements.
- 2043 – Mechanical/ Hydraulic replacements.
- 2048 – Mechanical/ Hydraulics and Plumbing Fixture replacements, Pool Refurbishment, Fit-out refurbishment and recurring FF&E partial replacements.

3.2 Operating Costs

Industry benchmark data has been used to quantify the likely operating costs per option.

- **Staff Costs** - quantified using a labour cost per attendee ratio of \$7.50 (aligned with current Devonport staffing costs)
- **Cleaning, maintenance, utilities, pest control, fire protection** – quantified using a cost per sqm ratio (WT Partnership OPEX estimates using benchmarked facilities)
- **Marketing** - quantified using a cost per sqm ratio of \$6.83 (industry benchmark)
- **Insurance** - quantified using a cost per sqm ratio of \$6.50 (industry benchmark)
- **Security** - quantified using a cost per sqm ratio of \$6.50 (industry benchmark)
- **Administration** - A nominal amount has been used to estimate administration costs.
- **Pool Assets (Maintenance, water, electricity, chemicals)** – quantified using a cost per sqm ratio (WT Partnership OPEX estimates using benchmarked facilities)
- **Food & beverage** - cost of goods sold (COGS) has been estimated at 30% of total food & beverage revenue.
- **Capital Lifecycle Costs** – As provided by WT Partnership above

Costs	Option 4	Option 5	Option 6
Staff	\$1,460,210	\$1,758,518	\$1,067,859
Cleaning	\$133,080	\$144,414	\$137,506
Maintenance	\$211,357	\$239,002	\$220,314
Utilities	\$144,982	\$146,802	\$155,682
Pest Control	\$7,141	\$8,177	\$7,248
Fire Protection	\$23,087	\$27,967	\$23,703
Marketing	\$37,497	\$27,265	\$28,959
Insurance	\$35,685	\$25,948	\$27,560
Security	\$35,685	\$25,948	\$27,560
Administration	\$40,000	\$40,000	\$40,000
Pool Assets	\$712,612	\$263,578	\$557,770
F&B COGS	\$70,090	\$84,409	\$51,257

Capital Lifecycle Costs	\$606,336	\$569,896	\$589,016
Total Operational Costs	\$3,517,762	\$3,361,924	\$2,934,434

It is projected that a new facility will cost to operate between \$2.9 million (Option 6) and \$3.5 million (Options 4) per year.

Staffing is the largest operating cost for the new facility, ranging from 36% and 52% of overall costs, followed by maintaining the pool assets (i.e. water, electricity for heating, repair and chemicals) which account for approximately 20% of total operating costs for the aquatic facilities.

3.3 Demand Analysis

Demand analysis was also undertaken to assess the utilisation at the activity level in line with the former facility and Devonport. The activities are consistent with aquatic facilities across Australia.

Activity	GWMP Usage	Devonport Usage	Option 4	Option 5	Option 6	Comments
Membership - Aquatic Only	2,040		16,728	4,080	12,546	4 times the members (also 12-month Utilisation)
Adult (16+) – Casual use	14,015	57,556	51,800	28,030	38,850	Consistent with Devonport
Children (5-15) – Causal Use			2,878	1,402	2,158	Consistent with Devonport
Spectator			2,878	607	2,158	Consistent with Devonport
10 pass card	1,701		7,870	3,615	5,903	GWMP (12% of casual use)
Carnival cost per day			5,600	2,800	5,600	28-day season - 200 avg students
Lane Hire per hour		7,950	7,950	3,975	9,938	Same as Devonport (25% higher for Indoor)
Spa / Sauna - Casual Use			3,600	3,600	3,600	10 casual entries per day
LTS Private		64,928	66,000	43,996	43,996	1375 for 48 weeks a year (Dev) - 95% capacity
LTS School			17,500	11,666	11,666	14 schools, 125 kids, 10 lessons
Program pool per hour / Group fitness / aquarobics			11,890	5,967	5,967	6 hrs, 5 days a week, 8 ppl capacity - 95% capacity
Aquatic Usage	17,756	130,434	194,696	109,736	142,381	
Gym Member (Full Centre)		102,101		76,576		Industry benchmark – 8% of catchment / 30% share
Gym - Casual Use				7,658		10% of membership
Casual court hire				40,500		15 hrs per day x 2 courts x 25% utilisation (15 ppl each)
Total Usage	17,756	232,535	194,695	234,469	142,381	

It is projected that Option 4 will see an estimated 194,695 people using the facility per year with nearly 100,000 using the main pool facilities and a further 95,000 using the learn to swim and program pool facilities. Overall, it is a significant uplift compared the existing GWMP due to attracting far broader user groups to the facility.

