

Queensland Government Query	QRL Response
Need to ensure consistency with reference to Government. Referred to as Government, State Government, Queensland Government - should be referred to as Queensland Government.	Change Completed. All government references are now Queensland Government
The technical appraisal of the work involved in the program appears somewhat limited, further information such as a project brief should be included if available	As was previously agreed upon by members from Queensland Government (Pat Morgan & Mike Kelly) QRL will remain in close consultation and when this information is made available it will be supplied immediately to Queensland Government
Estimated costs provided for Corbould Park will need to be updated based on the estimated Bill of Quantity provided after the business case was submitted. The Bill of Quantities should also be included as an attachment to the business case.	The costs provided at present are only estimates. As was previously agreed upon by members from Queensland Government (Pat Morgan & Mike Kelly) QRL will remain in close consultation and when a final Bill of Quantities is produced it will be supplied immediately to Queensland Government
<p>The business case compares the benefits and costs associated with the existing tracks, restoration of all tracks and the installation of a synthetic track. Due to the presentation it appears you are comparing the restoration of all tracks with the replacement of only one.</p> <p>The costs and benefits (including water savings) should be presented in a comparable way i.e. comparing the restoration of the one existing track with the replacement of the training track.</p>	QRL advised that in order to achieve best practice all tracks that are currently in place would have to be restored. However, due to its ability to absorb more training and still provide an excellent surface when a synthetic surface is implemented, there is no need to keep all the remaining training tracks. Also not all training tracks at each location are being phased out, please refer to pages 14,22 and 32 for the tracks being replaced and/or removed under each scenario.
The risk assessment included in the first draft has been removed. A risk assessment for the installation of the synthetic tracks should be included in the business case.	As was previously agreed upon by members from Queensland Government (Pat Morgan & Mike Kelly) this information was not considered necessary and hence removed
The Funding Agreement requires the business case to be prepared in accordance with the Queensland Treasury Project Assurance Framework. This framework requires that a sensitivity analysis be undertaken. Please update the business case to include this considering any risks associated with engaging a foreign company to provide the track.	The business case has been prepared in accordance with the PAF. The project is not sensitive to interest rates since it is being funded from cash reserves and Queensland Government funds. The project is not sensitive to CPI but rather may be sensitive to building cost escalation. QRL has sought to mitigate this risk through use of hard dollar contracts for discrete elements of the project. In addition QRL has taken the risks of cost escalation entirely, as under the funding agreement QRL is responsible for completing three tracks while the Queensland Government contribution is capped at \$12.0M. In light of this QRL is confident that the internal risk mitigation strategies are sufficient to manage risks of cost escalation. No other significant risks, that might be the subject of a sensitivity analysis, are present in the project. It is not proposed to include a sensitivity analysis in the business case for the reason that it will not provide the Queensland Government with any further information than is already presented.
Executive Summary page ii – the table listing the proposed timing for the four tracks has the last track as Queensland, while in other	Change completed. Uniform naming has been used

<p>areas of the report the Queensland Turf Club is referred to as Eagle Farm. The naming should be consistent. Also, it needs to be made clear in this table that it is either the Gold Coast or Queensland Turf Club. This applies to all similar tables in the business case.</p>	
<p>Executive Summary page v – first table – a total of the figures is required.</p>	<p>Change completed. Total has been added</p>
<p>Executive Summary page v – second table (and similar tables for then on) - make it clearer that the 70/30 split will be post the second quarter of 2008. The 70/30 split is mentioned often, however the tables for Corbould Park and total expenditure do not reflect this due to the first quarter 2008 QRL payments.</p>	<p>Change Completed. Sentence has been inserted at the top of executive summary page iii to further clarify this position.</p>
<p>Executive summary page vii – last sentence before conclusion states that "in order to receive future funding..." Presentation of the business case is not to receive future funding, it is to receive the Ministers approval to draw down the approved funding and this sentence needs to be reworded.</p>	<p>Change Completed. Reworded</p>
<p>Page 6 – Case Study Precedent – seems out of place on page 6, move to page 4.</p>	<p>Change Completed. Now on page 5.</p>
<p>Page 10 – states 'Equestrian Surfaces International Ltd was engaged to implement the cushion track synthetic surface across all three tracks...' – our understanding was that Equestrian Surfaces was only selected for Corbould Park, please clarify.</p>	<p>Change Completed. Removed ambiguity.</p>
<p>Page 25 – last paragraph makes mention to the 'two tables below' when there is only one table. Is one missing?</p>	<p>Change Completed. There is only one table</p>
<p>Page 30 – says that the American Dirt Track will be replaced at Eagle Farm, however there is no American Dirt Track listed on the table on page 29.</p>	<p>Change Completed. The American Dirt track is the All Weather surface, this has been clarified</p>

PATERSON John

From: SPOWART Karen
Sent: Wednesday, 19 September 2007 12:28 PM
To: PATERSON John
Cc: RACKLEY Matthew
Subject: FW: Synthetic tracks

Follow Up Flag: Follow up
Flag Status: Orange

Attachments: QRL Business Case Review Points Revision 3.doc; QRL Business Case 2nd Draft Email to QRL.doc

John

Further to my earlier email to Mike, please find attached 2 documents that Business Development has created in relation to the second draft of the synthetic track business case.

