

12.2 Unsolicited Proposal

Report Reference	SGC210713F12.2
Originating Officer	Manager City Activation – Greg Salmon
Corporate Manager	N/A
General Manager	General Manager City Development - Ilia Houridis

CONFIDENTIAL MOTION

That pursuant to Section 90(2) and (3)(d)(i) and (ii) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Chief Executive Officer, General Manager City Development, General Manager Corporate Services, General Manager City Services, Manager Corporate Governance, Manager City Activation, Manager Finance, Unit Manager Communications, Unit Manager Governance and Council Support and Governance Officer, be excluded from the meeting as the Council receives and considers information relating to Unsolicited Proposal, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to a proposal from a third party.

REPORT OBJECTIVE

Seek Council direction on the unsolicited proposal for the Marion Arena proposal at 262 Sturt Road, Marion.

EXECUTIVE SUMMARY

In February 2021 Council confidentially resolved to invite Ice Rinks Adelaide and the Pelligra Group (the Developer) to submit a more detailed unsolicited proposal for the Marion Arena at 262 Sturt Road, Marion (the Land). The Marion Arena (the Proposal) is envisaged as an indoor ice sports and rock climbing recreational facility to service southern Adelaide.

The Developer has submitted their proposal (Attachment 1 & 2) which is to purchase the land outright for the purpose of constructing the Proposal. An assessment was made by staff resulting in some clarifying questions of the Developer (Attachment 3). The proposal was discussed with Elected Members at the 29 July 2021 Elected Member Forum.

The developer is not seeking any other financial contribution from Council except for rate relief which they are open to negotiation on the terms.

If Council supports the proposal as presented, then further non-binding negotiations and investigations will be required with the Developer to progress. Staff received advice that a Heads of Agreement would be the best instrument to progress these non-binding negotiations.

The Proposal was discussed at the 29 June 2021 Elected Member Forum and feedback from Elected Members showed support for the Proposal if it can be achieved through a lease arrangement (limited to a maximum of 42 years on community land under the Local Government Act 1999). Discussions with the Developer have indicated that the project will not be possible on this basis. This option is presented below.

Council has the right through its Unsolicited Proposal to cease any further consideration of the Proposal.

RECOMMENDATION

That Council:

1. Notes the unsolicited proposal for the Marion Arena proposal (the Proposal) at 262 Sturt Road, Marion (the Site) from Ice Rink Adelaide and Pelligra Group (the Developer).
2. Support the Proposal as presented for the purchase of the site and direct staff to draft a Heads of Agreement with the Developer to work through the details of the proposal and processes required to achieve it, for further consideration by Council.
Or
Support the Proposal only on the basis that it can be achieved through a 42 year lease arrangement. Direct staff to communicate this to the Developer for consideration and potential submission of a revised proposal, to be submitted by 31 August 2021.
Or
Do not support the Proposal and cease the current unsolicited proposal process with the Developer. Direct staff to communicate this to the Developer.
3. Notes that this process is non-binding on Council in line with its Unsolicited Bids Proposal policy.
4. In accordance with Section 91(7) and (9) of the *Local Government Act 1999* the Council orders that this report, Unsolicited Proposal, any appendices and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(d)(i) and (ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2021.

DISCUSSION

Background

At its General Council meeting held on 23 February 2021 Council resolved confidentially (GC210223F03):

1. *Notes that Council resolved on 12 March 2019 to cease the Expression of Interest for the land at 262 Sturt Road, Marion as result of the short comings of the business case provided by the Cruachan Investments Pty Ltd for an ice rink at the site.*
2. *Resolves that exceptional circumstances exist due to the previous EOI process for 262 Sturt Road, Marion undertaken in 2018, that justify progressing the unsolicited proposal from Cruachan Investments Pty Ltd & Pelligra Group (the Proponent) for an ice skating arena directly to the business case stage, and not retesting the market.*
3. *Resolves that the Proponent be advised that the following terms are non-negotiable:*
 - *Council will only consider providing land on a lease basis of up to 42 years.*
 - *Council will consider a rate relief proposal in line with it's Rates Policy.*
 - *Council will provide support to the Proponent in seeking other government support.*

- Council will not consider gifting ownership of the land.
- Council will not consider any direct financial contribution to the proposal including cash or infrastructure.
- Council will not consider providing a loan or being the guarantor for a loan for the proposal.
- The proponent must not make any public statements or announcements regarding the proposal without written agreement from Council's CEO including announcements regarding a facility in southern Adelaide.
- The Proponent must communicate the confidentiality of the project with all parties it discloses the details to in the preparation of the business case.

The Proposal

The Developer's detailed proposal was received on 30 May 2021 (Attachments 1 & 2). In summary the Developer is proposing to purchase 262 Sturt Road from Council for the purpose of constructing the Marion Arena consisting of:

- International standard ice rink (single sheet of ice)
- 350-450 spectator capacity
- Pro shop
- International standard rock-climbing walls
- Bouldering area
- Themed rock-climbing walls
- Children's Play café
- Kiosk/restaurant
- An additional 60 car parks increasing the total on site car parking to approximately 130 spaces (figure1).

The total estimated cost of the facility is \$20--\$25 million.

