

Business case

Installation of
synthetic race tracks

November 2007

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Executive summary

On 5 June 2007 the Minister for Local Government, Planning and Sport, announced the Queensland Government would commit \$12 million to establishing three synthetic race tracks in South East Queensland - Caloundra (Corbould Park), Toowoomba (Clifford Park) and either Brisbane (Eagle Farm) or the Gold Coast (Bundall).

Queensland Racing Limited has evaluated the impact of recent drought conditions on Queensland race tracks and the impact is significant. Drought, coupled with limited water use, has led to a hardening of race track surfaces and, consequently, to an increased incidence of soft tissue damage to horses.

Installation of synthetic tracks would significantly reduce water use by the major thoroughbred racing facilities, give the industry the ability to race in all weather conditions and offer enhanced cushioning thereby reducing the probability of injury to horses. By allowing track curators to reduce water use and redirect financial resources to other activities, the installation of synthetic tracks will enhance the long term viability of racing clubs.

Program background and rationale

The ability of racing clubs to provide training and racing facilities is fundamental to the long term viability of racing in Queensland. Currently, costs associated with providing this service are greater than revenues and clubs are increasingly under financial stress as a result.

Queensland's current drought has placed strong limitations on curators' water usage and has increased the costs of maintaining Queensland race tracks. Drought conditions and limitations on water usage impact on the hardness of race tracks and training surfaces which in turn increases the prevalence of injuries and fatal accidents for both horses and jockeys.

A trend towards using synthetic surfaces as a means for training horses is beginning to build momentum. Australia has seen a number of leading private training facilities refurbish with both synthetic and grass surfaces. This is beginning to change the culture of the industry and open minds to the possibilities and opportunities presented by the use of new technology.

Synthetic surfaces can be used as both a training and racing surface. At key international tracks synthetic surfaces are being used for race meetings and have been very successful. Such has been the success of these surfaces that the Australian Jockey Club,

which controls races at Royal Randwick and Warwick Farm in Sydney, is currently in negotiations on possibility of installing a synthetic surface at Warwick Farm. This transition by race clubs in southern States mirrors moves that have been made by race clubs at other international standard thoroughbred courses. Queensland cannot afford to be left behind by these changes in other jurisdictions.

Program Summary

Based on overseas experience and comprehensive research it became apparent that the installation of a synthetic surface would be the most appropriate choice for Queensland race clubs and a program was submitted to the Queensland Government for approval and assistance.

As part of the program particular sites were selected for the possible installation of a synthetic surface. Selection was based on the relative importance of each site to the growth prospects of the industry in South East Queensland.

On 5 June 2007 the Minister for Local Government, Planning and Sport, Mr Andrew Fraser announced the Queensland Government will commit \$12 million to establishing three synthetic race tracks in South East Queensland at Caloundra (Corbould Park), Toowoomba (Clifford Park) and either Brisbane (Eagle Farm) or the Gold Coast (Bundall).

The timing of each project in the overall program is set out in the table below:

Location	Project Commencement	Facilities Operational
Corbould Park	June 2007	February 2008
Clifford Park	July 2008	January 2009
Bundall*	March 2009	November 2009
Eagle Farm*	March 2009	November 2009

*Please note that only one of either Bundall or Eagle Farm will be selected as the third site for establishing a synthetic track.

It is important to note that Queensland Racing Limited and the Queensland Government, through the proposed program, are making an investment in industry sustainability, the benefits of which are realised by the Turf clubs, industry participants and the race going public.

Queensland Racing Limited views the provision of funds by the Queensland Government as a once off payment and, as such, will not be seeking any future grants to maintain the synthetic surfaces.