The first document is a summary of issues that business development has prepared including comments received from yourself.



QRL Business Case
Review Point...

The second document is a draft email to Andrew Hedges outlining the comments/issues that we had with the second draft. This email has not been sent to Andrew.



QRL Business Case
2nd Draft Em...

If you have any question or comments in regard to these documents please contact either myself or Matthew Rackley on 303 30893.

Thanks
Karen

-----Original Message-----

From: KELLY Mike
Sent: Wednesday, 19 September 2007 11:26 AM
To: SPOWART Karen
Cc: PERRETT Carol; PATERSON John
Subject: RE: Synthetic tracks

Karen - seems like a workable plan to me.

Pls coord action via John Paterson.

MK

From: SPOWART Karen
Sent: Wednesday, 19 September 2007 10:11 AM
To: KELLY Mike
Subject: Synthetic tracks

Mike

As I understand, Pat Morgan and yourself were working on the Synthetic Racing Track Business Case with Queensland Racing and PWC. Pat handed this project over to me when he left.

Our team has reviewed the business case and has a few final comments to offer. I have also spoken briefly to Andrew Hedges (QRL) and Russell Taylor (PWC) who are awaiting our feedback to finalise their Business Case.

Given the recent change of Government, and that Racing is no longer part of the Sport portfolio, I just wanted to get your view on how we move this forward. My thoughts are that perhaps it would be best if I provide you with Business Development's feedback on the Business Case and an email we have prepared to send to Andrew. If you are happy with the feedback, could you then forward it on and liaise with Andrew to advise that you are now the lead contact?

Anyway, your thoughts on this matter would be appreciated.

Regards
Karen

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**Review of Queensland Racing Limited (QRL) and Price WaterHouse
Coopers (PWC) Synthetic Tracks Business case by Business
Development and Office of Racing**

Advice to date:

SRR has previously provided advice to QRL and PWC on the first draft of its business case required under the Funding Agreement. The majority of suggestions have been incorporated into the updated business case.

QRL and PWC previously confirmed the installation of the synthetic track has only been fully investigated and planned for the Sunshine Coast; therefore, the business case is presented on that basis and does not include detailed analysis for the other two tracks. The Department has accepted this position.

In its letter to the Minister presenting the business case, QRL will only be requesting to draw down the funds allocated for the Sunshine Coast project.

General information has been provided for the other tracks, however once planning advances and QRL is in a position to draw down funds for the other locations, updated information based on planning undertaken specifically for those tracks will be provided.

Analysis of Business case against Funding Agreement requirements

The following outlines the requirements of the Funding Agreement and the extent to which the business case meets these requirements.

Funding Agreement Requirement	Assessment of compliance	Page reference
Full details of the scope of the work involved in the Program	<ul style="list-style-type: none">• The scope of work has been presented for Corbould Park.	Page 17
A technical appraisal of the work involved with respect to the Program	<ul style="list-style-type: none">• Technical details have been provided along with technical drawings, however detail is limited. Further information should be provided (i.e. project brief).	Page 17 Appendix 6
An estimate of the costs to carry out and complete the Program	<ul style="list-style-type: none">• Estimated costs have been provided for Corbould Park (however these costs will need to be updated based on the estimated Bill of Quantity provided after the business case was submitted. The Bill of Quantities should form an attachment to the business case.• Estimates provided for other projects, but noted that they are based on Corbould park figures and will be clarified when future draw downs are requested.	Page 19

An assessment of the cost savings projected to be achieved by the relevant race clubs as a result of the Program	<ul style="list-style-type: none"> • Estimated cost savings have been provided for Corbould Park. • Estimates provided for other projects, noting they are based on Corbould Park figures and will be further clarified when future draw downs are requested. 	Page 17 Page 36
A statement of the funding which the Recipient proposes to input into the Program	<ul style="list-style-type: none"> • Estimated breakdown of the funding QRL proposes to use has been provided for Corbould Park. • Estimates provided for other projects, noting they are based on Corbould park figures and will be further clarified when future draw downs are requested. 	Page 9
The proposed project timeframes	<ul style="list-style-type: none"> • Detailed timeframes have been provided for Corbould Park. • Estimated start and finish dates have been provided for other locations, with further dates to be clarified upon completion of planning. 	Page 11 Page 19 Appendix 6
An assessment of the water savings projected to be achieved by the relevant race clubs as a result of the Program	<ul style="list-style-type: none"> • Detail savings outlined for Corbould Park. • Basic details provided for other locations, with further detail to be provided when available. 	Page 17 Page 36

Issues identified with the Business case

- The business case compares the benefits and costs associated with the status quo, restoration of all tracks and the installation of a synthetic track. It does not appear to be reasonable to compare the restoration of all tracks with the replacement of only one.