The community and school survey results as well as the stakeholder engagements justify this uplift with the following key insights:

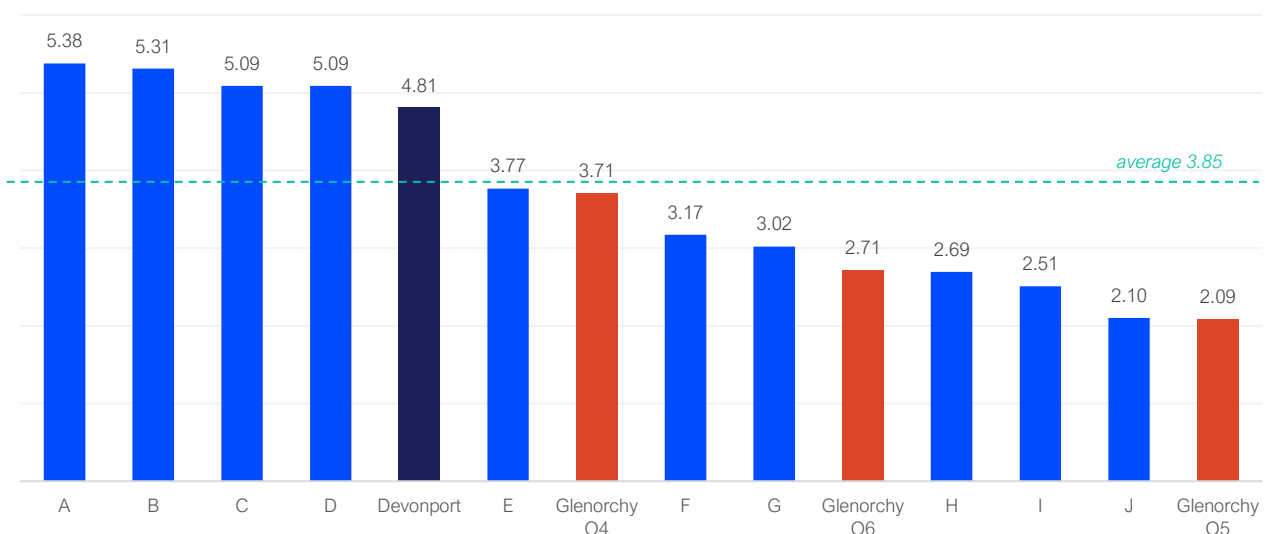
- Those visiting community pools between Oct 2022 and March 2023:
 - GWMP accounted for 60% of total visits
 - 55% of GWMP visitors also visited other pools
- GWMP only opened for 6 months of the year, while the shortlisted options will provide year-round access
- 40% of those that didn't use GWMP when it was open was due to being either unaware of the pool or believe it was too cold / poor quality facilities / amenities
 - 85-95% of non GWMP users said they would visit a new facility sometimes or frequently
- 50% of local schools said they would increase usage at a new facility either through LTS programs and carnivals
- Stakeholder engagement suggested sufficient demand for warm water activities (LTS, rehab), carnivals and squad swimming.

It is also projected to see a 50% uplift in the aquatic use compared to the Devonport facility which is justified with a significantly larger catchment population (52,466 vs 27,124) and whilst the catchment is almost double the size, the usage is only projected to be 50% greater due to the competing facilities in adjoining areas.

Option 5 will see the most utilisation from the three options, although 125,000 is due to the gymnasium and the indoor courts. Although there is a larger catchment population compared to Devonport, a more conservative estimate has been used for gym membership use due to increase competition in the Glenorchy area. The estimate is based off 1,200 members attending on average 1.23 times per week. Court usage is based on a conservative utilisation of 25%, consistent with the nearby Glenorchy Y Centre.

Overall aquatic usage has been benchmarked against similar facilities across Australia. The average annual utilisation per catchment population is 3.85. Option 4's overall utilisation of 194,695 ensures a ratio of 3.71, which appears in line with the industry average. Options 5 and 6 are at the lower end of the industry range demonstrating lower expected use of an outdoor 25m pool and indoor 50m pool compared to the preferred outdoor 50m and indoor 25m pool option.

Annual Utilisation to Catchment Population Ratio



3.3.1 Operating Revenues

Utilising the demand projections and Hobart Aquatic Centre benchmark fees for each activity, the annual revenue generated for each option can be determined.

