



# KINGSTON PARK IMPLEMENTATION REPORT October 2019



*This report is regularly updated and released for public information.*

# 1. INTRODUCTION

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This report has been prepared as a quarterly update on the progress of the Kingston Park project. It is Council's way of regularly reporting to the Kingborough community. Such reports have been produced since August 2017.

Although this project has been underway for a number of years, it was not until early 2018, that significant on-ground work occurred on the site. It is important that a reporting mechanism such as this explains what this construction entails and what the forward construction program is to be. It is also important that the financial status of the project is described – bearing in mind that, although large up-front costs are necessary to provide the initial public infrastructure, these are more than outweighed by the subsequent direct and indirect economic and social benefits for Kingborough.

Council is providing this report every three months for general public information. Within it there is a description of the background to the project (2) – as there will always be many people who are not aware as to why it is so critically important for Kingborough. The subsequent sections describe the main construction projects (3) that are being managed by Council – these currently are the Community Hub, Goshawk Way Road, Pardalote Parade (road and pedestrian corridor) and the Public Open Space (including a large children's playground). Following this there is a section on the land release strategy (4) for the site – how land is to be subdivided and developed over time. There is then a financial report (5) consisting of the expenditure to date, the amount of project borrowings and future short term expenditure. The section on communications (6) reports on the latest news about the project and how this has been or will be more broadly communicated and the final section deals with project governance (7) and administration.

**The main updates each quarter will be made to sections (3), (5) and (6).** It is these sections that should be focused on by those who have been regularly reading these reports and following the project's ongoing progress.

Council is interested in obtaining any comments or thoughts about the project. There is an opportunity to do this by emailing the Kingston Park Project Team at: [kingstonpark@kingborough.tas.gov.au](mailto:kingstonpark@kingborough.tas.gov.au) There will of course be many good ideas that could be incorporated within the project as people become more informed and enthusiastic about it. The detailed aspects of the Kingston Park Development Plan continue to evolve and it is important that everyone has an open mind to future opportunities.

## 2. PROJECT BACKGROUND

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Kingston Park is the former Kingston High School site and is located immediately to the north of the Kingston Central Business District. The redevelopment of this site constitutes the most important development opportunity within Kingston and how it is developed will be critical in determining the future viability of the whole Kingston CBD. It is the most critical single project for the economic future of the Kingborough municipality.

The future development of the 11.3ha Kingston Park site can only be considered within the context of this CBD. Its primary objective is to encourage and complement the future sustainable development of the whole of central Kingston and Kingborough more generally. A great deal more private and public investment will occur within Kingston if the whole central area is progressively developed in a cohesive and integrated manner.

Development that occurs on the site will provide local recreational and cultural attractions and fill gaps in the services that the local community needs. If Kingston is to be the main commercial centre south of Hobart then this will depend on how this Kingston Park site is developed. It has been often stated that this is a once in a lifetime opportunity for Kingborough, in that its development will really improve the public amenity and facilities within central Kingston. It is a truly unique development opportunity and care must be taken to obtain the optimum result.

Kingborough has, for the last 20 to 30 years, had a greater increase in population than any other municipality in Tasmania and this is expected to continue to grow at a similar rate in the next few decades. Kingborough's close proximity to Hobart, the availability of suitable land, good transport routes and the area's inherent natural attractions as a coastal municipality have all been major drawcards for new residents. However, almost 60% of all Kingborough's employed people travel north to Hobart or beyond to work. There should be many more local services and employment opportunities in order to reduce this daily traffic out of Kingborough – making it more convenient for local residents and reducing travel times and congestion in Hobart. It is within this context that building a strong, sustainable CBD is so important.

A Development Plan for the Kingston Park site was prepared during 2012-2013 (a copy is on Council's website) and it described the proposed development that is to occur on the site. It contains an urban design framework that enables new forms of development and the planned delivery of infrastructure to support that development. There is to be a mix of commercial and residential uses, together with public open space and community and cultural facilities. About one-third of the site's area is utilised by each of these generic land uses – that is, one third is to be sold for residential or commercial use, one third is retained for public open space and one third is for community uses and public infrastructure.

Although a great deal has occurred since that Development Plan was prepared, it still forms the basis for most of the current and future site development that is occurring.

For Council, this project also needs to be economically feasible. The brief for the original Development Plan required that a proposal be developed that addressed local land use needs, was well designed and broke-even financially. This is a stand-alone project that is not being implemented at the expense of other scheduled public infrastructure projects in the municipality. Land is to be sold (for purposes that will further activate the CBD) so that there is revenue to pay for the public and community facilities that are to be provided on the same site.

The urban design provides for a vehicular 'boulevard' (Goshawk Way) that passes through the site – from the former school's entrance through to a new junction with Beach Road. A pedestrianised 'promenade' (Pardalote Parade) extends from Channel Court, through the existing Council parking area on John Street, past the new Kingston Health Centre and Community Hub through to the walkway under the Southern Outlet. Figure 1 below provides an overview of what is proposed. Apart from a few detailed design changes, this layout is essentially still consistent with what was proposed in the original Development Plan.



**Figure 1 – Site Development Plan**



Council has previously commissioned independent economic assessments of this project and they have determined that the project will make a significant contribution to the Kingborough economy. The economic benefits of the project were found to be during both the construction phase and on an ongoing basis within Kingborough. During construction, many jobs will be created – then determined to be about 67 jobs per year over a 10 year construction period (worth almost \$80M per annum) – and \$90M worth of development will occur on site (generating \$205M worth of multiplier impacts). The eventual redevelopment of the site will generate well in excess of 600 new jobs and increase the ongoing retail expenditure by about \$3.7M per annum within Kingston.

It is worth noting that these figures were determined in 2015, and the current Project Development Agreement (with the contracted private developer) predicts that about three times as much future development will in fact occur on this site, with commensurate increases in economic benefits. It is envisaged that a more up to date independent economic assessment (or cost-benefit study) will be commissioned in the near future.

While these economic benefits are significant, there will also be a stimulation of additional investment on other nearby private properties within central Kingston. An early investment by Council will build local confidence – and there is some recent evidence that this is in fact occurring. It is also worth noting that there will be future increased rate revenue benefits from this project for Council, within both the Kingston Park site and central Kingston more generally. Some of this additional revenue to Council will need to cover the future costs associated with the ongoing management and maintenance of the playground, parklands, streetscape and maintaining the Community Hub facility. It is proposed that the project (including the private development on site) will be fully completed within about 10 years.

The economic benefits for Kingston are complemented and enhanced by the many social and community benefits that this proposed site development will provide. The future growth in demand for services is inevitable (as a consequence of population growth) and this project is primarily about preparing the Kingborough community for this growth. Future generations will judge us on how well we have taken the opportunity to utilise this land to develop a truly sustainable and viable central business district.

The social benefits of the project include the availability of a new and expanded Kingston Health Centre; a new multi-purpose Community Hub facility that will provide spaces for a variety of community and cultural activities (the future “heart” of central Kingston); a large area of public open space with a children’s playground and other landscaped features and spaces for outdoor events; the inclusion of higher density residential areas that will bring increased activity into central Kingston, making it a safer and more attractive place to visit; and the potential for commercial entertainment and more things to do that encourage social interaction and community well-being.