Executive summary

It is intended that the operational savings made from implementing a synthetic surface will pay for any future upgrades. Queensland Racing Limited is committed to this project and as such will bear all capital costs until the business case is approved. Following this approval a 52% / 48% Queensland Racing Limited / Queensland Government ratio for capital investment will be used for the Corbould Park project. For subsequent projects a 30%/70% capital investment ratio will be used until all Queensland Government funds have been exhausted. Further highlighting their commitment to the project Queensland Racing Limited will pay for the balance of costs until all three synthetic tracks are installed. The total capital cost of the program is expected to be in the order of \$22.2m

	Capital Expenditure
Corbould Park	(\$6.5m)
Clifford Park	(\$8.0m)
Bundall or Eagle Farm	(\$6.7m)
Total	(\$22.2m)

Corbould Park Project

The Sunshine Coast Turf Club is located at Corbould Park, Caloundra, approximately one hour north of Brisbane. With a total land area of 80.45 ha this racecourse has the largest land area of any club in South East Queensland.

The track surfaces located at Corbould Park and their condition are set out in the table below. Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition).

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	59 100	2 000	2
Sand track	31 680	1 000	2
Grass training track	41 850	2,000	5 (To keep track in this condition requires extensive water and maintenance)
Plough track	7 600	0	4
Other	-	152	n/a

With high water use and a poor condition assessment a change is required in the way training and racing operations are carried out at Corbould Park. In order to ensure the robustness and reliability of the decision making a number of possible options were assessed:

Installation of synthetic race tracks

- **Preserving the status quo.** This would involve no change to the way in which training tracks are currently utilised and maintained. No capital expenditure would be made and there would be no change to current operating costs. For the purposes of assessing this project it is considered that the status quo will be the base case, as it represents the current condition and expectations of the industry.
- **Restoring current facilities.** Current facilities would require restoration to achieve a standard that would be required to support a level of safety and track attractiveness to trainers comparable to that offered by installation of a synthetic surface. As a result, all tracks currently used for training would continue to be used but would have to be dramatically improved (particularly drainage works) to meet the required standard. Some capital expenditure will be required and there will be an increase in operating costs as the result of dramatically increased water use to reduce track hardness and associated labour and materials costs.
- **Replacement of a current training track with a single synthetic surface.** The existing sand training track would be completely removed and replaced by a more water efficient and safer synthetic surface. Due to the increased capacity associated with a synthetic surface, the remaining grass training track would be retained at a reduced capacity. Additional capital expenditure is required but operating costs would reduce over current levels. Refurbishment costs associated with maintaining the synthetic surface are forecast to commence in February 2015.

	Status Quo	Restoration	Replacement
NPV Capital expenditure	0	(\$7.8m)	(\$6.0m)
NPV Incremental operational savings/(costs)	0	(\$3.1m)	\$1.8m
Incremental annual water savings/(increases)	0	(234ML)	104ML
Improved in jockey and horse welfare	x	✓	✓

The replacement option improves jockey and horse welfare without creating a financial burden. This is achieved by saving approximately \$1.8 m in operational costs and 104ML/annum on water usage. Therefore, the replacement option is the option most likely to achieve the industry outcomes sought by Queensland Racing Limited.

Final costings have not been formalised by the project manager, however, listed below is an estimate of these costs based on initial contracts with Equestrian Surfaces International Limited and Arben Management.

Executive summary

	Cost estimate
Equestrian Surfaces International Limited	(3,431,927)
Civil design and operational civil works	(2,986,975)
Arben Management Project Management Fees	(78,828)
Total	(6,497,730)

The table below detail cash flows associated with the funding required to implement the synthetic surface at Corbould Park.

	Capital Investment- Courbould Park	QRL Funding	Queensland Government funding
Q108	(2,046,758)	2,046,758	-
Q208	(3,776,444)	1,132,933	2,643,511
Q308	(674,528)	202,358	472,170
Q408	-	-	-
FY08	(6,497,730)	3,382,049	3,115,681
%	100%	52%	48%

Queensland Racing Limited believes that the introduction of synthetic technology to Corbould Park is a joint investment with Queensland Government. As such Queensland Racing Limited will undertake significant upfront costs at its own risk until the business case is approved. This results in a 52% / 48% Queensland Racing Limited/ Queensland Government funding ratio and reaffirms Queensland Racing Limited's commitment to the project.

Implementation of the decision to install a synthetic track at Corbould Park is currently progressing with project managers, civil contractors and designers already engaged and work commenced.