Fees per Activity

Activity	Fee
Annual Membership - Aquatic Only	\$650.00
Adult (16+) – Casual use	\$7.50
Children (5-15) – Casual Use	\$6.00
Spectator	\$2.00
10 pass card	\$70.00
Carnival cost per day	\$2,400
Lane Hire per hour	\$12.50
Spa / Sauna - Casual Use	\$15.00
LTS Private per session	\$20.00
LTS School per session	\$7.00
Program pool per session (Group fitness / aquarobics)	\$17.00
Annual Gym Membership (Full Centre)	\$900.00
Gym - Casual Use	\$23.50
Casual court hire per hour	\$50.00

In addition to aquatic, gymnasium and court revenue generating activities, each option considers the inclusion of a café / kiosk. Food & beverage revenue is calculated using an industry benchmark of \$1.20 per attendee.

Annual Revenue Projections per Option

Activity	Option 4	Option 5	Option 6
Membership - Aquatic Only	\$104,550	\$25,500	\$78,413
Adult (16+) – Casual use	\$388,503	\$210,225	\$291,377
Children (5-15) – Casual Use	\$17,267	\$8,409	\$12,950
Spectator	\$5,756	\$1,213	\$4,317
10 pass card	\$55,092	\$25,303	\$41,319
Carnival cost per day	\$67,200	\$33,600	\$67,200
Lane Hire per hour	\$99,375	\$49,688	\$124,219
Spa / Sauna - Casual Use	\$54,000	\$54,000	\$54,000

LTS Private	\$1,320,000	\$879,912	\$879,912
LTS School	\$122,500	\$81,659	\$81,659
Program pool per hour / Group fitness / aquarobics	\$202,137	\$101,437	\$101,437
Gym Member (Full Centre)	\$0	\$1,080,000	\$0
Gym - Casual Use	\$0	\$179,953	\$0
Casual court hire	\$0	\$135,000	\$0
Food & Beverage	\$233,634	\$281,363	\$170,857
Total Revenue	\$2,670,013	\$3,147,261	\$1,907,659
Annual Attendance	194,695	234,469	142,381
Revenue per visit	\$13.71	\$13.42	\$13.40
Revenue excl F&B per visit	\$12.51	\$12.22	\$12.20

Benchmark analysis suggests that aquatic facilities see an income per attendee / visit of between \$6 to \$12 depending on the available activities and user groups.

Without F&B revenue, the options are projected to generate between \$12.20 and \$12.51 per attendee which is at the higher end of the industry average meaning the shortlisted options are catering for higher yielding user groups including learn to swim, squad swimming and carnivals.

3.4 Cash Flow Analysis

Further analysis was undertaken to determine the cash flow earnings before interest, taxes, depreciation, and amortisation (EBITDA) of the options for the first 5 years of operations, and beyond. It should be noted that the costs below include both the operating costs and ongoing lifecycle maintenance costs.

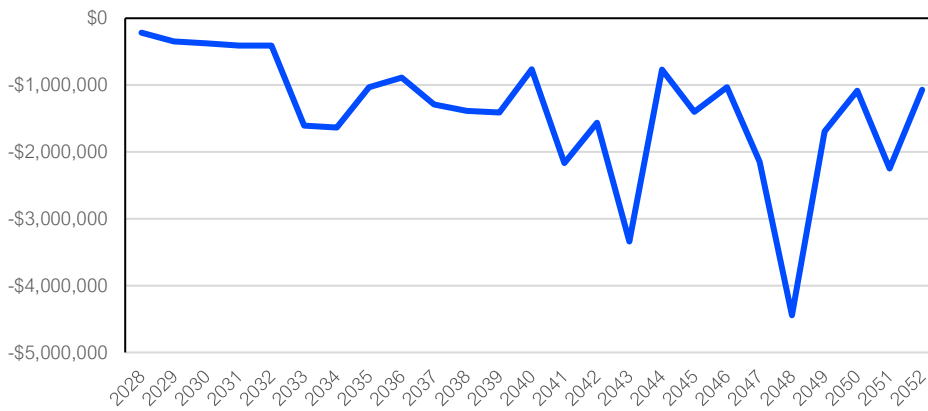
Option 4

\$AUD (000,000's)	2028	2029	2030	2031	2032	Next 20 Years 2033 - 2052
Total Costs	\$2.60	\$2.95	\$3.21	\$3.49	\$3.74	\$123.10
Total Revenue	\$2.39	\$2.61	\$2.84	\$3.08	\$3.33	\$90.14
Total Operating Surplus (EBITDA)	-\$0.22	-\$0.35	-\$0.38	-\$0.41	-\$0.41	-\$32.97

Option 4 is expected to generate an operating deficit of ~\$350,000 per year in its first 5 years of operations.

