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To: [Doorn, Paul](#)
Subject: ERC Submission ACT Wagga Wagga discussion draft
Date: Tuesday, November 15, 2016 2:36:00 PM
Attachments: [ERC Submission ACT Wagga Wagga discussion draft.docx](#)

Hi Paul

First cut.

It will be less than 10 pages

I'll fill in the body of the proposal if this is on the right track. I'd like to confirm a couple of things with ACTA about the opex and asset maintenance \$, but it would be better to discuss with MO and ACTA before finalising.

MT



Cabinet Submission

Title Feasibility study for development of infrastructure at the Australia Clay Target Association facility in Wagga Wagga

Minister The Hon Stuart Ayres MP
Minister for Sport

Cluster Premier and Cabinet

Date of submission DD MMMM 2016

Status Draft

Relationship to previous decisions

Result of consultation Support

Priority A

Financial impact Yes

Legislative change No

Regulatory impact No impact

Submission type Policy

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1 Recommendations

It is recommended that the Cabinet Committee on Expenditure Review (ERC):

i) Approve the allocation of \$500k to the the Office of Sport to engage consultants to prepare a feasibility study and business case for the development of a large clubhouse / conference facility and associated infrastructure at the existing Australian Clay Target Association (ACTA) facility in Wagga Wagga, NSW.

OR

ii) Approve the allocation of \$6.7m to the Office of Sport for the development of a large clubhouse / conference facility and associated infrastructure at the existing Australian Clay Target Association (ACTA) facility in Wagga Wagga, NSW subject to

- a. confirmation of the ACTA cost estimates through a competitive tender process
- b. Development of a project delivery plan
- c. ACTA undertaking to meet all on ongoing maintenance and operational costs and any capital costs for the facility that are greater than \$6.7m

iii) Note that ACTA intends to commence capital works in the 2017 financial year and have them completed by January 2018 in time for the World Down-The-Line (DTL) clay target championships.

iv) Note that ACTA's cost estimates are based on their World Championships 2018 National Ground Development Strategy.

v) Note that the ACTA timetable precludes the development of a feasibility study, preliminary business case and INSW review.

2 Executive summary (based on second set of recs)

2.1 This Submission seeks approval for an allocation of \$6.7m to the Office of Sport for the development of a large clubhouse / conference facility and associated infrastructure at the existing Australian Clay Target Association (ACTA) facility in Wagga Wagga, NSW.

2.2 ACTA intends to commence construction in the 2017 financial year with completion by January 2018 in time for the World Down-The-Line (DTL) clay target championships.

2.3 ACTA engaged GHD to prepare a business case for the facility (Provided at Attachment A).

2.4 Projected increases in tourism drives the forecast benefits. The proposed investment will enable seven shooting events a year and six conference events. GHD has calculated that over 25 years, this will generate a Net Present Value of \$12.4m with a Benefit Cost Ratio (BCR) of 2.31.

2.5 The business case has not been subject to any independent review, including the INSW Gateway process. Cost estimates are based on ACTA's World Championships 2018 National Ground Development Strategy.

2.6 The business case does not seek NSW Government support for operating and maintenance costs for the facility.

2.7 In order to meet ACTA's deadlines, financial risk for the delivery of the facility needs to be shared between the NSW Government and ACTA. In the absence of a feasibility study and because capital cost estimates have not been market tested, it is unlikely that they are within the levels of robustness recommended in NSW Treasury's Guidelines for Capital Business Case. ACTA should enter into a formal commitment with the Office of Sport to

- work with INSW to confirm, through market testing, the capital cost of the project to the level of robustness required in NSW Treasury's Guidelines for Capital Business Cases
- work with INSW to review the business case prior to going to market for the delivery of the facility.
- meet any cost increases above the \$6.7m for the delivery of the facility
- meet the operating and maintenance costs for the facility
- The delivery of the facility should be overseen by a project steering committee overseen by INSW./OoS.

3 Proposal

3.1 :

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- :

3.2

3.3

4 Consultation

External stakeholders

4.1 N/A

NSW Government agencies

4.2 [Insert after Draft Consultation phase].

5 Risks and mitigation

5.1 The proposal poses the following risks.

Description of risk	Risk rating	Mitigation strategies
<u>The project, operational and delivery costs exceed ACTA's forecasts</u>	<u>High</u>	<u>Risks are proposed to be shared between ACTA and Office of Sport as outlined above.</u>
<u>The expected benefits are not realised</u>	<u>High</u>	<u>The business case be reviewed by INSW prior to going to market for the delivery of the facility.</u>

6 Financial impact

6.1 The financial impact is summarised in the following table. The amounts refer to the capital costs of the project as operational and maintenance costs will be borne by ACTA.

Is supplementary funding required?	<u>Yes</u>					
Has Treasury agreed the costings?	<u>No</u>					
Is ERC consideration required?	Yes					
Total Financial Implications – Not applicable	2016-17 (\$m)	2017-18 (\$m)	2018-19 (\$m)	2019-20 (\$m)	2020-21 (\$m)	Ongoing (\$m)
Revenue	+/-0.0	+/-0.0	+/-0.0	+/-0.0	+/-0.0	+/-0.0
Expenses	+0.0	+0.00	+0.00	+0.00	+0.00	+0.00
Total Budget Result Impact	-0.0	+0.00	+0.00	+0.00	+0.00	+0.00
Capital Expenditure	+/-0.0	<u>\$6.7m</u>	+/-0.0	+/-0.0	+/-0.0	+/-0.0
Does the proposal require ongoing funding?	<u>Not from the NSW Government</u>					

7 Other impacts

Impact on regional and rural communities

7.1 Nil from the recommendations of this submission.

Regulatory impact

7.2 Nil from the recommendations of this Submission.

Can stakeholders other than the government address the problem?	No.
What are the quantified benefits of the proposal?	<u>The GHD Business Case estimates the benefits as having a NPV of \$12.4m over 25 years. The BCR is 2.31.</u>
What are the quantified costs on businesses and the community?	N/A for this Submission.
What alternatives were considered?	N/A for this <u>submission.</u>

8 Attachments

Attachment A	<u>Business Case: ACTA business plan - New club house and site upgrade</u>

DRAFT