A preliminary assessment of the proposal was made by staff with some additional clarifying questions asked of the Developer. The Developer's response is attached (Attachment 3). Of note the Developer has advised that they will seek from Council rate relief for the first 10 years of the development in line with similar Council and State Government owned recreational assets, verbal discussions have indicated that this is a preferred outcome and open to negotiation.

The evaluation team concluded that the revised Proposal:

- Looks more achievable and a better scale for the site (compared to the 2019 proposal).
- Would be a good attraction for the City of Marion and facility for its community.
- Is a unique proposal and cannot be compared to any other current proposal for the Land.
- Is a low financial risk for Council provided the right mechanisms are placed on the Land to protect the ongoing recreational use of the site and to revert ownership back to Council if construction does not commence within a reasonable time frame.
- The proposed sale price for the Land seems fair given the nature of the proposal being a recreational facility, and the long-term recreation use limitations Council would place on the Land.
- The biggest risk to Council is reputational, if the project fails to proceed to construction or once operational.
- The size of the equity partner (Pelligra Group) provides confidence in the success of the project.
- The Proposal is generally consistent with the existing zoning of the site subject to a full assessment against car parking/traffic management, noise, visual impacts etc.

Land Valuation

Noting the above position and the Developer's proposed purchase price of \$1,200,000 for the Land, Administration can advise that Jones Lang LaSalle, commercial valuers, undertook a valuation of the site in November 2018 with the market value of the land being \$1,728,000.

The valuation was based on the land being used as a Commercial Recreational Development per the zoning and Community Land Classification revoked. The valuation did not consider that the land would be bound by a Land Management Agreement protecting the recreational use of the land indefinitely, which has the potential to reduce the value of the site.

Options for consideration

This issue was discussed at the 29 June 2021 Elected Member Forum. Feedback from the forum in consideration of the proponent's proposal indicated that:

- There was support for the development of such a facility in the City of Marion.
- There was not support to sell the identified community land as part of this proposal, but that a long-term lease would still be considered.
- Traffic management and car parking required further consideration in the context of the current and future uses of the precinct in which this proposal would be situated.

Based on the Proponent's Proposal and feedback through the Elected Member Forum discussions, Council could elect to:

1. Support the Proponent's Proposal;
2. Support the Proponent's Proposal, but seek that Administration discuss with the Proponent the alternative of a long term lease for the purposes of progressing the proposal to develop the site, based on Council not wanting to sell the subject Community Land;
3. Thank the Proponent for the proposal, but conclude discussions and the Unsolicited Bids Proposal process.

Heads of Agreement

Staff initially sought advice based on the Proponent's Proposal (including the acquisition of the subject land), on the best approach to set agreed parameters outside of a formal contractual agreement. At the time this also acknowledged that there are several key issues that would need to be resolved prior to being in a position to sell the land, on the basis of Council being supportive of this option.

The advice recommended that a Heads of Agreement is an appropriate non-binding agreement for setting up the terms between Council and the Developer to advance the Proposal.

If Council is supportive of Option 1, it is recommended that the Developer be invited to enter into a Heads of Agreement with Council that sets out the terms and conditions by which each party will work towards achieving the Proposal. This document will outline the timelines and issues that need to be worked through prior to both parties being in a position to enter into a contract of sale.

In the event Council supports Option 2, a Heads of Agreement could also be considered, subject to the terms and conditions of the revised proposal by.

Community Consultation

There has been no community consultation on this revised unsolicited proposal so far due to the confidentiality.

If Council progresses to a Heads of Agreement, it is recommended that this includes the development of a Community Engagement Plan.

It should be further noted that if Option 1 was supported that a community land revocation process also requires community consultation.

ATTACHMENTS

1. Marion Arena Covering Letter [**12.2.1** - 1 page]
2. Marion Arena Business Case May 2021 [**12.2.2** - 24 pages]
3. Questions Marion [**12.2.3** - 2 pages]

Mr Greg Salmon
Manager City Activation
City of Marion
Email: greg.salmon@marion.sa.gov.au

31 May, 2021

Dear Mr Salmon

Re: Unsolicited Proposal Final Business Case – Sturt Road Marion

We are pleased to present our Final Business Case for 262 Sturt Road Marion site.

Ice Rinks Adelaide, company of Cruachan Investments Pty Ltd, was established to develop and operate facilities with ice rinks and rock climbing as core venue components. We have successfully partnered with the Pelligra Group to develop and operate facilities across Australia. The Pelligra Group has significant construction and operational experience including sporting facilities, recently purchasing the 8,000 seat Titanium Security Arena in Findon, South Australia and is funding the new Adelaide Crows city facility.

It is our view that an Ice Rinks Adelaide facility will provide the City of Marion with a unique attraction that will create enormous opportunity for residents to participate in rewarding social, sporting and recreational activities. The proposed Marion Arena will complement the Inner North Arena and is considered a strategic location to accommodate the southern and inner southern suburbs of Adelaide.

The proposal requires freehold land and an offer of \$1.2 million is presented to purchase the land from Council. The purchase will satisfy our financial institution requirements and will provide the City of Marion with additional funds to invest into alternate sporting and recreational facilities within the local area.

Our business case contains considerable intellectual property, specific facility detail and research and information that is commercially valuable to us. We therefore request that the entire document and any supporting documents provided here or previously, be appropriately excluded from freedom of information (FOI) requests.

We look forward to the opportunity to work with the City of Marion to create a unique and exciting facility that will activate the Sturt Road site.