However, as lifecycle costs increase over time, option 4 will experience an average operating deficit of \$1.65 million per year from 2033.

Operating Profit per year



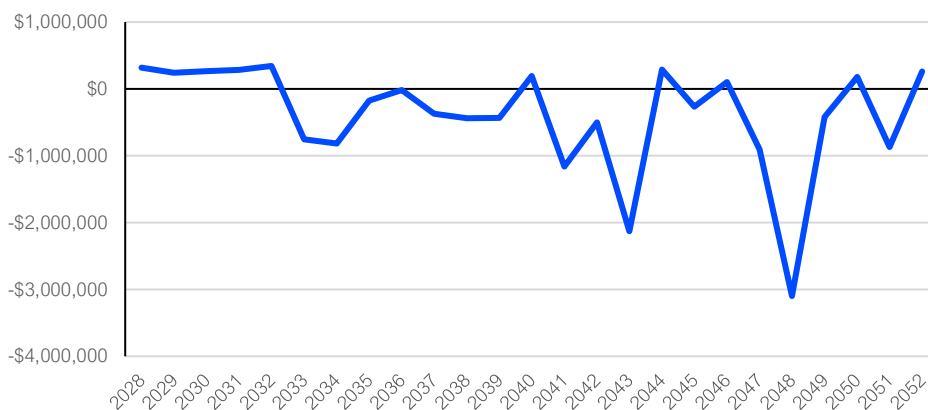
Option 5

\$AUD (000,000's)	2028	2029	2030	2031	2032	Next 20 Years 2033 - 2052
Total Costs	\$2.49	\$2.83	\$3.08	\$3.34	\$3.58	\$117.58
Total Revenue	\$2.81	\$3.07	\$3.34	\$3.63	\$3.93	\$106.25
Total Operating Surplus (EBITDA)	\$0.32	\$0.24	\$0.27	\$0.29	\$0.34	-\$11.33

Option 5 is expected to generate an operating deficit of ~\$290,000 per year in its first 5 years of operations.

However, as lifecycle costs increase over time, option 5 will experience an average operating deficit of \$570,000 per year from 2033.

Operating Profit per year



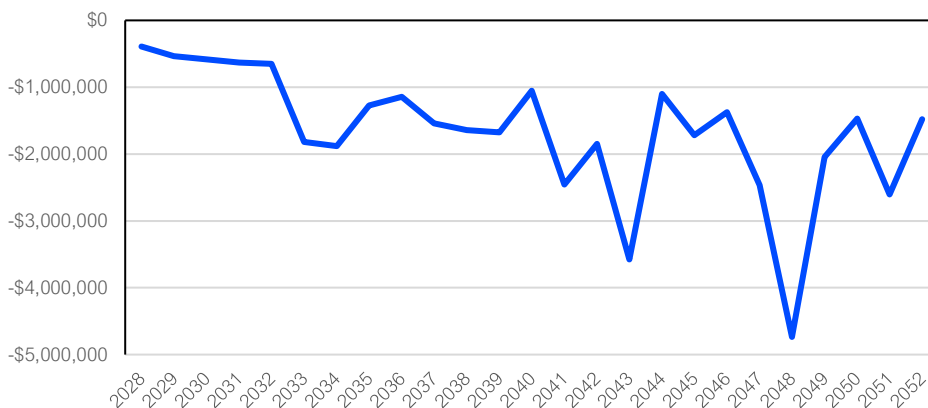
Option 6

\$AUD (000,000's)	2028	2029	2030	2031	2032	Next 20 Years 2033 - 2052
Total Costs	\$2.10	\$2.40	\$2.61	\$2.83	\$3.03	\$103.29
Total Revenue	\$1.70	\$1.86	\$2.03	\$2.20	\$2.38	\$64.40
Total Operating Surplus (EBITDA)	-\$0.39	-\$0.53	-\$0.58	-\$0.63	-\$0.65	-\$38.89

Option 6 is expected to generate an operating deficit of ~\$560,000 per year in its first 5 years of operations.

However, as lifecycle costs increase over time, option 6 will experience an average operating deficit of \$1.94 million per year from 2033.

Operating Profit per year



3.5 Cost Benefit Analysis

This section represents the economic appraisal of the project options. The economic appraisal is an important component of the decision-making process. It provides decision-makers with a complete view of the net socio-economic impacts, that is, the expected total impact on society welfare that would result from the project. The economic appraisal broadens the analysis to include non-market values, and to capture the economic impact on all relevant stakeholders instead of those directly related to the project. Many of these are not financial in nature, and while the economic analysis quantifies impacts in dollars, these are a measure of social welfare rather than financial value.