A high quality of urban design is also an important component of this project. It is intended that Kingston Park will be a showpiece and an example for other private developments throughout the municipality. It will provide attractions that are creative and innovative in order to generate increased visitor levels and community pride – and so help to sustain the long term future of central Kingston and the Kingborough municipality.

### 3. PROJECT DEVELOPMENT COMPONENTS

#### 3.1 Goshawk Way

Goshawk Way is to be the main through road within Kingston Park and will provide the main vehicular access to all of the main parts of the site. Its first stage of construction has initiated the site development and enabled the inclusion of the Community Hub and the State Government’s Kingston Health Centre (both now constructed) – and will then facilitate the further subdivision and development of the rest of the site. An important aspect of this road construction is that the main reticulated services and other related infrastructure are being provided to facilitate the overall redevelopment – such as stormwater, water, sewerage, power and telecommunications.

This through road provides an additional traffic option that will assist in taking the pressure off other through roads such as John Street and the Channel Highway. This will have an impact on the final design and upgrade of that part of the Channel Highway between John and Hutchins streets. Its relationship with these other roads within central Kingston is shown in Figure 2 below.

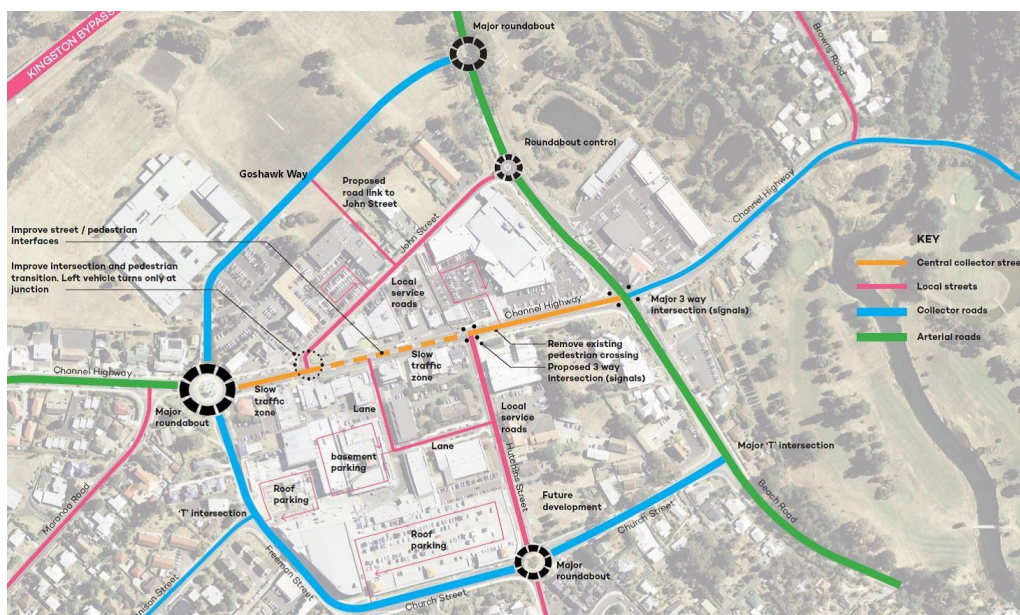
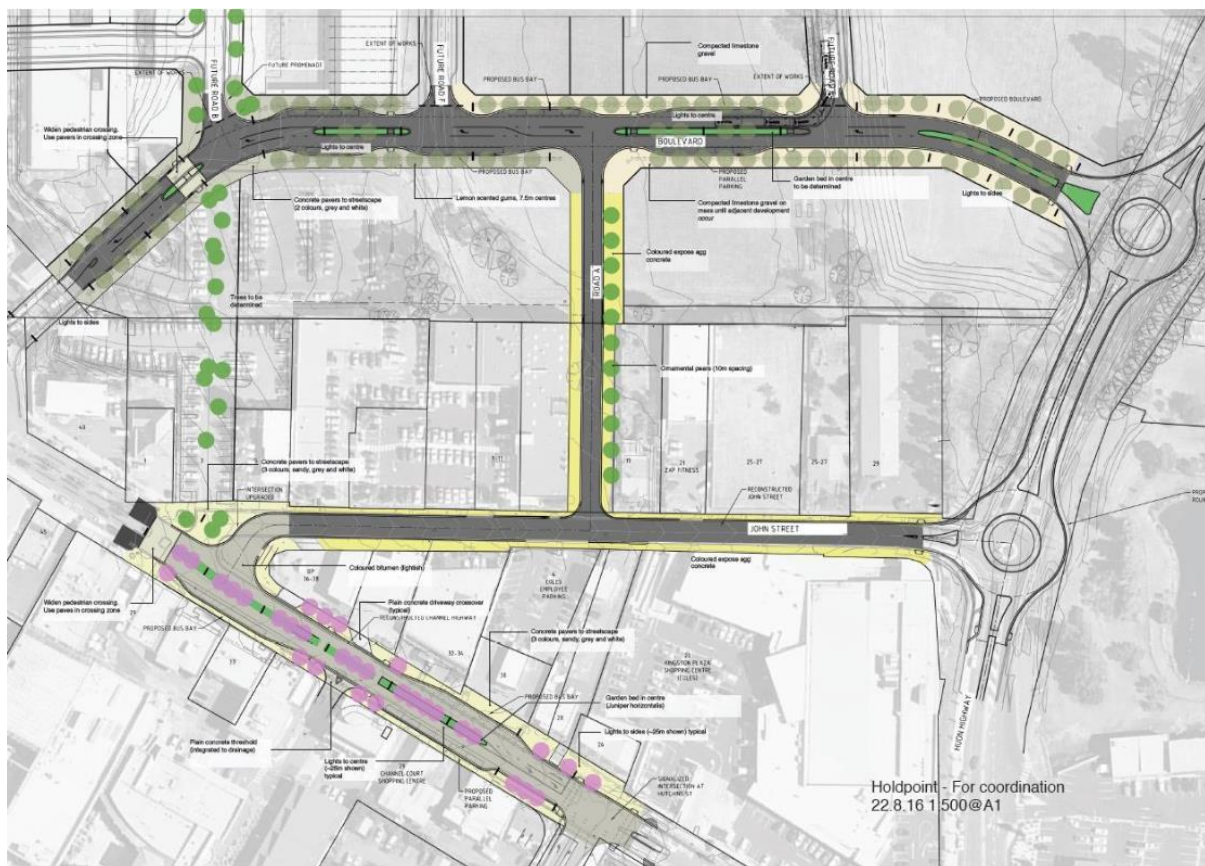


Figure 2 – Future traffic management within central Kingston

It should be noted that decisions are yet to be made in regard to some of the detailed proposals shown in this Figure. Council has commissioned GHD consultants to undertake a major traffic study of the central Kingston area. Traffic impacts across the whole of the CBD (and beyond) will be considered and recommendations made for the necessary road and junction upgrades in order to ensure efficient traffic flow and public safety. This will inform the design of roadworks around the periphery of Kingston Park and a future works program for road upgrades across the whole CBD. The results from these investigations will be publicly available in a few months.

The completed construction of the first stage of Goshawk Way is consistent with the alignment shown within the original Site Development Plan. It has been widened by a few metres to accommodate some roadside parking and wider footpaths. Goshawk Way will extend through to the Huon Highway where a new roundabout may be required. Figure 3 below shows the extent of the proposed roadworks (together with draft Channel Highway and John Street upgrades – the latter to be completed early in 2020).