Clifford Park Project

The Toowoomba Turf Club is located at Clifford Park, Toowoomba, approximately two hours west of Brisbane and covers 36.63 ha.

Track surfaces located at Clifford Park are set out in the Table below. Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition).

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	51 000	487	1
Grass No. 2/ training	26 000	120	2
Sand track	14 250	149	4
Wood fibre	16 000	275	5
Other	-	139	n/a

Installation of synthetic race tracks

The viability of training and racing at Clifford park is threatened by adverse climatic conditions. Radical change is required to ensure the future of racing activities at Clifford Park, including replacement of the course proper with a synthetic surface.

An initial investigation will be undertaken into the viability of installing a synthetic surface at Clifford Park. Following this investigation detailed planning and firm costings will be made available to Queensland Racing Limited. These plans and costings will then be used to perform a robust analysis of feasibility. The final step will involve consultation between Queensland Racing Limited and Queensland Government in determining a go/no go decision.

Third Location Project

Following discussions with Queensland Government a third site will be selected, likely to be either Bundall or Eagle Farm for installation of synthetic tracks. An initial investigation will be undertaken into the viability of installing a synthetic surface at these locations. Following this investigation detailed planning and firm costings will be made available to Queensland Racing Limited. These plans and costings will then be used to perform a robust analysis of feasibility. The final step will involve consultation between Queensland Racing Limited and Queensland Government in determining a go/no go decision.

Total Program

A summary of the impacts of all options on the overall program (all three sites) is contained in the table below.

	Status Quo	Restoration (Bundall as third track)	Restoration (Eagle Farm as third track)	Synthetic Track (Bundall as Third Track)	Synthetic Track (Eagle Farm as Third Track)
NPV Capital expenditure	0	(\$28.7m)	(\$26.8m)	(\$19.2m)	(\$19.2m)
NPV Incremental operational savings/(costs)	0	(\$7.5m)	(\$8.5m)	\$11.9m	\$11.1m
Incremental annual water savings/ (increases)	0	(437ML)	(456ML)	234ML	235ML
Improved in jockey and horse welfare	x	✓	✓	✓	✓

Both the status quo and restore options do not allow Queensland Racing Limited to achieve the industry outcomes sought. While the absence of investment in the Status Quo option requires the lowest capital investment it will result in a decline in the quality of training facilities if climatic conditions worsen or do not improve. This will

lead to a decrease in jockey and horse safety and subsequently threaten the viability of all turf clubs and the horse racing industry in South East Queensland. The restore option offers significant improvements to jockey and horse welfare, however, this is at the expense of increased water use and increased maintenance costs. These increases would create a significant financial burden for turf clubs and would subsequently threaten their overall viability. The synthetic track replacement option is the option most likely to achieve the industry outcomes sought by Queensland Racing Limited at a value for money investment cost.

In assessing the expected results from Clifford Park and Bundall/ Eagle Farm it must be noted that findings are based on experience gained through the implementation of a synthetic surface at Corbould Park. Results presented in this business case for Clifford Park and Bundall/ Eagle Farm are indicative only. In order to draw upon existing funding allocated by the Minister these findings will be presented when definitive results and plans are undertaken for these sites.

Conclusion

The installation of synthetic tracks at three locations in South East Queensland will underpin the viability of the racing industry in Queensland, reduce water consumption, improve animal and rider safety and be self sustaining. Maintaining the status quo is not a viable option for the long term health of the industry. Restoration of existing facilities will be both more expensive and have more water consumption than installation of synthetic surfaces. Queensland Racing Limited therefore proposes that the installation of synthetic tracks is the only responsible action to be taken to ensure the long term viability of an industry that has been an integral part of Queensland's history and continues to be a part of the State's future.

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Program background and rationale

QRL strategy

A key part of Queensland Racing Limited's role is promoting the development of the thoroughbred racing industry in Queensland. It is responsible for licensing race clubs in Queensland and has responsibility for the allocation and distribution of prize money for races. Arising from broader strategic focus in relation to specific regional race clubs, Queensland Racing Limited also has a significant role to play in facilitating development of, and improvements in, racecourse and training facilities and services to support the sustainable development of the industry.