Yours Sincerely



Stephen Campbell
Director
Cruachan Investments

262 Sturt Road Marion

Business Case

May 2021

ATTACHMENT 2

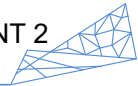


Prepared by Cruachan Investments Pty Ltd May 2021



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Executive Summary

The site located at 262 Sturt Road Marion provides an opportunity to create a sporting, recreation and social hub to be enjoyed by the community within the City of Marion and beyond. A development by Ice Rinks Adelaide comprising ice rinks, rock climbing walls and other recreational areas would provide the City of Marion with a unique multi-use facility without peer in the southern half of metropolitan Adelaide.

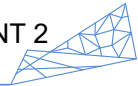
Ice rinks are unique destination venues that attract people of all ages to come together and socialize in a safe and fun environment. They create interesting social hubs and provide opportunities for people wanting to participate in different sports. They also provide local governments with an exceptional tourism attraction that is not easily or likely to be replicated in surrounding areas. The demand for recreational ice skating is enormous as demonstrated by the popularity and increasing number of “pop up” winter skating rinks in Adelaide over the cooler months.

Ice Rinks Adelaide has partnered with the Pelligra Group to develop and operate ice rink and rock climbing facilities across Australia. The proposed Marion development is an important facility designed to complement the Inner North Arena currently under discussion with the State Government.

The Pelligra Group has an extensive portfolio of developments including more than 40 sporting complexes. In 2021, the Group purchased the 8,000 seat Titanium Security Arena Stadium in Findon South Australia and has since announced a \$24 million upgrade which will include additional building works to accommodate additional indoor and outdoor courts. The Group is also funding the development of the new Adelaide Crows city facility.

The proposed Marion Arena is projected to cost \$20-25 million, creating 60 full time jobs during construction and 50-60 ongoing positions (25 FTE).

No funding is sought from the City of Marion, however the project will require State Government funding. The land for the facility is required to be freehold to satisfy financial institution lending requirements and as such an offer of \$1.2 million will be made to the Council to purchase the land. This will provide the Council with funds to put into other sporting and recreation projects in the council area.



1 Proposal

The land located at 262 Sturt Road, Marion provides the City of Marion with an exciting opportunity to activate an underutilized site. A site with such strategic importance given its location and size should be developed to maximize community engagement, recreational involvement, and sporting participation.

Ice Rinks Adelaide identified the site as the perfect location for an iconic ice rink and rock-climbing facility. A proposal was presented to the City of Marion in 2018 and created enormous excitement and support from the local community and ice sports users.

In September 2020 an alternate unsolicited proposal was presented to the City of Marion which addressed the concerns of the original proposal that were raised by the Council. This business case is provided as a formal request to develop the site at 262 Sturt Road, Marion.

The proposed facility will have reduced spectator capacity and a reduction in overall visitor numbers proportionate to the lesser number of activities and building space. Fewer visitors will reduce carparking demand and traffic management concerns raised in the original proposal.

The Marion Arena would be one of only two multi-purpose ice sports and rock-climbing facilities in Adelaide, complementing the inner north facility and providing the local and broader community from the Adelaide CBD through to the most southern suburbs with a fun and 'different' activity venue. The proposed facility would comprise:

- International standard ice rink (single sheet of ice)
- 350-450 spectator capacity
- Pro shop
- International standard rock-climbing walls
- Bouldering area
- Themed rock-climbing walls
- Children's Play café
- Kiosk/restaurant

The redesign allows for a greater number of carparks on site and preserves access to the water tank and reticulation pump system for the adjacent ovals. The two mature trees in the carpark remain protected and the existing carparking infrastructure is augmented with an additional 60 carparks increasing the total on site carparking to approximately 130 spaces (figure1).

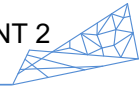


Figure 1. Site Plan with car parking layout.

The proposed building mass and height is commensurately smaller (figure 2.) Lower wall heights and larger setbacks from boundaries reduce the previous building's imposing dimensions.



Figure 2. Site Plan with car parking layout.

The iconic façade is maintained providing an attractive and contemporary building design for the area. Windows, while commonly absent in ice rinks, are present on the front elevation to showcase the activities inside.

Design elements are an important consideration in the projects as they promote the building's activities and mitigate the unattractiveness of modern tilt up "box" construction, and instead provide cities with exciting and unique buildings.



**Ice Rinks Adelaide
provides a
complete Ice Sports
and Rock-Climbing
solution**

1.1 Ice Rinks Adelaide

In January 2016 Ice Rinks Adelaide (company of Cruachan Investments Pty Ltd) publically announced a strategy to develop ice rink and rock-climbing facilities across metropolitan Adelaide.

Ice Rinks Adelaide has partnered with the Pelligra Group to fund and operate projects across Australia.

Inner North Arena

Ice Rinks Adelaide was successful in securing a \$10 million grant from the Government of South Australia and concessions from the City of Playford for the first project in South Australia. Unfortunately, an acrimonious change in the leadership of the City of Playford resulted in the cancellation of the project. A new site for the Inner North Arena has since been discussed with the Department of Recreation and Sport and expected to be finalised in the next few months.

Marion Arena

Cruachan Investments has previously advised State Government of its plans to construct a second facility in an inner southern location providing access to like for residents in the southern half of metropolitan Adelaide.