**Figure 3 – Road construction within Kingston Park and proposed upgrade of Channel Highway**

This first stage of Goshawk Way involved the construction of the road from the Freeman Street roundabout through to just beyond the northern corner of the Health Centre site, as well as the link road through to John Street (Skipper Lane). This provides the necessary access to adjoining properties, facilitating their development.



The second stage is proposed to be carried out within the next few years and will involve the completion of Goshawk Way through to, and including, the new Huon Highway roundabout (the Huon Highway commences just after the John Street roundabout on Beach Road). The aerial photograph below shows the situation during the final stages of the Hub construction.



**Figure 4 – Site construction in December 2018**

### **3.2 Community Hub**

The Community Hub provides for a variety of community uses and will encourage increased social interaction in Kingston. It will be complemented by the adjoining landscaped areas, public open space and children’s playground. Following the completion of an architectural design competition, March Studio Architects were appointed project architects. A detailed design of the facility was then completed and a planning permit issued. Tenders were called for its construction and a contract awarded to Hutchinson Builders. Construction commenced in early April 2018 and was completed in March 2019. The following is a description of what the Community Hub includes (or will include).





**Figure 5 – Community Hub front entrance**

Upon entering the proposed building, there is an internal ‘street’ or corridor that takes the visitor past a **reception area** (with a facility manager there at most times) and a **tourism kiosk** that provides information about tourism and local community activities and attractions. **Public amenities and storage** within such a facility are obviously essential and their locations are indicated in the floor plan in Figure 7 below.

The **multi-purpose hall** provides a larger indoor space to be hired or generally used for displays, presentations, performances, workshops, exhibitions etc. The **town square** is the break-out public space from the multi-purpose hall – separated by a large door that is lowered from the ceiling and to which a cinema screen is attached. It is an area where other functions can be held – either in conjunction with the hall or separately. The design provides for all-abilities access, good acoustics, the incorporation of audio technology, power for community events, free WiFi, solar water heating and security.

A **café** is to be located alongside the town square and this will be leased out by Council. There is a room provided as a designated **co-working space** with individual work stations for people to work, study or meet with colleagues, plus a larger **meeting room** that will be available for community use and for hire. There is the capacity to add future modules and features to the building, plus there is a good **connection to adjoining public open spaces** –

particularly in relation to a future kitchen garden, children's playground and outdoor spaces for community events.



Figure 6 – Community Hub northern elevation render

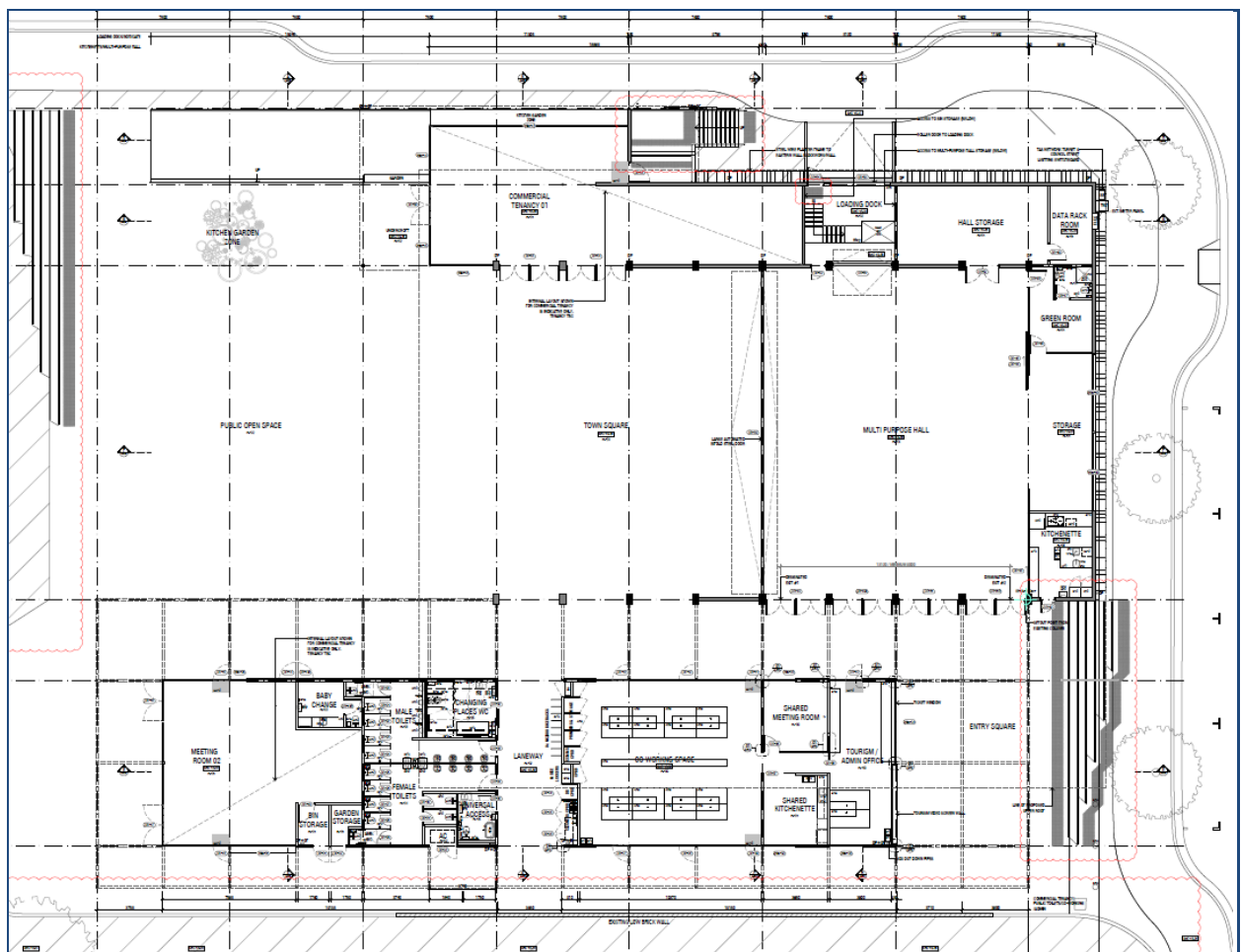


Figure 7 – Community Hub floor plan









**Figure 8 – Community Hub (July 2019)**

In 2017 Council was successful in obtaining a grant of \$2.8M for the construction of the Community Hub under the Australian Government’s Building Better Regions Fund and this grant was more than matched by Council funds. A formal opening occurred at the end of March 2019.

During 2019, Council will be transitioning the Hub to its full capacity and reviewing the future operational requirements and resources needed for when this facility becomes fully operational. For example, it may take some time to obtain a lessee for the café and have it fully fitted out for commercial use. Council will be managing this facility and will provide the necessary staff to administer it on an ongoing basis.