The objectives of Queensland Racing Limited are:

- organisation and operational excellence - Queensland Racing Limited operates in a transparent, efficient and effective manner;
- integrity and regulatory excellence - the Queensland thoroughbred racing industry achieves the highest levels of public confidence in its integrity;
- industry and product performance - delivery of a high quality racing product that maximises financial returns to the industry;
- safety and risk management - maintenance of a high level of safety and an active approach to risk identification and management;
- people and technology development - ensure the highest standards of professionalism and expertise in Queensland Racing and the industry. Also leverage technology to achieve high levels of service delivery; and
- stakeholder communications and relations - ensure effective regular two-way communication and consultation with key stakeholders.

In achieving these objectives Queensland Racing Limited aim to improve industry economics by:

- making prize money and sequencing of racing more attractive to trainers and owners;
- improving the quality of starters by providing premier training and racing facilities that are more attractive to top trainers and owners;
- underpinning the viability of race clubs by reducing the operating and capital costs of facilities; and
- improving the environmental impacts of racing in line with community expectations.

Industry Sustainability

The ability of race clubs to provide training facilities is fundamental to the long term viability of the racing industry in Queensland. Currently, the costs associated with providing this service are higher than revenues and training facilities are subsidised from other club activities. This situation has put race clubs, particularly South East Queensland race clubs, under extreme financial pressure which has resulted in an inability to invest in facilities. Consequently, the general standard of race club facilities is declining with an associated high injury rate to horses and jockeys and a decrease in the quality of racing.

By way of example, feature events such as the Magic Millions, the summer carnival and winter racing carnival occur at some of South East Queensland's premier tracks and attract horses and visitors from around the state, nation and the world. Facilities at some of these tracks have fallen below the standard that is expected of world class racetracks and this is beginning to jeopardise the ability of race clubs to hold meetings and provide superior training facilities. Large sums of money and large quantities of water are used to bring tracks up to world class standard specifically for these events. To ensure the continued long term viability and growth of the horse racing industry in Queensland, major race clubs within South East Queensland must pioneer developments and maintain their training and racing facilities at a high standard.

Climatic and club viability impacts on animal welfare and participant safety

Queensland's current drought has placed strong limitations on curators' water usage and has increased the costs of maintaining Queensland race tracks. For example, Eagle Farm trucked in water to ensure its surface was prepared for the 2007 Winter Carnival. The effect of drought and subsequent water restrictions has resulted in the gradual disintegration of the Clifford Park track.

Installation of synthetic race tracks will significantly reduce the need for large water consumption and increase the flexibility of curators to provide quality surfaces in all weather conditions.

Drought conditions and limitations on water usage impact on the hardness of race tracks and training surfaces which in turn increases the prevalence of injuries and fatal accidents for both horses and jockeys. Costs associated with breakdowns include:

- Personal loss through jockey and horse fatalities and injuries;
- Time lost through jockey and horse rehabilitation following injuries;
- Economic loss from jockey and horse rehabilitation following injuries; and
- Economic loss to owners from horse fatalities.

Industry cultural change

A trend towards using synthetic surfaces as a means for training horses is beginning to build momentum. Australia has seen a number of leading private training facilities refurbish with both synthetic and grass surfaces. For instance, the Lindsay Park property located in Angaston, South Australia, one of Australia's premier training facilities, has a synthetic surface. David Hayes, one of Australia's leading horse trainers and with over ten years international experience in Hong Kong, utilises the synthetic surface at this property. Macedon Lodge in Victoria and both the Victorian and Queensland branches of Wadham Park have installed a synthetic surfaces.

This trend is supported by key industry spokespeople. Trainers within Queensland are already very strong supporters of race clubs also switching to synthetic surfaces. In March 2007, Ron Maund, President of the Queensland branch of the Australian Trainers Association noted in his regular Queensland Racing Magazine column that: "The Queensland ATA reiterates its call for Queensland Racing to consider the installation of all weather race and training tracks in our State..."