A comprehensive analysis was undertaken to identify general locations along with specific sites that would provide the best outcomes for recreation and sporting needs. A report was then prepared for State Government, "Playford and Marion Ice Sports and Rock-Climbing Facilities – A complete solution", identifying the City of Marion as the preferred area for a second facility.

A subsequent proposal for a twin pad facility was presented to the City of Marion. Following the rejection of the original proposal an unsolicited proposal was presented with significant design changes. This business case for single pad facility, which addresses the concerns, is now presented.

Table 1. Sturt Road location profile.

Marion Arena (proposed)
<ul style="list-style-type: none"> • Main road frontage with 37,000 vehicle movements each day • Adjacent to South Australia's largest shopping complex, Westfield Marion <ul style="list-style-type: none"> ○ 14,200,000 annual visitors ○ Trade area population 486,000 • Close to Southern Expressway • 900 metres to the SA Aquatic and Leisure Centre • 700 metres to the Marion Holiday Park • Close to the Flinders University Campus • Close to several schools • Immediately opposite major bus route • 400 metres from the Marion Transport Interchange



Sturt road site provides the best access possible for residents of the City of Marion and beyond.

The Sturt Road site remains an important location as it ideally meets many of the essential criteria (Table 1) required by the Ice Rinks Adelaide business model including: main road frontage, proximity to a large shopping complex with integrated transport hub and accessibility by vehicle. Importantly, the market catchment area is geographically separate from the Inner North proposal (figure 3) therefore minimising market overlap and maximising access for the entire metropolitan Adelaide region.



Figure 3. Inner North and Marion Arenas provide optimum access for users.

2 Community Benefit of the Proposal

2.1 Community and Recreational Outcomes

Social Benefits

The concept of the ice rink as a centre for attracting and fostering community has been a long tradition in South Australia from the humble beginnings in Hindley Street, Adelaide, the first ice rink in Australia, more than 100 years ago.

Ice rinks and rock-climbing facilities easily accommodate large groups of people of all ages in a safe and fun environment and encourage social interaction and healthy activity. The attraction and “crowd pull” of ice rinks is evidenced by the number of pop-up ice rinks during winter (figure 4).

Health Benefits

Research on the benefits of sport and recreational activity on health were demonstrated in the 1950s. Since that time, this area of research has continued to expand to look not just at the physical health improvements, but also mental and social improvements associated with physical activity. Australia like most western countries is losing the battle on obesity with ever increasing health problems and cost implications stemming from the rise in overweight people.

General fitness training and Australia’s first “Ski-fit” classes will offer novel and exciting exercise programs on low impact ski machines

Ice skating is a popular activity as is evidenced by the increasing number of “pop up” ice rinks each winter.



Figure 4. Popularity of temporary ice rinks (Glenelg SA, 1 July 2018).

The health benefits of the proposed Marion Arena may not be directly measurable. However, children and adults alike are expected to participate in activities that will have long term positive health outcomes for individuals.

The proposed Marion Arena will have a diverse offering of activities suitable for all age groups in addition to ice and rock sport specific pursuits. General fitness training and Australia’s first “Ski Fit” classes will offer novel and exciting exercise programs on low impact ski machines. Forecast recreational visits against activity are identified in table 2.

Table 2. Recreational visits by activity.

Recreational visits summary	
Ice skating	48,800
Snow Play	7,000
Rock Climbing	22,000
Bouldering	15,000
Play Café	18,000
Funtopia	20,000
Ski Fit	4,000

These new and interesting activities may be the catalysts for some people who have not found a form of exercise that they enjoy to finally get active. For many others it may increase their activity levels to an amount that medical practitioners recommend for good health outcomes.

**Sporting Benefits**

Good quality sporting venues inspire people to participate, however venues alone cannot drive continued growth in sports. This requires a targeted plan executed by the right people. Ice Rinks Adelaide has consulted with peak associations to ensure the facility meets the needs of its members. Strategies are also being developed with peak associations to maximise the growth in participation across all sporting disciplines.

Interstate rinks have demonstrated that new and quality infrastructure attracts and retains increased sports participation, for example, the O'Brien Group Arena in Docklands, Melbourne increased registrations for league ice hockey by more than 1,000 in the first twelve months of opening. Registrations have continued to grow while non-league ice hockey has grown to the point it is nearly impossible to book new ice time slots. A new additional rink has opened in Victoria and plans are underway for a fourth general public facility and one training rink for professional teams.

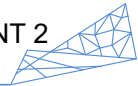


3 Services, programs and activities

3.1 Sports Specific School Programs

Ice Sports

Allocated rink time for sport allows ice sports to be expanded into school programs. Ice Rinks Adelaide has developed programs, aimed at increasing participation across all ice sports in schools. A specific inter school ice sports competition will be expanded to all schools in the local area.

**Rock Climbing**

As a new Olympic sport rock climbing is expected to experience greater interest and uptake in participation beyond its recent stellar worldwide growth. A rock-climbing academy integrated within the secondary education curriculum will be established in the same format as the ice sports giving students a diversity of options within their school's physical education streams.

3.2 Other Programs and Activities

After School Programs

Programs will be available to encourage participation in ice sports and sports climbing outside of the school system. The first of the programs will be based on the highly successful and internationally acclaimed Figure Skating in Harlem <https://figureskatinginharlem.org/>, also recognized by the US Olympic Committee, Beyond Sport and CNN Heroes.