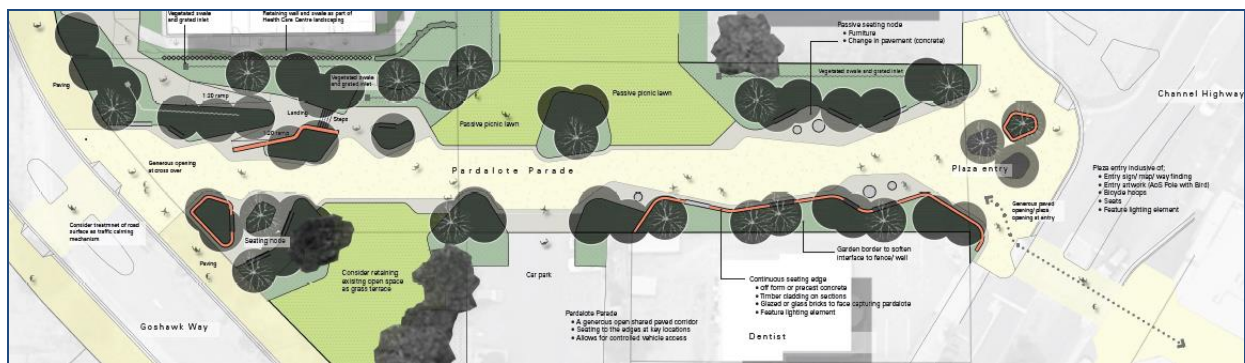
### **3.3 Pardalote Parade**

Pardalote Parade is the main pedestrian spine that connects the Channel Court retail precinct with Kingston Park. It then continues through the centre of the site to the pedestrian underpass at the Southern Outlet. It links the Kingston Health Centre, Community Hub and recreational areas to nearby residential and commercial precincts.

Pardalote Parade has two distinctly different sections. The first stage, which is south and east of Goshawk Way, is for pedestrians only and passes through the existing John Street car

parking area (part of which will be retained for public parking). The second stage is to the north and will provide vehicular access (and wide footpaths) to the playground and the medium density residential areas in Kingston Park's south western corner. Part of this latter section has been constructed in order to facilitate access to the Community Hub.

Council has commissioned Playstreet, renowned landscape architects and consultants, to design the pedestrian component and this design process is currently well underway – with the current proposal shown in Figure 9 below. It is envisaged that construction of this pedestrian section of Pardalote Parade will commence later in 2020. Part of this land is to be sold to the John Street Medical Centre in order to cater for the parking needs of that business.



**Figure 9 – Pardalote Parade (conceptual framework by Playstreet)**

Pardalote Parade will be constructed to a high quality with spaces for resting, outdoor eating, vegetation, public art and shelter. Its design will need to be sensitively considered in order to encourage the activation of adjoining developments. Specific consideration will be given to safe pedestrian and bicycle access along the whole length of Pardalote Parade.

### 3.4 Public Open Space

The design of the public open space area is an important stage in the future development of the overall site. The original Site Development Plan provided a basic description of what would be provided and this has been used as a starting point for the more detailed design currently being undertaken by Playstreet consultants. Their draft design is shown in Figure 10 below and this has developed following an extensive public consultation process.

For many people, Kingston Park will be best known for the recreational attractions it offers and the spaces for community events and family gatherings. It is proposed that an exciting and unique nature-based playground will be included immediately to the west and north of the Community Hub – encouraging creative and inventive play for all children (**see Figure 10**). There will also be other spaces for public recreation that meet different local needs and which will also be of a high quality.





Figure 10 – Playground concept design by Playstreet

Figure 11 below shows the construction stages for the public open space. In the first instance, stages 1A and 1B will be delivered.

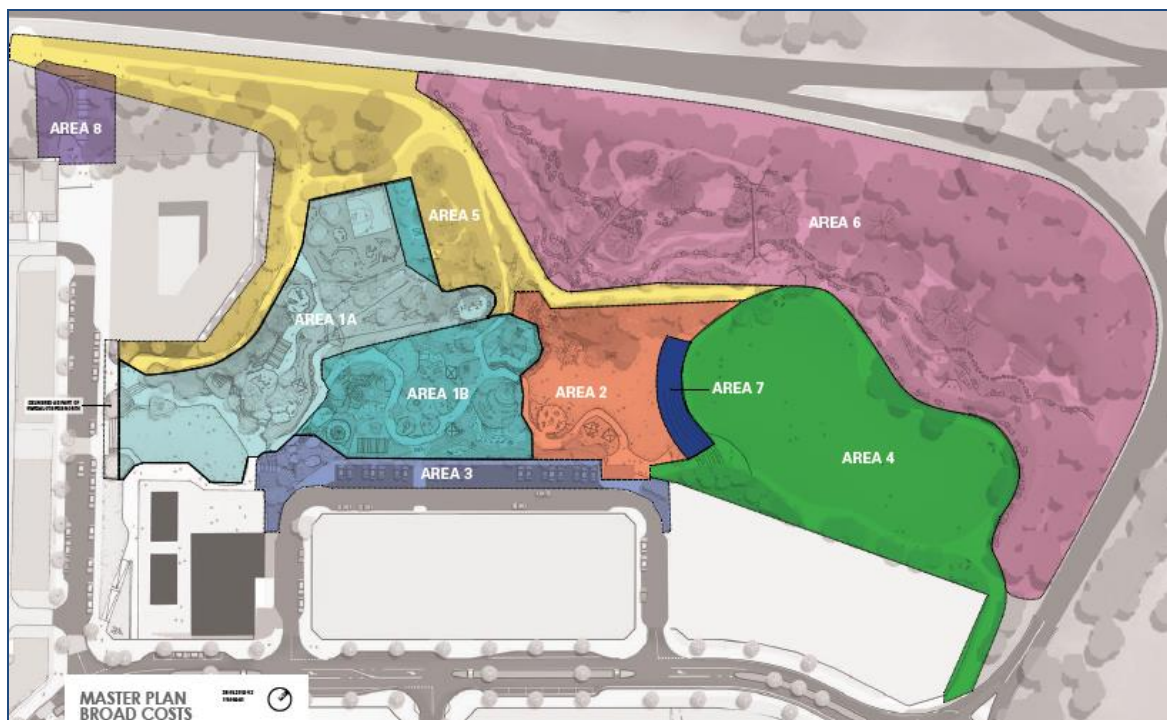


Figure 11 – Stages of public open space construction (concept design by Playstreet)





**Figure 12 – Proposed playground (artist impression by Playstreet)**

Figure 12 above shows images that indicate a vision for what the future playground will look like.

It is proposed to include a wide range of recreational components in addition to the children's playground – such as other scattered play features, BBQ shelters, spaces for public events and performances, pedestrian and bike trails (the bike trails will be around the perimeter of the playground), grassed areas for general play, water features, scattered seats and benches, trees for shade and gardens for aesthetic appeal, natural areas, sculptures and other examples of public art, and quiet rest areas. Designated parking is to be provided in certain locations and on adjoining roadsides.

Playstreet consultants are now designing and overseeing for Council:

- The pedestrian section of Pardalote Parade between Channel Highway and Goshawk Way – including public consultation, submission of development application (DA), full detailed design and documentation for a construction tender and supervision through the construction process.
- The new playground located north of the Community Hub – including public consultation, submission of DA, full detailed design and documentation for a construction tender and supervision through the construction process..
- The landscaping adjacent to the Community Hub building and linkages from the Hub building to the new playground facility – including submission of DA, full detailed design and documentation for a construction tender and supervision through the construction process.
- The remainder of the public open space – including public consultation, submission of DA, full detailed design and documentation for a construction tender and supervision through the construction process, plus the delivery of packages of works that could be suitable for future grant applications (to assist in funding the development of the public open space).
- The concept design for the proposed Channel Highway streetscape improvements between Hutchins and John Streets.