3.5.1 Cost-benefit analysis overview

The economic appraisal has been developed in accordance with Infrastructure Australia Guidelines.

The following general assumptions were adopted for this analysis:

- Where necessary the project investment analysis, benefits and costs have not been escalated per annum.

- The benefits and costs have been assessed over a period of 1 January 2025 to 31 December 2052 (i.e. the project evaluation period – 25 years post construction).
- The real social discount rate recommended in the Guide to Cost-Benefit Analysis is 7%
- The analysis of the options is based on the incremental benefits and costs compared to the base case.
- The base case for this assessment considers no facility at the GWMP site therefore not incurring future costs or benefits for the reference group.
- For this project the reference group is considered the community of Tasmania, including residents of the state, locally owned businesses and the Tasmania Government.

The table below outlines the key benefits and costs considered for each option for the purposes of the cost-benefit analysis.

Cost-benefit analysis framework

Costs	Category	Bearer	Description	Method and Source
Construction Costs	Construction	Government	Construction costs of the facility	WT Partnership cost estimates
Life Cycle Costs	Life Cycle	Government	Ongoing annual capital costs of maintaining the facility	WT Partnership cost estimates
Operating Costs	Operating	Government	Operational costs including staff, F&B COGS, utilities, marketing, insurances, security, administration, pool assets etc.	Estimated costs based on benchmark facilities
Benefits	Category	Beneficiary	Description	Method and Source
Facility Revenue	Financial	Government	Estimated operating revenue including memberships, casual use fees, programs, venue / lane hire, F&B	Benchmark data and demand modelling to establish revenue by activity
Consumer Use Surplus	Consumer	Consumers	Consumer user benefits of the new facility	TimeCost Savings Methodology
Consumer Non-Use Surplus	Community	Local Community	Consumer nonuser benefit to local Glenorchy residents includes the option to use an asset, the benefit of an asset facilitating social interaction and well-being, and the benefit of an asset to enhance local amenity for the community	Glenorchy City Council (2028 to 2052) x Consumer nonuser surplus benchmarked against sport infrastructure
Avoided Productivity Cost	Participation	Businesses	Business benefits arising from sport & rec participation (reduced number of workdays off)	Literature study - Economic Benefits of Australian Public Aquatic Facilities Industry Report (Socio-Economic value per visit)
Health Benefits	Participation	Consumers	Consumer benefits arising from sport & rec participation (Quality of life)	Literature study - Economic Benefits of Australian Public Aquatic Facilities Industry Report (Socio-Economic value per visit)
Health Cost Savings	Participation	Government	Government benefits arising from sport & rec participation (Health cost savings)	Literature study - Economic Benefits of Australian Public Aquatic Facilities Industry Report (Socio-Economic value per visit)
Avoided Drownings	Avoided Drownings	Consumers	Benefits arising from learning to swim and avoided drownings (Value of life)	Literature study - Global Report on Drownings World Health Organisation and RSLs 2023 National Drownings Report (Statistical value of life x avoided drownings)
Terminal value	Terminal	Government	Terminal value	Assessment framework 2021 Guide to economic appraisal

The primary economic appraisal metric is the Benefit Cost Ratio (BCR), as specified in Infrastructure Australia Guidelines for Capital Business Cases. The ratio of quantifiable incremental benefits to quantifiable incremental costs.

A BCR greater than one indicates that the benefits of the project exceed the costs of the project over the evaluation period.

Net Present Value (NPV) represents the difference between the present value of the total incremental benefits and the present value of the incremental costs. Projects with a positive NPV indicate that the benefits of the project exceed the costs of the project over the evaluation period.

3.5.2 Quantifying Financial Benefits

Financial benefits were quantified as per the operating model and detailed in section 3.3.1.

	Option 4	Option 5	Option 6
Total Revenue	\$2,670,013	\$3,147,261	\$1,907,659

3.5.3 Quantifying Consumer Benefits

Consumer surplus is regarded as the benefit to local consumers over and above the total economic cost of consuming a good or service.

This benefit is typically measured by the amount the consumer is willing to pay for the experience above the price paid for the experience (i.e. the ticketing price or user fee).

The travel cost method is a way of calculating this for community sport & recreation. This method involves collecting data on the costs incurred by each individual in travelling to the recreational site or amenity. This 'price' paid by visitors is unique to each individual and is calculated by summing the travel costs from each individual's original location to the amenity. By aggregating the observed travel costs associated with a number of individuals accessing the amenity a demand curve can be estimated, and as such a price can be obtained for the non-price amenity.