School Holiday Programs

The Marion Arena will run special holiday programs across the disciplines for the duration of school holidays. Programs will comprise "lock in" events so parents may leave children in the care of the facility to attend events without the need to find expensive out of school care. Other specialist programs have been designed to assist budding athletes develop skills in their chosen sport.





4 High level market needs analysis

4.1 Ice Sports in Australia

Ice sports, particularly ice hockey, have grown to such an extent that there is no longer ice time available for clubs and leagues to expand

Ice sports and recreational ice skating have experienced considerable growth in the last twenty years. Ice sports, particularly ice hockey, have grown to such an extent that there is no longer ice time available for clubs and leagues to expand.

Australian Ice Hockey League (AIHL)

The AIHL is the preeminent hockey league in Australia. The league is semi-professional with 8 teams competing in a national competition. The Adelaide Adrenaline team is the only South Australian team in the league and games regularly sell-out in the small capacity 550 seat Thebarton Ice Arena.

Additional teams will be created in both the men's and women's divisions with one of each making the Marion Arena their home base.

Adult League Ice Hockey

Adult league ice hockey has grown considerably in the last couple of decades from two four team divisions (A and B grade) to four divisions in 2017 (Premier League, A, B and C grade).

Premier League

The Premier League (formally A Grade) was introduced in 2017 to accommodate the continued expansion of lower level hockey in South Australia. The League comprises five teams. The division is the highest level of State based full checking (contact) ice hockey.

A Grade

The A Grade competition comprises five teams and is the highest level of non-checking ice hockey in the state.

B Grade

In 1996 the B Grade ice hockey division comprised four teams. It expanded to nine teams in 2016 and back to four teams in 2017 following the introduction of Premier League and C Grade. A request for a tenth team to be added in 2016 was rejected by the state association due to the unavailability of ice time.

C Grade

In the ten years since inception, it has grown to twelve teams in a twodivision competition. In 2017 the division was formally included into the winter league structure.

This lower division provides great opportunities for players with limited experience and for junior players who are not ready for higher competition leagues to participate in ice hockey. Its expansion is expected to continue as the profile of ice hockey grows.

A summer C Grade League also operates to accommodate those players who are not able to play winter league due to lack of ice time available for additional teams.



Junior League Ice Hockey

Junior leagues are graded by age with 8 teams across three divisions. The lack of availability of ice, and the times allocated to ice hockey generally, has severely restricted the growth of junior leagues. Despite these impediments the junior program continues to produce skilled ice hockey players with good retention rates in the adult leagues.

Total increase in ice hockey participation

In the last eight years the number of ice hockey players has more than doubled. The total number of players is even greater if non-organised recreational activity is included.

Ice hockey will continue to grow with new facilities. Access to these facilities will also become an attractive selling point for the City of Marion.

4.2 Rock Climbing

Rock and sport climbing is experiencing significant growth worldwide. The International Federation of Sport Climbing (IFSC) reports:

- 25 million people worldwide are climbing regularly.
- Based on liability waivers; estimated that between 1,000 and 1,500 people are trying climbing for the first time every single day, in the US alone.
- In Austria, the number of members and member clubs in 2008 was 23,170 in 141 clubs. In 2016 it has grown to 64,140 members in 176 member clubs.
- In England, the number of young people taking part in the BMC Youth Climbing Series increased by 50 per cent in the last five years.

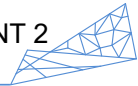
Sport climbing is expected to experience significant growth beyond what has already been experienced following its inclusion in the Olympic Games

Climbing Business Journal reported:

- The US experienced double-digit growth in climbing gym openings from 2013-2015.
- The US is expected to increase the number of climbing gyms by 13 per cent in 2016
- In Canada the growth rate is greater and is expected to grow by 15 per cent in 2016.
- Commercial climbing gyms grew a further 10% in 2017 and 11.8% in 2018.

Similar growth patterns are emerging in Australia despite the lack of facilities. For example, the national peak body for rock climbing competition, Sport Climbing Australia, experienced a 44 per cent increase in registered competition members from 900 in 2014 to more than 1300 in 2015.

ATTACHMENT 2

**Sport Climbing**

Sport climbing comprises three disciplines.

Lead - is the most common type of sport climbing. Competitors climb a long and difficult route in an attempt to reach the top. The winning climber is determined by the highest hold point reached. A time limit of between 6-8 minutes is determined by the route setter before the competition.

Bouldering – competition consists of climbing without belay ropes on short walls. Falls are stopped by safety mats. This discipline is marked by high difficulty concentrated into a short route, limited competition time, and close proximity to the spectators. The competitor's score is determined by the overall number of routes set and the number of attempts required.

Speed - is the only factor that counts in the speed climbing event. Competitors climb a slightly overhanging IFSC certified vertical wall with belaying from the top. Since 2007 the IFSC has created a standard wall for the world record. The climbing time is determined by mechanical-electric timing.

Olympic Sport

In August 2016 the International Olympic Committee announced that Sport Climbing would be included in the Tokyo Summer Olympic Games program.

4.3 Conclusion

Ice sports and rock climbing have much in common. The two sectors are experiencing growth in participation, the profiles of the sports are increasing nationally and internationally, they offer opportunities for young people to compete internationally, and neither has suitable facilities to accommodate existing demand or support further growth.