This design work commenced at the end of 2018 and the main design components will be completed by late 2019. There has been an extensive public engagement program conducted as part of this process and further more recent consultation (during June 2019) was conducted in regard to how the construction might be financed. Strong public support for both the proposed design and the taking out of interest-free loans was obtained. Construction of the first stage of the playground is proposed to commence early in 2020.

### **3.5 Public Parking**

Temporary public parking is currently provided within Kingston Park. This amount of free all-day public parking will not be provided within the eventual development. Council is not



obliged to provide expensive public land for people to park their cars all day at no cost. It is a very inefficient use of land, particularly when the lost opportunities for alternative uses are considered. As the whole community is subsidising a benefit being gained by a few individuals, a user-pays system is ultimately the only fair option. If all-day public parking is to be provided within the CBD, then an appropriate fee regime will need to be implemented.

The removal of the existing parking areas will be a gradual process as site construction occurs. New public parking areas will be provided in order to meet the internal needs of Kingston Park. In a general sense it is proposed that there be 80 spaces for the Community Hub (as per its planning permit), about 30 spaces for the users of the public open space and 40 spaces made available to replace that lost from the existing John Street car park. Private developments will need to provide parking for their own needs.

With the loss of the existing temporary car parking (on the concrete slab area) due to the impending residential development, it is now intended to construct another temporary area alongside Goshawk Way (on Skipper Lane) by the end of 2019 – primarily to meet the planning permit conditions for the Community Hub but also to meet some of the local all-day parking needs. This parking area will have a life of about 5 years before this land too is developed. It will be replaced by additional on-street public parking and additional spaces within the private multi-storey parking facility.

It is acknowledged that, with the further development of the CBD, the demand for all-day parking will increase. This has been witnessed in recent years by the rapid take-up of the temporary parking that was provided within Kingston Park. It will however still be important not to duplicate the recent experience where community expectations have been raised by providing what is an excessive amount of all-day parking within the CBD. This discourages a change in behaviour with people travelling by car into the centre of Kingston rather than using other alternatives or parking on the fringes.

It is important that there are good bus services, both into Kingston and Hobart, in order that people will choose to catch the bus rather than drive their car. This is particularly the case for those people that work in Kingston, who will in future find it increasingly difficult to find a convenient all-day parking space. Good bus services into Kingston enable local residents to more easily shop and visit other services, as well as reducing traffic and parking needs. A new bus interchange is to be constructed as part of the Channel Highway upgrade. A convenient and good quality bus service will be an important part in ensuring a sustainable and viable CBD.

More Hobart commuters should also be catching the bus closer to their residence – but this will require more frequent bus services within suburban areas. Those commuters that currently park on Kingston Park may in future need to utilise park-and-ride facilities dispersed around the greater Kingston area (such as at the Huntingfield roundabout).



Ideally, there would then be express routes into Hobart. Council is working closely with Metro and the Department of State Growth in facilitating these changes.

Council has commissioned GHD consultants to prepare a Parking Plan for central Kingston in order to identify the actual parking needs, future works programs and as a basis for assessing future development applications that generate the need for additional parking. This will be prepared and will be publicly available in a few months. It builds on the previous work done in 2016 when a Central Kingston Parking Strategy was prepared (copy available on Council's website).

## 4. LAND DISPOSAL

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The future development of land within Kingston Park for private residential and commercial purposes is based on a Land Release Strategy that ensures revenue is obtained to pay for the public infrastructure and facilities that Council must provide. The future disposal of land will essentially stay true to the original Site Development Plan – acknowledging that it will need to be adapted to take advantage of favourable development opportunities. It was important that the land release process is attractive for potential investors, while also meeting Council's needs such as preventing land banking and meeting community expectations.

In 2017, the consultancy firm NAVIRE was appointed as Council's Principal Property Advisor. A Land Release Strategy was subsequently prepared and this was supported by detailed financial modelling that forecasted all of the project's costs and revenue. The complexities of such urban renewal as this are acknowledged – "it is full of challenges and takes time – time that typically traverses political and property market cycles".

Council does have an opportunity to effectively create a new market for a higher density of residential development within Kingston Park. This is the most viable financial option for Council (based on local market analysis) and will also help in reinvigorating central Kingston. New residents will be attracted by being so close to the CBD and the services on offer (health centre, community hub, cafes, public open space, playground etc).

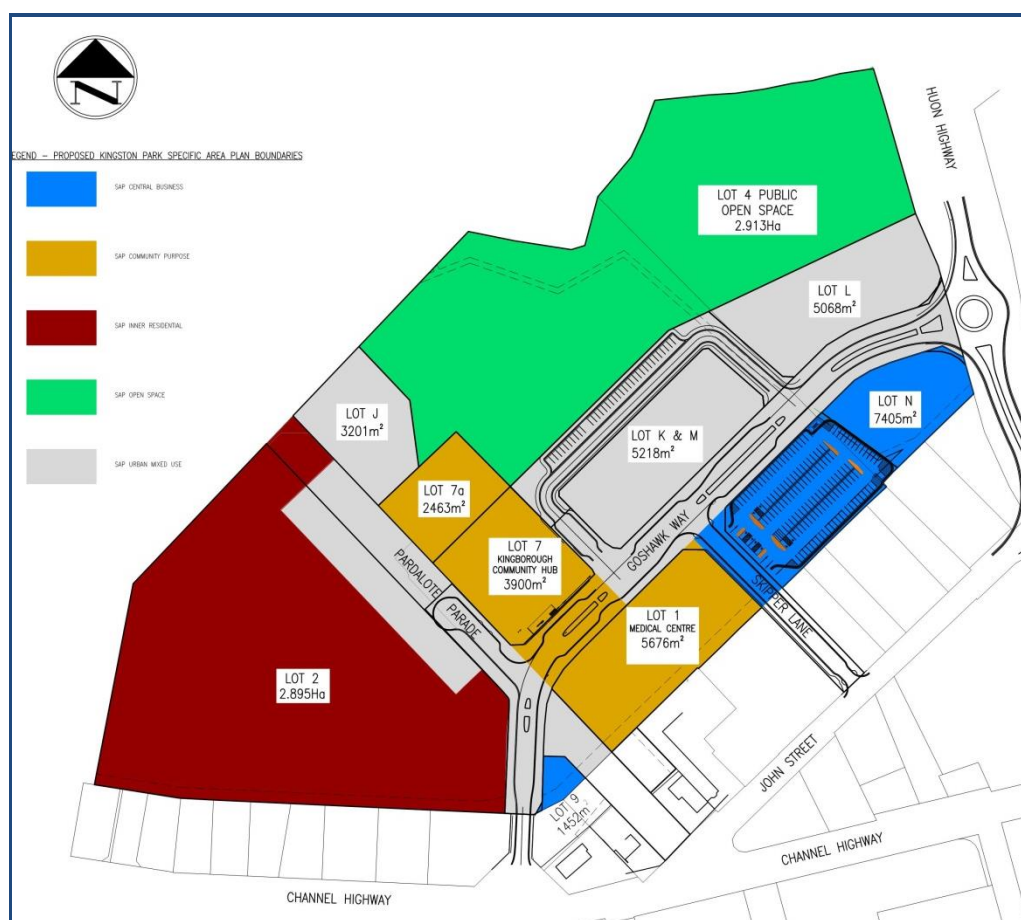
Council's guiding principles for urban renewal at Kingston Park are:

- (1) Developing a shared vision
- (2) Delivering supportive infrastructure
- (3) Facilitating seed/catalyst projects
- (4) Having land control
- (5) Managing market conditions

These principles are embedded within the Kingston Park project – by way of providing the essential public infrastructure and some early catalyst developments (eg Community Hub, Health Centre, playground) – rather than relying on future private developers to do this. This was an early decision of Council and was subsequently supported by expert property advice.