Consumer Surplus Calculation	Option 4	Option 5	Option 6
Utilisation (double due to round trip)*	378,189	294,872	273,562
Avg visits per year**	134,110	104,564	97,008
Total Consumer Surplus	\$886,992	\$691,582	\$641,604

* Total demand excluding school carnival and gym visits

**Assumed 1.41 passengers per car (ATAP) and half of the visits would not occur if not for a new facility

Based on a total benefit of \$6.61 per visit, the annual consumer benefit has been calculated as \$887,000 for Option 4, \$692,000 for Option 5 and \$642,000 for Option 6.

3.5.4 Quantifying Community Benefits

A number of global literature studies have found evidence of a community benefit from the development of sport infrastructure.

Community benefit (i.e. consumer non-use surplus) can be derived from three sources. These include:

- Option value – the benefit of having the option to use an asset;

- Social value – the benefit of an asset facilitating social interaction and well-being; and
- Passive value – the benefit of an asset to enhance local amenity for the community.

For the purpose of this analysis, the catchment population that would receive a community benefit is considered the population of Glenorchy City Council.

Recently completed CBAs for sport facilities in Australia have been assessed for appropriateness to use as a proxy for the shortlisted options.

- Benchmarked facility A (low levels of non-use community support) – \$1.22 per resident
- Benchmarked facility B (average levels of non-use community support) – \$2.77 per resident
- Benchmarked facility C (high levels of non-use community support) - \$4.75 per resident

Facility C has been used as proxy for all options due to it being a well-supported community facility amongst potential non-user and therefore comprises the most aligned benchmark as indicated from the community online survey during the initial engagement phase of this study.

	All options
Community benefit per resident	\$4.75
2028 catchment population	53,814
Total 2028 community benefit surplus	\$255,616
Average population growth per annum	0.57%

3.5.5 Quantifying Participation Benefits

For the purposes of determining the socio-economic benefits arising from participating in aquatic and non-aquatic activities, a benefit transfer approach in line with Treasury Guidelines has been utilised. The existing study “Economic Benefits of Australia’s Public Aquatic Facilities – Industry Report” commissioned by Royal Life Saving Society Australia and the Australian Government was used as a proxy to quantify the socio-economic benefits of an individual aquatic visits by measuring links between an increase in physical activity from an average pool visit and reduced risk of mortality, morbidity and health care expenditure, as well as reduced absenteeism (i.e. increased productivity).

Improving quality of life

A person who is affected by a chronic disease and mental health issues has a lower quality (and potentially length) of life, than a person who is not. With a strong relationship between physical inactivity and chronic disease and mental health issues, there is a personal health benefit that can be captured by improving quality and length of life through physical activity.

The report identifies that for each visit to an aquatic facility generates benefits of \$22.59 (AUD\$2024) in improved health outcomes.

Cost savings to the health system

Every case of chronic disease brings a cost not only to the individual sufferer but also to the health system as a whole. In addition to the other benefits, there is also a cost saving associated with the greater treatment of mental illness through physical and social activity. By reducing the incidence of these diseases and reducing the mental health related burden on the health system, participation supports savings in the health system.

The report identifies that for each visit to an aquatic facility generates benefits of \$1.88 (AUD\$2024) in health care cost savings.

Avoided productivity cost / Reduced Absenteeism

Studies have proven individuals to be mentally and physically healthier and achieve enhanced cognitive performance through participating in sport and social programs, and as a result the economy is, on average, more productive. The increased productivity is captured through lower absenteeism from work and lower presenteeism which is where employees come to work but are not performing at their best due to illness or other conditions as a result of a lack of physical inactivity.

The relationship between inactivity and a negative impact on productivity in Australia is outlined in the report which identifies that each visit to an aquatic facility generates benefits of \$6.90 (AUD\$2024) in avoided productivity cost through reduced absenteeism.

Participation Benefits	Option 4	Option 5	Option 6
Total Visits	194,695	234,469	142,381
Visits excluding Parents, spa and gym	188,217	146,029	136,623
Avoided Productivity Cost (Absenteeism)	\$1,298,936	\$1,007,787	\$942,871
Health Benefits (Quality of life)	\$4,251,062	\$3,298,213	\$3,085,760
Health Cost Savings	\$354,255	\$274,851	\$257,147
Total Participation Benefits	\$5,904,253	\$4,580,851	\$4,285,778

Option 4 will deliver \$5.9 million in participation benefits per year, while Options 5 and 6 will deliver \$4.6 million and \$4.3 million in participation benefits respectively.