The City of Marion will be at the centre of this growth opportunity with the development of the Marion Arena.

5 Economic outcomes and employment opportunities

5.1 Tourism Benefits

The breadth of recreational, entertainment and sporting activities in an Ice Rinks Adelaide facility offer unparalleled tourism attraction for a single venue. The broad catchment is expected to attract visitors from across the entire southern half of the Adelaide metropolitan area.

Local businesses will also benefit from the short and long stay visitors attending sporting tournaments and training camps, many of which will occur during the typically quieter trading months of May through to August.

5.2 Employment Benefits

The Marion Arena will create more than 25 FTE ongoing positions (around 50-60 casual, part-time and full-time positions) and more than 60 FTE positions during construction.

It is expected that the attraction of events including national and international tournaments will also have significant flow on benefits to the local business community, further increasing employment opportunities.

Table 3. Total direct employment Marion Arenas

Employment figures
Direct employment – Marion Arena
60 FTE positions during construction
25 FTE positions ongoing (equating to 50-60 casual, part-time and full-time positions)

In addition to the indirect and direct employment opportunities (Table 3) there are many other opportunities, for young people in particular, to develop skills that are transferable to the workplace. Voluntary positions in sporting associations, tournament organisers, skate patrol, rope guides and rock-climbing route setters learn and refine skills and knowledge that will assist them in obtaining employment.



5.3 Networks and Support

Peak Associations

Peak state and national bodies representing ice sports and rock climbing have been regularly consulted and are actively involved in Ice Rinks Adelaide's projects. Australia's most prestigious sporting institutes, Olympic Winter Institute of Australia and the Australian Olympic Committee lead the long list of associations supporting the ice sport and rock-climbing infrastructure as proposed by Ice Rinks Adelaide (Table 4).

**Enormous support
from the community,
council, peak bodies
and Australian
Institutes**

Table 4. Summary of institutes and organisations supporting Ice Rinks Adelaide

National Institutions	
Olympic Winter Institute of Australia	
Australian Olympic Committee	
State and National Sporting Associations	
South Australian Ice Sports Federation	State Peak body representing all ice sports
Ice Hockey Australia	National association for ice hockey
Ice Hockey South Australia	State association for ice hockey
Australian Ice Hockey League	National ice hockey league competition
Para Ice Hockey Australia	National association for para ice hockey
Adelaide Adrenaline	State AIHL team
Recreational Ice Sports Association	State association for recreational ice sports
Broomball Australia	National association for Broomball
Australian Ice Racing	National association for speed skating
Sport Climbing Australia	National association for sports climbing
Sport Climbing South Australia	State association for sports climbing
Climbing Club of South Australia	State association for rock climbing
Uni SA Rock Climbing Club	Largest rock-climbing club in South Australia
RAVTASS	Multi-sport association

6 Capacity to fund, deliver and operate a community/recreational facility

6.1 Business Viability

Several years of research and analysis was undertaken to determine the mix of recreational and sporting activities to be incorporated into all Ice Rinks Adelaide's facilities. Existing and future demand, demographics, population trends and market gaps were among the many variables assessed.

The scope and type of activities included in the business model were rigorously stress tested to provide confidence in the likely success of the project and to attract the necessary third-party investment.



The KPMG report concluded that all assumptions and forecasts presented in the business case and other supporting documentation were considered reasonable

Prudential Review

KPMG were commissioned to undertake a prudential review of the Playford Arena in 2016 as part of State Government and the City of Playford assessment requirements for financial assistance. The review considered the business case, financial assumptions, tourism expenditure forecasts, employment numbers, revenue and operating expenditure forecasts, construction costs and overall financial viability of the project.

The KPMG report concluded that all assumptions and forecasts presented in the business case and other supporting documentation were considered reasonable.

Ice Rinks Adelaide has applied the same level of rigor to the feasibility of the Marion Arena and is confident of the viability of the facility and the many associated economic, employment and community benefits.

6.2 Operational Capability

Operations Joint Venture

The Marion Arena will be operated and managed through a joint venture entity formed by Ice Rinks Adelaide and the Pelligra Group. The Pelligra Group has considerable experience in sporting facilities with more than 40 sporting properties and businesses in their portfolio across Australia. In March 2021, the Pelligra Group purchased the Titanium Basketball Stadium and announced a \$24 million upgrade to the facility.

The Pelligra Group has developed more than 1,200 prestigious properties across Australia and is increasingly investing into South Australia. Since the purchase of the GM Holden site in Elizabeth the Pelligra Group has purchased other iconic properties in South Australia including Pirie House (89 Pirie Street), Wakefield Hospital (300 Wakefield Street) and 157 Grenfell Street, Adelaide.

Management Team

The management team is a significant strength of this proposal. Operational management will be controlled by managers with a combined ice rink management experience of 70 years. Ice rinks are a niche market with a limited number of experienced managers in Australia. The team assembled to manage the facility are highly experienced and held in high regard within the industry and ice skating community.

The management team experience is not limited to running ice rinks. All members have extensive experience in ice hockey as players and coaches of state and national team standing and figure skating coaching to senior levels. They build and encourage a sense of community that attracts and retains ice sport participants and recreational skaters.



6.3 Deliverability

The project will be delivered by the Pelligra Group.