The Land Release Strategy produced by NAVIRE provides the necessary blueprint for Council to follow in staging the sale of land within Kingston Park. It strikes an appropriate balance between low risk/low return options, compared to high risk/high return options. It is based on a ‘post pre-sales’ approach, where land is only sold after both a planning permit for the proposed development and pre-sale commitments are obtained. This should enable the land to be sold for a higher amount (increasing revenue to Council), without imposing unacceptable risks. In order to achieve this, it was necessary for Council (with the assistance of NAVIRE) to convince prospective developers of the value and unique opportunity that Kingston Park represents.

The land parcels that were identified as being potentially suitable for private development (in accordance with the original Site Development Plan) are shown in Figure 13 below.



**Figure 13 – Shown in red, grey and blue are parcels of land potentially available for private development**

An Expression of Interest package was released in March 2018 and responses obtained from potential developers in May 2018. This provided an indication of the level of interest that exists and informed Council of the type of development that is most viable and for which the highest return can be obtained. The potential developers were then shortlisted and were provided with a 'Request for Proposal' brief. More detailed submissions were received in August 2018, after which a preferred developer was selected and a Project Delivery Agreement negotiated (and signed by both parties).

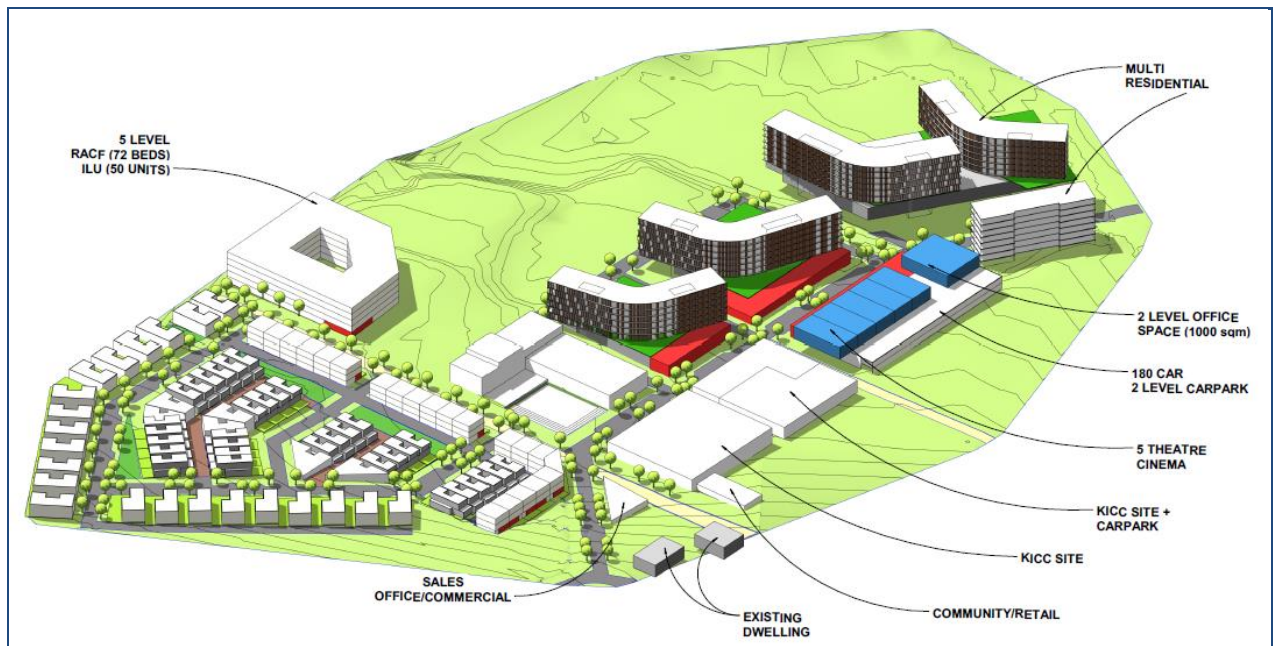
In November 2018, it was announced that Traders in Purple would be the developer for the entire site (except for Lots 1, 4, 7 & 7a) shown in Figure 13 above). Traders in Purple have completed 60 projects in the Sutherland, Illawarra and Moreton Bay regions over nearly 40 years. They have also purchased and are developing two major properties in northern Tasmania. Their proposed development is shown by the early concept diagrams in Figure 14 below.

It consists of a mix of residential types (small lots, townhouses and apartments), retail, other commercial uses, cinema and parking.

The southern precinct is to be developed as the first stage and is to consist of 80 townhouse style residences within a strata development that will also contain a small local community facility (with pool, kiosk and community room). The subsequent stages will include an aged care facility and independent living units (parcel J) and apartment blocks with ground floor commercial and internal private parking (parcels K and M). The later stages include the commercial components (parcel N) and additional apartment blocks (parcel L).







**Figure 14 – Proposed Traders in Purple site development (early concepts)**

The residential components provide for a total of about 350 dwellings, plus the aged care facility that is to include about 50 independent units. The whole project is anticipated to be implemented over a period of about 8-10 years and it will evolve and change slightly over time. The future commercial development aims to maximise employment opportunities (eg office development) and to provide for local entertainment attractions.

It is also important that the planning scheme requirements for Kingston Park align with the proposed development of the site. The current planning scheme includes specific provisions that facilitate the implementation of the Development Plan, as well as reducing developer risk and community uncertainty. This existing Specific Area Plan (SAP) within the planning scheme has been reviewed and a final draft prepared so that an updated version can be included within the planning scheme (following the normal statutory assessment and approval process). An earlier draft SAP was provided to prospective developers to assist the preparation of their proposals. It was necessary to amend the scheme (by way of the new SAP) in order to ensure that future property boundaries align accurately with Zone boundaries.

In future years, there will inevitably be risks associated with any normal market driven process. Market conditions will fluctuate over time and this will require a degree of flexibility and for Council (and Traders in Purple) to take the best opportunities as they arise. There is a risk that unexpected issues will get raised and proposals put forward that will test Council's resolve. However there is also a good possibility that the private components are more successful and popular than expected and Council is able to achieve outcomes and land prices that are beyond what is currently anticipated (the contract with the developer guarantees a minimum price for the purchases of the respective land parcels).

This private development that is to occur within Kingston Park is particularly critical in revitalising the central Kingston area and addressing the need for additional community services and employment opportunities within the municipality.

## 5. FINANCIAL MANAGEMENT

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### 5.1 Financial Situation

Council is closely monitoring all the financial affairs relating to this project. All actual costs are attributed to the project – including project management, internal loan repayments and staff costs. Council now has more information on the revenue expectations now that a Project Delivery agreement has been signed with the contracted developer. This will become even clearer once the project evolves further and private development stages are delivered.