3.5.6 Quantifying Avoided Drownings Benefits

The National Drowning Report (2023) issued by the Royal Life Saving Australia states that there are 279 drowning deaths in Australia each year across the past 10 years, with 45 of these under the age of 18 years. It is estimated that 40% of children under the age of 18 in Australia cannot swim proficiently, which equates to 2.4 million kids and an estimated drowning rate of 0.002%.

Those under the age of 18 years account for 19% of the Glenorchy population (10,225). Using the same swim proficiency ratios, it is estimated that 4,090 of the Glenorchy youth population cannot swim proficiently and projected annual drownings in Glenorchy for under 18 years is therefore 0.08 people.

All three options provide intervention and prevention measures such as improved swimming facilities including dedicated learn to swim programs and spaces. These facilities will assist in reducing the number of youths that cannot swim proficiently and as a result, the annual projected drownings. Via private and school based learn to swim programs, Option 4 is projected to cater for 1,500 children per year, while Options 5 and 6 are projected to cater to 1,000 children per year. These programs are therefore expected to reduce the projected drownings to 0.05 for Option 4 (savings of 0.03 drownings per year) and 0.06 for Options 5 and 6 (savings of 0.02 drownings per year).

Literature studies have estimated the value of statistical life¹ at \$240,875 in 2024 dollars. The average years of a child’s life is 73.5 years quantifying a total value of life of \$17.7 million. Using the potential life savings of 0.02 and 0.03 per year, it is estimated that Option 4 will deliver \$499,599 in socio-economic benefits per year, and Options 5 and 6 delivering \$333,033 in benefits per year.

Avoided Drownings Benefits	Option 4	Option 5	Option 6
Potential Drownings Glenorchy (<18yrs)	0.08	0.08	0.08
Individuals (<18yrs) LTS Programs	1,500	1,000	1,000
Potential Drownings Glenorchy (<18yrs) – Post Project Development	0.05	0.06	0.06
Avoided Drownings per year	0.03	0.02	0.02
Total Benefits	\$499,599	\$333,033	\$333,033

3.5.7 Quantifying the Terminal Value

The terminal value benefit of the project represents the economic value of the new facility at the end of the evaluation period. The value is estimated for the remainder of the economic life of the asset that extends beyond the evaluation period and is included as a benefit in the final year of the evaluation period.

For the purposes of this analysis, it is assumed that the new facility will have a 40-year economic useful life (sport & entertainment benchmark). This equates to 15 years longer than then 25 operational years evaluation period.

The net benefit includes the total financial, consumer, community and participation benefits minus the ongoing lifecycle costs and operational costs.

¹ <https://oia.pmc.gov.au/resources/guidance-assessing-impacts/value-statistical-life>

3.5.8 Cost-benefit analysis summary

The table below details the outputs of the cost-benefit analysis using a 7% real discount rate.

\$AUD (000,000's)	Option 4		Option 5		Option 6	
Costs	Nominal Value	Present Value	Nominal Value	Present Value	Nominal Value	Present Value
Construction costs	\$64.52	\$54.54	\$61.48	\$51.97	\$62.78	\$53.06
Life Cycle Capital Costs	\$15.16	\$4.84	\$14.25	\$4.55	\$14.73	\$4.70
Operational Costs	\$71.33	\$26.66	\$68.40	\$25.56	\$57.46	\$21.47
Total Costs	\$151.01	\$86.03	\$144.13	\$82.08	\$134.96	\$79.24
Benefit	Nominal Value	Present Value	Nominal Value	Present Value	Nominal Value	Present Value
Financial Benefit	\$65.42	\$24.45	\$77.11	\$28.81	\$46.74	\$17.47
Consumer Benefit	\$21.73	\$8.12	\$16.94	\$6.33	\$15.72	\$5.87
Community Benefits	\$6.87	\$2.56	\$6.87	\$2.56	\$6.87	\$2.56
Participation Benefit	\$144.65	\$54.06	\$112.23	\$41.94	\$105.00	\$39.24
Avoided Drownings Benefit	\$12.24	\$4.57	\$8.16	\$3.05	\$8.16	\$3.05
Terminal value	\$71.67	\$10.78	\$60.84	\$9.15	\$49.25	\$7.41
Total Revenue	\$322.58	\$104.54	\$282.16	\$91.85	\$231.74	\$75.60
Net Benefit / NPV	\$171.58	\$18.51	\$138.02	\$9.77	\$96.77	-\$3.64
BCR	1.22		1.12		0.95	

Investment in a new facility is considered value for money, with Option's 4 and 5 delivering positive net benefits (NPV) and a BCR >1. Option 4 yields to most positive return of \$18.5 million in net benefits and a BCR of 1.22.