Jurisdictional competition

Synthetic surfaces can be used as both training and racing surfaces. At key international tracks synthetic surfaces are being used for race meetings and have been very successful. In Australia synthetic surfaces have also been installed, with regular TAB meetings now being held at Canberra and Geelong. The benefit of the synthetic technology was highlighted in July when a meeting was cancelled at Sandown (Melbourne), due to inclement weather and a subsequent ruling that the surface was unsafe. The meeting was relocated to the synthetic surface at Geelong and proceeded successfully with no races lost.

Such has been the success of these surfaces that the Australian Jockey Club, which controls races at Royal Randwick and Warwick Farm in Sydney, is currently in negotiations as to the possibility of installing a synthetic surface at Warwick Farm. This transition by race clubs in southern states mirrors moves that have been made by race clubs at other international standard thoroughbred courses. Clubs in the United Kingdom have been using synthetic surfaces for the past decade and leading facilities in the premier horse racing regions of Dubai and the United States have also pioneered use of synthetic surfaces.

It is anticipated that after an initial period, when the surface would be solely used for training, Queensland Racing Limited would extend its use to include some race meetings. This phasing in of synthetic surfaces for racing will force positive change in the industry and would be a move by Queensland Racing Limited towards achieving worlds best practice.

Case study precedent

On May 11, 2006, in a move primarily aimed at addressing animal and jockey welfare the Californian senate passed a bill, that had been endorsed by the Californian Horse Racing Board, which ordered the five major thoroughbred tracks within the state to switch to synthetic surface racing. The tracks selected to be converted were Hollywood Park, Santa Anita, Del Mar, Bay Meadows and Golden Gate Fields. Hollywood Park was the first of these five tracks to comply with the bill. Jack Liebau, president of Hollywood Park, and several Hollywood Park officials made two fact-finding trips to England, multiple trips to Kentucky and to the East Coast of the United States to look at various types of wax-coated synthetic surfaces before deciding on Cushion Track. Equestrian Surfaces manufactured 16,000 tons of Cushion Track Premier in the UK and shipped the material to California on a chartered vessel at the beginning of August 2006. Meanwhile under the supervision of Equestrian Surfaces, the old track of sand and clay was removed and a new vertical drainage system was constructed at the track under the supervision of Equestrian Surfaces. Cushion Track was subsequently installed over the drainage system ready for the commencement of training at the beginning of September 2006. The results and reviews were overwhelmingly positive with a dramatic reduction in injuries, increased field sizes and increased betting. Fatal breakdowns dropped from seven to zero at Hollywood Park's 2006 autumn meeting when compared to the corresponding meeting which was run on clay and dirt a year earlier.

Program History

In order to address the problems described above Queensland Racing Limited actively sought out any possible solutions. Based on overseas experience and comprehensive research it became apparent that the installation of a synthetic surface would be the most appropriate choice for Queensland race clubs. Queensland Racing Limited applied for Queensland Government assistance to help implement synthetic surface technology at three major state race tracks. This application was conditionally approved and \$12 million was set aside for this project subject to the approval of a business case by the Minister for Local Government, Planning and Sport.

Selection of options

As part of the program particular sites were selected for the possible installation of a synthetic surface. Selection was based on the relative importance of each site to the growth prospects of the industry in South East Queensland. Investigations were made into the quality of specific tracks.

Corbould Park

The reasons for installing a synthetic surface at Corbould Park include:

- this area is and will continue to experience population growth and it is viewed of strategic significance to the sustainability of the Queensland Thoroughbred Industry;
- the facility will go through an upgrade including improvements to stabling and an adoption of the synthetic track technology would ensure that the required training capacity is increased.

Clifford Park

The reasons for investigating the possibility of installing a synthetic surface at Clifford Park include:

- this area experiences less rain than the majority of areas in Queensland and the drought has led to the Club being required to truck in water at considerable expense. This hardship has often led the course proper to be in poor condition leading to decisions of race meetings being cancelled which is harmful to the industry and local economy; and
- Toowoomba has the largest training horse population which requires adequate training infrastructure. Horse numbers being trained are critical to the sustainability of the industry as they provide starters which provides product.