The Pelligra Group is one of the largest private development and integrated building companies in Australia. Over the last 60 years the company has developed more than 1,200 properties in Australia and overseas and maintains a diverse multi-million portfolio with 800 long term tenants.

Project footprint includes Victoria, South Australia, New South Wales, the Philippines and China. Recent commercial acquisitions exceed 2 million square metres. In September 2018 the Pelligra Group purchased the Ford Broadmeadows and Geelong facilities adding another 100 hectares of land and 265,000 m2 of buildings to their portfolio. This is in addition to the purchase of the former Holden site in Elizabeth, South Australia.

The company has considerable experience in master planned sites and complex developments. Projects include commercial precincts, retail, hotels, sporting facilities including gyms, industrial parks, large format bulky goods and shopping mall complexes. Project management experience of senior staff include high end developments such as the Royal Children's Hospital and Etihad Stadium.

The company has also worked closely with governments in private-public partnerships to assist governments in meeting their objectives.

The Pelligra Group has demonstrable capacity to finance large projects. The recent purchase of the former Holden and Ford sites are recent examples. An additional \$500 million is earmarked for investment in the Victorian sites.

Development experience in South Australia

Lionsgate

The former GM Holden vehicle manufacturing facility was acquired by the Pelligra Group in December 2018 following a delayed settlement, figure 5. The site is one of Australia's largest brownfield industrial estates and an important part of South Australia's economic and manufacturing history. During the pre-settlement period Pelligra undertook:

- Remediation undertaken at the site totalling \$20m, EPA clearance in mid-2019
- Re-positioning and rebranding of the estate to "Lionsgate"
- Retained existing GM employees - engineering, facilities management, business managers and other
- Legacy showcased through on-site museum/heritage display
- 600 jobs committed through various onsite tenants
- A substantial decommissioning process



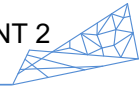
Figure 5. Lionsgate, former GM Holden site Elizabeth

The site is being transformed to accommodate a diverse mix of uses including:

- Industrial
- Commercial
- Food, beverage and pharmaceutical
- Mixed use
- Future sports and recreation



Figure 6 Master planned redevelopment of the former GM Holden site



The existing gross lease area of comprises 264,000m². GM Holden lease 35 percent of the site and a further 9 tenants, including global and multinational companies, have taken leases. Several new building developments and sports and recreation facilities have been master planned for the site, figure 6.

89 Pirie Street, Adelaide

The former People's Palace/Alliance Head Office was built in 1871 with a French Renaissance style façade, figure 7. The building is situated in a prestigious Adelaide CBD location with three separate frontages.

After acquiring the building the Pelligra Group commenced a multi-million refurbishment of the whole building. The gross lease area is 11,000m², providing 8 levels of high-quality office space. A café/food and beverage offering will be added to the ground level and a new roof top bar is to be constructed on the 9th level. Existing façade glazing is to be replaced with powder coated Viridian glazing.



Figure 7 89 Pirie Street



Experienced with Public Private Partnership with local government

Hunter Werribee – 22 Synnot Street Werribee

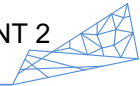
The \$80 million Hunter Werribee project, figure 8, is a “Gateway Development” comprising a 12-level landmark mixed-used building. The property is located on a 2,586 sqm parcel of land on the corner of the busy intersection of Synnot Street and Station Place. The site marks a key entry point to the Werribee City Centre.



Figure 8 Hunter Wirrebee project

The building comprises:

- 150 hotel rooms, conference room, gym and café facilities with dedicated lobby
- 3,000 sqm council office and 90 carparks
- 825 sqm office
- 1102 sqm education centre
- Ground floor retail and café
- 105 private carparks
- 167 public carparks purchased by Wyndham City Council



Experienced with master planning and reactivating sites

Brookland Interchange Laverton North

Master planned site featuring 56 strata warehouses, 8 retail outlets, 6 large warehouses, 6 showroom warehouses and three levels of office accommodation over 34,892 sqm.



Figure 9 Brookland Interchange Laverton North

Assembly Broadmeadows, Campbellfield, VIC

Previously Ford Australia's manufacturing headquarters facility over the past 50 years. 60 hectares of industrial-zoned infill land and 151,000 m2 of existing improvements was acquired for A\$102.1 m (plus costs).

Significant value will be added via a staged master development plan, figure 10, consisting of:

- At settlement complete refurbishment and let-up of the 2 existing warehouses and hardstand areas,
- Brownfield development of a food manufacturing, trade supply hub including service station and fast foods, and
- Brownfield development of new purpose-built logistics facilities.

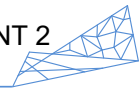


Figure 10 Broadmeadows development master plan

The Broadmeadows site is one of the most significant industrial assets in Northern Melbourne. Despite the initial offering by Ford to sell 40ha the Pelligra Group negotiated the purchase of 60.3ha after winning the tender. Ford is retaining approximately 20 ha as one of their three global research and development centres, including high end car production and modification for the local market.