Participation and health benefits account for 58% of all socio-economic benefits delivered by Option 4, while financial benefit accounts for 26%, consumer benefits 9%, avoided drownings 5% and non-user community benefits 3%.

3.6 Integrated summary of assessment

The table below summarises the assessment across the three shortlisted options in order to assist in identifying the preferred option moving forward. The assessment includes:

- Delivering on financial, economic and social requirements including a positive NPV and BCR; and
- Meeting the overall project objectives / selection criteria.

Options Analysis and Ranking

	Option 4	Option 5	Option 6
Construction Costs	\$72.7M	\$69.2M	\$70.7M
<u>Economic Appraisal</u>			
Net Benefits (NPV)	\$18.5M	\$9.8M	-\$3.6M
BCR	1.22	1.12	0.95
<u>Cash Flow / Operations</u>			
Annual Revenue	\$2.7M	\$3.1M	\$1.9M
Annual Expenses	\$3.5M	\$3.4M	\$2.9M
Annual Profit (Deficit)	(\$845,000)	(\$215,000)	(\$1,025,000)
<u>Selection Criteria</u>			
Delivering Community Benefit	4 / 5	4 / 5	4 / 5
Community usage, benefit and preferences	5 / 5	4 / 5	5 / 5
Delivering Benefit to Schools	4 / 5	3 / 5	5 / 5
Estimated Cost to Build (i.e. level of funding required)	2 / 5	2 / 5	2 / 5
Revenue Generating Opportunities	4 / 5	4 / 5	3 / 5
Ongoing Operational Costs	2 / 5	2 / 5	3 / 5
Regional Asset - delivering out of region visitation	5 / 5	4 / 5	2 / 5
Alignment with Council Strategic Plan	3 / 5	4 / 5	2 / 5
Overall Selection Criteria Score	29 / 40	27 / 40	26/40
Option Ranking	1	2	3

3.7 Identified recommended option

Option 4 has been assessed as the option returning the most positive outcomes based on:

- Delivering net economic benefits of \$18.5 million and a BCR of 1.22
- Delivering annual revenue of \$2.7M
- Delivering a greater social outcome (i.e. participation and health benefits)
- Delivering the highest score across the selection criteria (29 / 40)

Further stakeholder engagement was undertaken to test the shortlisted options with key stakeholders and user groups including Friends of Glenorchy War Memorial Pool Incorporated, Save the Glenorchy War Memorial Pool, Belgravia Leisure and local Glenorchy Schools.

Feedback received was that Option 4 is the preferred option of these key groups due to the facility providing a 50-metre outdoor pool with sufficient areas for social activities which is considered a unique proposition for greater Hobart, particularly with the twin views of Mount Wellington and Mount Direction. This option also offers all year-round functionality with the indoor 25-metre pool while also catering for new user groups with a dedicated program pool to deliver much needed learn to swim and rehab / aquarobics facilities.

In order to deliver more commercial benefits and reduce the subsidy required to offset the annual deficit the facility is likely to generate, consideration should be made to include a gymnasium, as per Option 5. Splash Devonport Aquatic & Leisure Centre is an example where a tired underutilised outdoor 50 metre pool and waterslide was redeveloped to include a 25 metre eight-lane indoor swimming pool, an indoor learn to swim/warm water exercise pool with water play features, an outdoor water play splash pad and a fully equipped Health Club with a Gymnasium and a Group Exercise Studio. The high utilisation of the gymnasium has ensured success of this facility and the deficit subsidised by local Council is minimised and sustains an excellent community facility.

Whilst the inclusion of gym/health club facilities to Option 4 will result in increases to the capital cost, it will also result in significantly increased visitation and revenue projections and thereby improving the projected viability and operational costs deficit. This inclusion would further strengthen the case for Option 4, which is already rated as the preferred option. For these reasons the recommended option to proceed to the final stage of analysis is Option 4 plus the inclusion of gym/health club facilities.

4 Next Steps

A preferred option will seek endorsement by Glenorchy City Council and proceed to the next phase including:

- Detailed concept planning
- Detailed cost planning
- Refined demand, financial and economic modelling
- Risk assessment
- Funding opportunities.

A final report including the above as well as the case for investment, engagement summary and the shortlisted options assessment will be delivered to finalise the Glenorchy War Memorial Pool Options Assessment scope of work.

Disclaimer

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Thank you

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