Bundall

The reasons for investigating the possibility of installing a synthetic surface at Bundall include:

- the site is of significant strategic value as it is one of the largest training centres in Queensland and the large horse population that uses this site require supporting infrastructure;
- a new synthetic track would allow larger horse numbers to be used on it daily leading to improved quality of racing; and
- it requires no watering which is also important given that the Gold Coast is also on water restrictions.

Eagle Farm

The reasons for investigating the possibility of installing a synthetic surface at Eagle Farm include:

- based on its larger size as a facility it has the capabilities of becoming an international standard venue;
- Eagle Farm is a larger training centre than Doomben; and

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- Eagle Farm will be proceeding with the installation of on-course stables and necessary track infrastructure capable of bearing this increase in numbers is required.

Program background and rationale

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Program summary

Project funding

For the purposes of identifying funding requirements the following project timeline has been used.

Location	Project Commencement	Facilities Operational
Corbould Park	June 2007	February 2008
Clifford Park	July 2008	January 2009
Bundall	March 2009	November 2009
Eagle Farm	March 2009	November 2009

It is important to note that Queensland Racing Limited and the Queensland Government are making an investment in industry sustainability, the benefits of which are realised by the Turf clubs, industry participants and the race going public. Queensland Racing Limited view the provision of funds by the Queensland Government as a once off payment and as such will not be seeking any future grants to maintain the synthetic surfaces. It is intended that the operational savings made from implementing a synthetic surface will pay for any future upgrades.

Set out in the table below are the estimated total program costs. Project capital investment and funding sources for each site is set out in each relevant section of this report Note that for the purpose of this presentation Bundall has been used as the third track. Since a decision has not yet been made on the location of the third track these cash flow projections should be regarded as an estimate of the total program costs.

	Total Program Costs		
	Capital Investment – Total Program	QRL Funding	Queensland Government funding
Q108	(2,046,758)	2,046,758	-
Q208	(3,776,444)	1,132,933	2,643,511
Q308	(674,528)	202,358	472,170
Q408	-	-	-
FY08	(6,497,730)	3,382,049	3,115,680
Q109	(2,168,256)	650,477	1,517,779
Q209	(3,216,518)	964,956	2,251,563
Q309	(2,802,468)	840,740	1,961,728
Q409	(4,130,908)	1,239,272	2,891,636
FY09	(12,318,151)	3,695,445	8,622,706

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Total Program Costs			
Q110	(3,333,900)	1,912,286	1,421,614
Q210	(11,985)	11,985	-
Q310	-	-	-
Q410	-	-	-
FY10	(3,345,885)	1,924,271	1,421,614
Total	(22,161,766)	9,001,765	13,160,000
%	100%	41%	59%

Queensland Racing Limited is committed to this program and as such will bear all capital costs until the business case is approved. Following this approval a 30% / 70% Queensland Racing Limited / Queensland Government ratio for capital investment will be used until all the Queensland Government funds are exhausted. Further highlighting their commitment to the project, Queensland Racing Limited will pay for the balance of costs until all three synthetic tracks are installed.

The total Queensland Government funding requirement of \$13,160,000 is greater than the \$12,000,000 committed by the Queensland Government. As required by the funding arrangement, interest earned from the funds (invested by QTC) will be used for eligible expenditure on the program. The assumptions used to calculate these cash flow projections can be found in Appendix 1.

Program contractors

Queensland Racing Limited undertook an extensive selection process in determining the most appropriate synthetic surface to suit Queensland conditions and achieve the outcomes sought. After making a shortlist and evaluating each option, Cushion Track was selected as the most suitable choice by the Queensland Racing Limited Board. Cushion track is a waxed synthetic riding surface and is a combination of chopped polypropylene fibres, elastic fibres, felt, rubber, and selected fine high grade multi washed industrial sand, which is carefully weighed and blended with the addition of a wax coating.