6.4 Proposed Construction Timeline

Indicative schedule:

Date	Milestone
2021	
July	Council decision
November	Revocation of land complete
December	Final draft concept
2022	
February	70 % documentation of architectural plans
June	Commence Construction
2023	
August	Construction complete Open to public

6.5 State Government Support

State Government grants/loans were critical components for the O'Brien Group and Playford Arenas

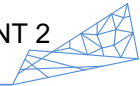
Sporting infrastructure is typically provided by State and Local Governments to encourage participation in sporting and recreational activity. Governments recognise the medium and long term benefits that stem from increased physical activity levels, the positive social impacts of sport and the opportunities that organised sport provides for athletes competing at higher levels. Facilities also play an important role in raising community pride, especially when they are recognised as world class facilities.

The capital costs of ice rinks are prohibitively high and unlike similar facilities in North America, Europe and Asia typically do not attract the same levels of government funding due to the low profile of ice sports in Australia compared to overseas.

Public private partnerships or government grants to assist with capital costs are important funding options that are necessary to encourage the development of new ice sports facilities. The Victorian Government grant of \$10 million for the privately owned O'Brien Group Arena was the critical factor that enabled the project to proceed.

The Marion Arena will require financial assistance from the State Government consistent with any expenditure on sporting infrastructure. The Pelligra Group and Cruachan Investments have engaged with the State Government at both Departmental and Ministerial levels. There is significant support for the development of ice sports facilities and recognition that the facilities are required urgently.

If the City of Marion approves this proposal a formal request for financial assistance will be made to the State Government.



6.6 Local Government Support

Purchase of Sturt Road Land

Project finance requires freehold land. In this context Cruachan Investments and the Pelligra Group will offer \$1.2 million to purchase the land for the specific purpose of developing an ice sports and rock climbing facility. The value was determined after considering the commercial value of a development restricted parcel of land and the community value of the facility.

Purchase of the land will enable the City of Marion to invest \$1.2 million into other sports and recreation projects across the city, while also getting a privately funded state of the art sporting and recreation development.

The proposal does not require any funding from the City of Marion however an arrangement on rates will be expected pursuant to the Council's rates policy.

ATTACHMENT 3

Marion Council Questions

1. Details regarding the rate agreement you will be seeking?

As the facility is predominantly a sports arena and servicing the immediate local area it is desirable to minimise costs to reduce sports fees.

Most if not all sports facilities are not subject to paying rates as the facilities are typically council or government owned. Non-government facilities are usually gifted facilities and do not pay rates.

The anticipated rate agreement would comprise a ten-year rate free period with a review at the end of the period.

2. What will the availability be for recreational skating vs ice sports?

The centre will operate on a time-tested model of single ice sheet facilities from around the world. Ice schedule will generally comprise the following example:

Monday-Thursday

5.30am-8.30am	Sports - figure skating and skate school
8.30am-3.00pm	Recreational – School and general session
3.00pm-6.00pm	Sports - sports specific training (i.e. junior hockey, speed and figure skating)
6.00pm-8.30pm	Recreational
8.30pm-11.00pm	Sports – training (adult hockey and official games)

Friday

5.30am-8.30am	Sports - figure skating and skate school
8.30am-3.00pm	Recreational – School and general session
3.00pm-6.00pm	Sports - sports specific training (i.e. junior hockey, speed and figure skating)
6.00pm-11.00pm	Recreational

Saturday

5.30am-9.30am	Sports - figure skating and skate school
9.30am-3.45pm	Recreational
3.45pm-6.45pm	Sports – official games and competition
6.45pm-11.30pm	Recreational

Sunday

6.30am-9.30am	Sports - figure skating and skate school
9.30am-5.00pm	Recreational
5.00pm-10.00pm	Sports – official games and competition

3. Can you confirm timing of the other ice rink proposal and how that timing will affect this proposal either if built before or after?

The second facility is expected to commence construction in early 2022. The facility is a major sporting complex with stadium seating and consequently will have a longer construction time.

Expectation is to commence construction of the Marion facility in early to mid 2022 and will be completed before the second facility. The timing of the second facility

ATTACHMENT 3

will have no affect on the Marion facility. The Pelligra Group has sufficient capacity to develop multiple projects simultaneously.

4. Of the 25 ongoing employees can you confirm how many jobs will be available for general community (non-specialist) roles?

20 positions will be non-specialist roles.

5. Are you able to provide any updated commitment in writing from the Pelligra group?

The existing commitment remains unchanged. The Pelligra Group and Cruachan Investments are working toward developing and operating facilities across Australia.

6. Can you provide any details regarding the environmental initiatives/outcomes you will incorporate into the development?

The facility

- with be fitted with solar panels
- reuse waste heat generated from cooling/freezing plant to heat boilers for hot water and space heating
- reuse water
- will employ latest energy efficient plant and equipment
- laser levelling (ice resurfacers) to minimise the total volume of ice thereby reducing energy consumption

7. What is the scale of the proposed cafe/restaurant eg. chips and coke, or full meals and alcohol?

The café/restaurant will be full functioning with meals and alcohol. However, unlike the original proposal the café/restaurant will be designed to cater for patrons using the facility rather than as a standalone restaurant.

8. If Council agrees to the sale, are you able to make payment for the land at time of transfer prior to development commencing?

Yes

9. Are you willing to cover all costs of land transfer?

Yes

10. How many car parks does your proposal require to function?

Approximately 130 car parks.

11. What is the total project cost split (proponent vs State)?

The State contribution will be less than fifty percent of the total project cost. The amount will be determined after final costings are known and a final operating budget is considered. The objective is to create a facility with lower operating costs that will allow affordable participation in ice sports and recreational activities.