A series of financial scenarios based on many different assumptions has been developed. Council has chosen the most likely and most advantageous scenario as being the basis for moving forward. This took into account:

- the economic and market reality over the long term;
- catalyst project and infrastructure delivery timing;
- Council's peak debt (borrowing facility) capacity;
- Council's final net financial position; and
- the proposed land uses described in the Development Plan (accommodating some relatively minor changes).

This chosen scenario is being constantly updated as further expenditure occurs and tender information becomes available. The current (and initial) expectation is that the final net result, by the end of the project (say, by about 2028), is that Council is likely to incur a financial loss of about \$5M. Such a loss however needs to be seen in the context of it having provided for the revitalisation of the Kingston CBD, a new Community Hub facility, a major playground, extensively landscaped public open space and increased rate revenue for Council over the longer term.

As noted above, the project expenditure also includes the amount of staff time and other related project costs (including an interest charge for internal borrowings) on top of the actual construction costs for each component. Additional income is expected from the future land sales and this is to be received from the end of 2019 onwards.

The following table indicates the project expenditure and income that has been incurred to date (up until 30 September 2019).

|                           | EXPENDITURE (\$,000) |              |              |              |              |              |              |              |               |
|---------------------------|----------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------|
| <b>PROJECT COMPONENTS</b> | <b>12/13</b>         | <b>13/14</b> | <b>14/15</b> | <b>15/16</b> | <b>16/17</b> | <b>17/18</b> | <b>18/19</b> | <b>19/20</b> | <b>TOTAL</b>  |
| Site Planning             | 290                  | 73           | 37           | 32           |              |              |              |              | 432           |
| Land Purchase             |                      | 144          |              |              |              |              |              |              | 144           |
| Site Preparation          |                      | 40           | 18           | 11           |              |              |              |              | 69            |
| School Demolition         |                      | 7            | 1,067        | 81           | 60           |              |              |              | 1,214         |
| Comm Hub Design           |                      |              |              | 39           | 170          | 184          | 29           |              | 422           |
| Comm Hub Const'n          |                      |              |              |              |              | 1,579        | 6,430        | 83           | 8,092         |
| Comm Hub Equip't          |                      |              |              |              |              |              | 218          | 2            | 220           |
| Parking Strategy          |                      |              |              | 41           | 5            |              | 41           | 2            | 89            |
| Parking Construction      |                      |              |              |              |              |              |              | 10           | 10            |
| CBD Road Design           |                      |              |              | 113          | 64           | 46           |              |              | 223           |
| Goshawk Way Const'n       |                      |              |              |              | 12           | 1,529        | 1,438        | 25           | 3,004         |
| POS & PP Design           |                      |              |              |              |              | 19           | 218          | 153          | 395           |
| POS Items/Const'n         |                      |              |              |              |              |              | 73           | 16           | 89            |
| Land Disposal             |                      |              |              |              | 57           | 132          | 109          | 6            | 304           |
| Governance/Admin          |                      |              |              | 1            | 6            | 88           | 152          | 52           | 298           |
| <b>TOTAL</b>              | <b>290</b>           | <b>264</b>   | <b>1,122</b> | <b>320</b>   | <b>373</b>   | <b>3,577</b> | <b>8,710</b> | <b>352</b>   | <b>15,008</b> |
|                           |                      |              |              |              |              |              |              |              |               |
| <b>INCOME (\$,000)</b>    |                      |              |              |              |              |              |              |              |               |
| Government Grants         | 220                  |              |              |              |              | 219          | 2,300        |              | 2,739         |
| DHHS contribution         |                      |              |              |              | 377          |              |              |              | 377           |
|                           |                      |              |              |              |              |              |              |              |               |
| <b>NET COST</b>           | <b>70</b>            | <b>291</b>   | <b>1,122</b> | <b>320</b>   | <b>(4)</b>   | <b>3,358</b> | <b>6,409</b> | <b>352</b>   | <b>11,891</b> |
|                           |                      |              |              |              |              |              |              |              |               |
| Internal interest @3%     | 2                    | 11           | 47           | 54           | 54           | 162          | 129          | 32           | 490           |
| <b>PROJECT COST</b>       |                      |              |              |              |              |              |              |              | <b>12,381</b> |
| <b>Borrowings</b>         |                      |              |              |              |              | 2,700        | 4,000        |              | <b>6,700</b>  |
| <b>CURRENT COST</b>       |                      |              |              |              |              |              |              |              | <b>5,681</b>  |

Most of the costs to date can be attributed to the construction of the Community Hub and Goshawk Way, and the demolition of the old school buildings. The cost to construct the Community Hub has exceeded expectations. This was mainly due to the challenges of the architectural design and the subsequent contractual variations that resulted, which in turn resulted in the many external assessments of variation requests.

The actual purchase of the land has been delayed for a few years because of the need to ensure that all services (primarily water and sewerage) were installed correctly to the Crown land that is being retained for the Health Centre. Council is purchasing this land and this transfer was initiated on 19 July 2019.

Now that the land is owned by Council, it will be further subdivided into lots that are to be retained and sold. The original land value was significantly reduced to account for the fact



that the land will be developed in accordance with the Development Plan – that is, almost half of the total area would be developed for public or community based purposes (compared to what might have been the case if the land had been sold to a private developer with no obligations to provide such community facilities).

## **5.2 Borrowings**

Up until June 2018, all borrowings for the project have been internal loans – against Council’s existing cash reserves. These loans (plus interest) will be repaid by the project to Council. Since then, expenditure has reached a point where external loans are required to fund the project.

Council has an approval from Treasury to borrow \$10M as part of the Local Government Loan Council Allocation. At the 25 June Council meeting it was approved that Council would borrow \$2.8M (of this \$10M) to help fund the construction of the Community Hub. This would match the existing grant from the Australian Government (under the Building Better Regions Fund) for the same amount.

As well as this, the State Government will provide an additional interest free loan of \$6M (which will need to be repaid within 5 years). This is being provided under the State Government’s accelerated local government capital program (ALGCP) and is on the basis that a number of construction projects are brought forward – these being the Pardalote footpath/road, the stages 2 & 3 of the public open space and the second stage of the Goshawk Road construction. This will enable a higher priority to be given to the construction of these roads and services, so that the Kingston Park project can generate income from land sales and repay these loans. It is expected that the interest free loan will be repaid from the settlement of the first stage of the land sales in 2022/23.

Borrowings of \$2.7M under the ALGCP have been previously drawn to fund some of the current works and the balance will be drawn down once further construction commences.

Recent consideration has been given to taking out an interest free loan to fully fund the construction of the playground. Of the abovementioned \$6M interest-free loan, \$2.1M was allocated for this playground. The full cost of this playground as it is currently designed (including parking and the landscaped area between it and the Hub) is estimated to be in the order of \$5M. An additional \$2.9M in interest free loans would be required to fully fund this work. Public consultation was conducted in this regard and there was a very strong level of support for Council to borrow the additional money for this purpose.

The impact of the additional borrowings is that Council will finish the project with around \$8 million in borrowings that would be repaid over a ten year period. The additional interest expense, on the \$2.9 million loan, would be approximately \$100K from 2025/26 onwards. This can be comfortably accommodated within Council’s Long Term Financial Plan.

At the Council meeting held on 22 July 2019, it was decided that Council borrow the currently approved \$2.1M and would request an additional \$2.9 million from the same accelerated local government capital program so that it may also be borrowed in order to complete the construction of the whole of the proposed Kingston Park playground.