Equestrian Surfaces International Ltd was engaged to implement the Cushion Track synthetic surface at Corbould Park. Equestrian Surfaces International Ltd. is a group of companies that formed together in the UK over 20 years ago and has since undertaken over 4,500 projects. The Queensland Racing Board are yet to determine if Equestrian Surfaces International Ltd. will be engaged to establish the synthetic surface at the second and third sites.

Program governance arrangements

A project control group will be appointed within Queensland Racing Limited to oversight the project. The project control group will consist of the Board Chairman (Bob Bentley), Chief Operations Manager (Malcolm Tuttle) and a third member which will be selected by the Queensland Racing Limited Board in consultation with other stakeholders two months prior to commencement of each project. For the development at Corbould Park Mr. Don Moffat has been selected as the third member of this group. The role of this group will be to:

- provide project management oversight;
- to exercise accountable approval processes for project expenditure including appointment of contractors and synthetic product suppliers;
- investigate issues that may impact on the projects ability to deliver on stated outcomes;
- manage compliance with the conditions of the Funding Agreement with the Queensland Government;
- manage the project reporting processes inclusive of mandatory project reporting to the Queensland Government; and
- monitor post implementation quality assurance.

For a detailed overview of the project control group refer to the group's terms of reference contained in Appendix 2.

The Department of Local Government, Planning and Sport will ensure the oversight of the entire project on behalf of and accountable to the Minister for Local Government, Planning and Sport.

The Queensland Audit Office (QAO) supports the role of the Auditor-General in providing Parliament with an independent assessment of the financial management-related activities of public sector entities. Their role will be to provide independent audit services and reports to Parliament to enhance the accountability of the synthetic surface installation project. QAO will also provide assurance services around the commitment of funds to the project. The diagram contained in Appendix 3 summarises the roles and accountabilities of each participant in the governance structure.

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Corbould Park project

Site background and conditions

The Sunshine Coast Turf Club is located at Corbould Park, Caloundra, approximately one hour north of Brisbane. With a total land area of 80.45 ha this racecourse has the largest land area of any club in South East Queensland. Until recently this land had been relatively underutilised. Plans are now underway for future development to occur at this location.

The track surfaces located at Corbould Park and their condition are set out in the Table below. Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition). Further details of this scale are contained in Appendix 4.

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	59 100	2 000	2
Sand track	31 680	1 000	2
Grass training track	41 850	2,000	5 (To keep track in this condition requires extensive water and maintenance)
Plough track	7 600	0	4
Other	-	152	n/a

Facilities at the Sunshine Turf Club also include a modified swimming pool for horses, 2 sand roll pits and 4 wash bays. Approximately 400 horses are currently trained at the racecourse; however, there are only twelve stables onsite.

Project options

In order to ensure the robustness and reliability of the decision making a number of possible options were assessed:

- **Preserving the status quo.** This would involve no change to the way in which training tracks are currently utilised and maintained. No capital expenditure is foreseen and no change to current operating costs are associated with this option. For the purposes of assessing this project it is considered that the status quo will act as the base case, as it represents the current condition and expectations of the industry.
- **Restoring current facilities.** Current facilities would require restoration to achieve a standard that would be comparable to that offered by installation of a synthetic surface. As a result,

all tracks currently used for training would continue to be used but would have to be dramatically improved (particularly drainage works) to meet the required standard. An initial capital injection and increase in operating costs are associated with this option.

- **Replacement of a current training track with a single synthetic surface.** The sand training track would be completely removed and replaced by a more water efficient and safer synthetic surface. Due to the increased capacity associated with a synthetic surface, the remaining grass training track would be retained at a reduced capacity. An initial capital injection and decrease in operating costs are associated with this option. Refurbishment costs associated with maintaining the synthetic surface are forecast to commence in February 2015.

