

Suzanne Benetti
Project Support Officer

Shire of Serpentine Jarrahdale
6 Paterson Street, Mundijong, WA, 6123
www.sjshire.wa.gov.au



**We wish you a Merry Christmas
and a safe and happy New Year.**

View our closure dates over the festive season

From: Brooke Koenig <[REDACTED]>
Sent: Thursday, 8 December 2022 2:15 PM
To: Paul Martin <[REDACTED]>
Cc: Kent Burton <[REDACTED]>, Clayton White <[REDACTED]>, DLGSC
Community Infrastructure <[REDACTED]>
Subject: RE: Kiernan Park Recreation Precinct - FAA2 Approval Process and cash flow issue

Good afternoon Paul,

As per the Shire of Serpentine Jarrahdale's (the Shire) request to access \$1.5 million of the remaining \$18 million of the WA Recovery Plan commitment – Stage 1A Keirnan Park Recreation Precinct, we are progressing a Deed of Variation to the Shires existing Financial Assistance Agreement (FAA1).

The Deed of Variation is subject to Minister approval.

We will be in touch once an outcome is known, or if we require any further information is required from the Shire.

Kind regards,

Brooke Koenig
Senior Project Manager | Community Investment | Infrastructure

Department of Local Government, Sport and Cultural Industries



Department of
Local Government, Sport
and Cultural Industries

The Department acknowledges the Aboriginal peoples of Western Australia as the traditional custodians of this land, and we pay our respects to their Elders past and present.

From: Paul Martin <[REDACTED]>
Sent: Thursday, 1 December 2022 10:58 AM
To: Brooke Koenig <[REDACTED]>
Cc: Clayton White <[REDACTED]>
Subject: Kiernan Park Recreation Precinct - FAA2 Approval Process and cash flow issue
Importance: High

Hi Brooke,

Thank you for your time earlier this week to discuss this matter at such short notice.

As discussed with yourself, we were enquiring about the progress of F.A.A.2 funding agreement regarding Kiernan Park Recreation Precinct.

We were hoping to find out approximate timing from DLGS regarding the approval which is anticipated in 2023. Noted your comments, whilst DLGS have completed their internal report process, the timing is difficult to estimate at this stage. As you have confirmed, the report has been finalised by DLGS internally, however it has now been referred to the Minister and then will be passed on to the Treasurer. It is likely the report will be in queue amongst a list of other projects for review by the Treasurer.

We also note your comments that the balance of the approved funding, as per FAA2, is not in question and is a matter of process only. This is promising to hear at the Shire as we approach the end of planning and detail design phase. Along with the original FAA1 funds of \$2M from DLGS, Shire had matched funds to assist the project progress through the planning and design phase. We anticipate completion of this phase by approximately March 2023 and were anticipating the FAA2 to roll us onto the Construction Phase. Given the time gap for FAA2 funds, there is an immediate need to cover the costs to date. Please note that these costs are generally made up of External (Consultants' scope and fees) and Internal (project team's time). From day one, the project team has been working on number of fronts to ensure planning (and it's associated enabling works) are executed correct and on time to assist with detail design.

The table below is an update to date reconciliation of the project costs to date against the agreed project Budget together with a forecast to the end of March:

Item	Description	Projected Project Spend (as per May 2022 OCM)	Project / (as at 31)
1	Building Act - AFL Pavillion	4,907,000	
2	External Works - (Incl. preliminaries)	4,659,000	
3	External Works - (Incl. preliminaries)	1,513,000	
TOTAL CONSTRUCTION COSTS (TCC)		11,079,000	
4	Contingency (Design and Construction)	1,659,000	
5	Headwork and Statutory Charges	included	
6	Building Act compliance	included	
7	Public Art	50,000	
8	FFE	250,000	
9	Professional Design	2,364,426	
10	Enabling Works	1,000,000	
GROSS PROJECT COSTS		16,402,426	
11	Escalation	762,000	
ESCALATION NET PROJECT COSTS		17,164,426	
12	Shire SJ Costs	1,900,000	
13	Preliminary works to second oval/ Project Contingency	1,100,000	
ESTIMATED TOTAL PROJECT COSTS		20,164,426	
	Grant Funding Received to Date		
	Shire Funds Spent to Date		
	Total Funding Sources		
	Funding Remaining to Claim		

Enabling works include such things as water boring, Aboriginal studies and consultation, clearing permits, Western Power costs for a new transformer etc.

As can be seen from the above by the end of March we expect to have expended \$1.46m above the current funding agreement on Shire costs and enabling works. The March date is chosen as a milestone due to the following:

- detail design will be completed including feedback on drawings. This is occurring now.
- water boring will be finished and hopefully a final water source will be identified and approved by DWER.
- all approvals including clearing, Aboriginal sites etc will be in place.
- tender documentation for stages 1A including the two ovals, pavilion, carparking etc will be completed.

This will mean that by March we will be in a position to call tenders for construction to align with whatever the funding amount approved by the government is for this project. At this point we will also have completed all the milestones and requirements for FAA1 so this can be closed out.

This would be manageable if the new funding agreement is signed and first payment made within the current financial year however if for whatever reason this is delayed this will become a significant issue for the Shire.

When the project commenced and we have the second \$18m funding agreed, drafted and signed by the Minister this was not an issue and we would have been able to manage cash flow with the drawdown on the first payment of this agreement. However, the cancelling of this funding agreement whilst the government is considering our request for an additional \$4 to fund the second oval is presenting a significant cash flow issue for us. Furthermore, time taken

to date and the uncertainty of the timelines associated with this decision is impacting upon us and is developing as a major project risk.

You will note we are not over budget as the above table demonstrates we are within and still project to be within the project budget for the life of the project, this is just a cash flow issue until the second funding agreement (for whatever amount it is in executed).

I believe it is in the State's and the Shires interest to get to the March project gateway and milestone and be in a position to call construction tenders for a well-planned project.

My request is can the government provide us with a second funding agreement for the amount of \$1.5m in line with the project budget above of the total project funding for the following purposes:

- Enabling works
- Shire costs including project management for the project to date.

This can either be a separate funding agreement or a modification to the existing agreement.

We would then be able to wait until the government considered if it is going to provide the remainder of the \$20m election commitment or increase the project to fund the second oval and have no risk from a cash flow perspective.

Alternatively if you have a clear timeline on the request to consider additional funding and could see a scenario where the second funding agreement for enabling works, shire project management and construction was in place and first payment made asap this would resolve the situation.

Would this be something you could discuss within your team and come back to us with a response. If needed we are happy to make a request to meet with the Minister to make our case for this request if you think this helps.

As always we are happy to answer any questions you might have or provide and further information.

Look forward to hearing from you.

Regards,

Paul

Paul Martin

Chief Executive Officer

+618 9526 1111

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