The costs and benefits (including water savings) need to be presented in a comparable way. This may mean comparing the restoration of only the one training track with the replacement of the training track or restoring all tracks and including the effect of installing one synthetic track on the usage and water savings of the remaining tracks.

- The risk assessment included in the first draft has been removed. A risk assessment for the installation of the synthetic tracks should be included in the business case.

- The funding agreement requires the business case to be prepared in accordance with the Queensland Treasury Project Assurance Framework; this framework requires that a sensitivity analysis be undertaken. This is not mentioned in the business case. This should be included, especially if there are any risks associated with engaging a foreign company to provide the track.
- Executive summary page vii – last sentence before conclusion states that "in order to receive future funding..." Presentation of the business case is not to receive future funding, it is to receive the Ministers approval to draw down the approved funding and this sentence needs to be reworded. ✓

Minor Issues Identified with the Business case

- Need to ensure consistency with reference to Government. Referred to as Government, State Government, Queensland Government - should be referred to as Queensland Government. ✓
- Executive Summary page ii – the table listing the proposed timing for the four tracks has the last track as Queensland, while in other areas of the report the Queensland Turf Club is referred to as Eagle Farm. The naming should be consistent. Also, make it clear in this table it is either Gold Coast or Queensland Turf Club. This applies to all similar tables in the business case. ✓
- Executive Summary page v – first table – a total of the figures is required. ✓
- Executive Summary page v – second table (and similar tables for then on) - make it clearer that the 70/30 split will be post the second quarter of 2008. The 70/30 split is mentioned often, however the tables for Corbould Park and total expenditure do not reflect this due to the first quarter 2008 QRL payments. ✓
- Page 6 – Case Study Precedent – seems out of place on page 6, move to page 4. ✓
- Page 10 – states 'Equestrian Surfaces International Ltd was engaged to implement the cushion track synthetic surface across all three tracks...' – our understanding was that Equestrian Surfaces was only selected for Corbould Park, please clarify. ✓
- Page 25 – last paragraph makes mention to the 'two tables below' when there is only one table. Is one missing? ✓
- Page 30 – says that the American Dirt Track will be replaced at Eagle Farm, however there is no American Dirt Track listed on the table on page 29. ✓

Email to Andrew Hedges at QRL

Thank you for providing a copy of the second draft of the Synthetic Tracks Business Case for review. We were pleased to see the items noted in our previous review have been included in the updated version.

Please find below an outline of feedback on the latest version:

- Need to ensure consistency with reference to Government. Referred to as Government, State Government, Queensland Government - should be referred to as Queensland Government. ✓
- The technical appraisal of the work involved in the program appears somewhat limited, further information such as a project brief should be included if available.
- Estimated costs provided for Corbould Park will need to be updated based on the estimated Bill of Quantity provided after the business case was submitted. The Bill of Quantities should also be included as an attachment to the business case. ✓
- The business case compares the benefits and costs associated with the existing tracks, restoration of all tracks and the installation of a synthetic track. Due to the presentation it appears you are comparing the restoration of all tracks with the replacement of only one.

The costs and benefits (including water savings) should be presented in a comparable way i.e. comparing the restoration of the one existing track with the replacement of the training track.

- The risk assessment included in the first draft has been removed. A risk assessment for the installation of the synthetic tracks should be included in the business case. ✓
- The Funding Agreement requires the business case to be prepared in accordance with the Queensland Treasury Project Assurance Framework. This framework requires that a sensitivity analysis be undertaken. Please update the business case to include this considering any risks associated with engaging a foreign company to provide the track. ✓
- Executive Summary page ii – the table listing the proposed timing for the four tracks has the last track as Queensland, while in other areas of the report the Queensland Turf Club is referred to as Eagle Farm. The naming should be consistent. Also, it needs to be made clear in this table that it is either the Gold Coast or Queensland Turf Club. This applies to all similar tables in the business case. ✓
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- Page 30 – says that the American Dirt Track will be replaced at Eagle Farm, however there is no American Dirt Track listed on the table on page 29. ✓

If you have any questions in relation to the above points, please give either myself or Matthew Rackley a call on 3033 0893.

Otherwise, we would be happy for the business case to be updated to reflect the points above along with a written request for the Minister to consider the business case and approve the draw down of funds for the Corbould Park component of the project.

Regards