### 5.3 Anticipated Expenditure in 2019/20

During the 2019/20 financial year it is anticipated that the following Council related activities (and estimated total expenditure, including in-house Council costs) will occur:

|                             |  |
|-----------------------------|--|
| <b>GOSHAWK WAY</b>          | Design the second stage of Goshawk Way including the roundabout on the Huon Highway and prepare everything ready for construction.   |
| <b>STORMWATER TREATMENT</b> | Design of stormwater disposal alongside Whitewater Creek and prepare everything ready for construction.  |
| <b>TEMPORARY CARPARK</b>    | Construction of car parking area (within parcel N) – to have a life of about 3-4 years.  |
| <b>COMMUNITY HUB</b>        | Essentially completed from a Kingston Park perspective though there may be some miscellaneous final requirements.  |
| <b>PARDALOTE PARADE</b>     | Design of Pardalote Parade (both sections) and subsequent construction of road component and initial arrangements in place for the construction of the pedestrian component. |
| <b>PLAYGROUND</b>           | Completion of playground design and commencement of stage 1 construction, including pathways and parking (about 60% completed by end of year).                               |
| <b>PUBLIC OPEN SPACE</b>    | Further design for the balance of the public open space area so that future external funding can be sought.  |
| <b>OTHER COSTS</b>          | In-house project administration and management, public engagement and governance.  |
|                             | Land subdivision and advice from principal property consultant.  |
|                             | Payment for land upon transfer of titles from the Crown.   |
|                             | Loan interest repayments.  |
| <b>TOTAL</b>                | <b>About \$6.5M</b>  |

This next phase of the project will primarily take stock following the completion of the Community Hub and main road construction in the two previous years. The focus will be on completing the designs for various components and getting ready for their subsequent construction (including approval and tendering processes). The list above provides an indication of what is proposed during the upcoming year. All of this expenditure will be paid for from the abovementioned borrowings.

## 6. PUBLIC COMMUNICATIONS

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To date, public information about the project has been provided by way of the following:

- Public surveys and seeking public comment – preparing the Development Plan, the naming competition, input into the public open space design and comments on the proposed borrowings for the playground construction.
- Public exhibition of draft documents – including master plans, Development Plan, proposed community hub design and proposed playground and open space designs.
- Displays of proposals at the Civic Centre.
- Advertised development applications for proposed site works.
- Newspaper articles, media releases and information on Council's Facebook page.
- Copies of relevant documents placed on Council's website. A Communications and Community Engagement Strategy has been prepared for Kingston Park. The objectives of this Strategy are:
  1. To provide information about the project and to seek input and suggestions as the project is being delivered.
  2. To facilitate a broad understanding about the social and economic benefits that this project will deliver to the Kingborough community.
  3. To enhance Kingborough Council's reputation as a council committed to providing accurate and up-to-date information, as well as consulting with and meeting the expectations of the Kingborough community.
  4. To proactively identify and manage media interest in this project so that key messages are broadcasted to the public and other stakeholders.
  5. To promptly respond to concerns about the project and to address any issue that requires clarification or immediate action.
  6. To provide for an effective two-way dialogue that will achieve positive community and developer feedback and will enhance the overall delivery of the project.

The key messages within the Strategy are that:

- Council is committed to informing and consulting with the community regarding the future development of the Kingston Park site.
- Council is acting in the best long term interests of the municipality in the way it is managing the future development of this site. This project will improve the liveability of central Kingston and enable the creation of a sustainable central business district that can support the local needs of the Kingborough community.
- This is a particularly complex project with a number of on-ground components being delivered in a concurrent manner at different stages – including design, negotiation, approval, construction and maintenance phases. Each component supports the delivery of others and is being managed in a coordinated way.
- This project is self-funding in that the community facilities are to be funded from the sale of land within Kingston Park (with a Land Release Strategy to maximise revenue) and external grants. Loans will be taken out in order to fund project management



and construction and these will be repaid from external sources to the maximum extent possible with any Council 'subsidy' kept to a minimum.

- Council has already carried out many investigations – in regard to previous public consultation, economic feasibility studies, the Site Development Plan, Land Release Strategy, engineering designs etc – and these will continue to be refined and new ones done as the project progresses.

The delivery mechanisms include:

- Regular and established Council media releases – quarterly Council News and monthly Snapshots.
- The Kingborough Council website providing up-to-date information and background documents that detail particular aspects of the project – [www.kingborough.tas.gov.au](http://www.kingborough.tas.gov.au).
- Media releases – for all southern Tasmanian media.
- Digital and social media – information on Facebook, Twitter, Instagram and YouTube.
- Paid Advertising – mainly in print media but also potentially on local television.
- Signage and branding – the project has been 'branded' (see below) and signage is being placed at the entrance to the future Pardalote Parade.
- Meetings – briefings and consultation with stakeholders, State and Federal politicians, developers, interested groups and individuals.
- Public displays – provided as needed in the Civic Centre or other public places.
- Public information – by way of public forums (open two way dialogue) or as written information (brochures, reports and correspondence).

The brand that has been developed represents a lively and dynamic representation of what the proposed development of Kingston Park represents. It is used (for example) on the information sign on John Street – shown below:



## 7. PROJECT GOVERNANCE

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The implementation of the Development Plan is Council's responsibility. As previously indicated, Council has decided to retain direct control of the site development – including the initial provision of the core public infrastructure (Goshawk Way, Pardalote Parade, Community Hub, Playground and Public Open Space) and the subsequent subdivision process that will enable the release of fully developed land parcels into the market place.

The Land Release Strategy will guide the process and timing of land releases. The benefits of this more direct approach are that it allows Council to exert a greater control over the desired site development; ensure there is consistency in the standard of public infrastructure construction (eg high quality streetscapes); achieve an optimum revenue stream and to facilitate the site development as early as possible (without land banking).

This requires a more hands-on management style within Council. An internal steering committee has been established to closely monitor the project and it meets on a monthly basis. This is an extremely complex project that has many different dimensions and requires many different specialist skills. There is a full-time Project Manager appointed to oversee the implementation of the on-ground works and support staff includes a part time Project Officer and Project Administrator. A Probity Advisor from the consultancy firm Wise Lord & Ferguson is an observer on the steering committee and provides procurement and governance advice. Reports to Council are provided whenever major decisions must be made and in order to provide regular updates on general progress.

Council is conscious of a perception that it may have a conflict of interest – in that Council is effectively both the developer (to a certain extent) and the regulator for this site. However, the mitigating factors in this regard are that this dual role is already provided for in the legislation; the existing Kingston Park Specific Area Plan within the planning scheme leaves Council with little discretion; Council's construction work that would require planning permits is limited to public infrastructure and facilities; the underlying objective of the Development Plan is to support and encourage other commercial developments in central Kingston; and that this project is so important to the Kingborough community that its management cannot be delegated to any other body.

Bearing in mind the above points, the project will continue to be overseen by Council and the existing internal steering committee. This Implementation Report will form the main communication mechanism for updating the general community on the project's progress.

Council is also reviewing the Project Plan for Kingston Park. This document considers the governance and strategic, strategic requirements, project benefits, reviews and reporting, project definition and objectives, success criteria, constraints and assumptions, stakeholder impacts, implementation timeframes, project cost and revenue (both to date and in the

future), communications, functionality, risk management and project completion. It constitutes the main internal guidance for the project.

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