Assessment of project options

Preserving the status quo

If the status quo was preserved at Corbould Park:

- all training surfaces would continue to be utilised;
- there would be no capital expenditure to improve or create new surfaces;
- over a ten year projection, the Net Present Value of operating costs would be approximately \$6.5m, this represents no savings (For operational expenditure cash flows refer to Appendix 5);
- there would be no water savings, 156 ML from the on site dam, would continue to be used annually on training surfaces;
- over the past 5 years there have been 29 race falls and from July 1 2006 to May 31 2007 there were 7 workers compensation claims totalling over \$49,000. There would likely be no improvement seen on these figures as the quality of surface would continue to decline (even maintaining current maintenance spending) which increases the chances of jockey and/or horse injury; and
- the training facilities would be able to cater for a maximum of 400 horses (assuming no drastic decline in standard of facility), this represents no growth in a geographical region which is currently experiencing high levels of population growth and a consequent potential growth in training demand.

Restoring current facilities

Implementation of the restoration option would entail:

- capital expenditure needed to improve all tracks to a standard comparable to a synthetic surface would have a Net Present Value of approximately \$7.8m;

- over a ten year projection, the operating costs when compared to current operations would return an incremental Net Present Value increase of approximately \$3.1m. Approximately 83% of this incremental increase would be attributable to costs associated with water use. Note these water costs are the economic costs associated with water usage (For operational expenditure cash flows refer to appendix 5);
- the level of annual water usage would be expected to reach 390ML (390 ML dam) which represents an increase of 234ML (234 ML dam);
- there would be a reduction in the hardness of the surface, likely resulting in a significant improvement to the safety and welfare of jockeys and horses;
- the training facilities would be able to cater for a maximum of 800 horses (with some associated works on other facilities – not costed). It is likely that an increase in the number of horses trained would be realised due to the increased attractiveness of the improved training surface; and
- increased operating expenditure and mostly capped revenues would put the Sunshine Coast Turf Club under financial pressure to maintain its training facilities, potentially decreasing the viability of the club.

Replacement of a current training track with a single synthetic surface

The following is a list of the key findings from assessing the replacement option:

- Capital expenditure needed to replace the sand track with a synthetic surface would have a Net Present Value of approximately \$6.0m;
- Over a ten year projection, the operating costs when compared to current operations would return an incremental Net Present Value saving of approximately \$1.8m. Approximately 65% of this incremental saving is associated with water use. Note these water savings are the economic savings associated with water usage (For operational expenditure cash flows refer to appendix 5);
- Once fully operational the level of annual water usage associated with training would be expected to drop to 52ML (52ML dam), which represents a saving of 104ML (104ML dam). As the synthetic surface requires no watering all training related water use would be attributable to the remaining grass training track;
- There would be a reduction in the hardness of the surface, likely resulting in a significant improvement to the safety and welfare of jockeys and horses;
- The training facilities would be able to cater for a maximum of 800 horses, it is likely that an increase in the number of horses

Installation of synthetic race tracks

trained would be realised due to the increased attractiveness of the improved training surface; and

- Decreased operating expenditure would significantly improve the viability of the Sunshine Coast Turf Club and underpin the development of the industry on the north coast.

Assessment of preferred option

Both the status quo and restore options do not allow Queensland Racing Limited to achieve the industry outcomes sought. While the absence of investment in the Status Quo option would produce the best overall Net Present Value result it will likely result in declining training facilities if climatic conditions worsen or do not improve. This will lead to a decrease in jockey and horse welfare and subsequently threaten the viability of Corbould Park and the horse racing industry on the north coast. The restore option offers significant improvements to jockey and horse welfare, however, this is at the expense of increased water use of 234ML/annum and increased maintenance costs of approximately \$3.1m. These increases would create a significant financial burden for the Sunshine Coast Turf Club and would subsequently threaten its overall viability. The replacement option drastically improves jockey and horse welfare without creating a financial burden for the Sunshine Coast Turf Club. This is achieved by saving approximately \$1.8 m in operational costs and 104ML/annum on water usage. Therefore, the replacement option is the option most likely to achieve the industry outcomes sought by Queensland Racing Limited.

	Status Quo	Restoration	Replacement
NPV Capital expenditure	0	(\$7.8m)	(\$6.0m)
NPV Incremental operational savings/(costs)	0	(\$3.1m)	\$1.8m
Incremental annual water savings/(increases)	0	(234ML)	104ML
Improved in jockey and horse welfare	x	✓	✓

Project plan

Arben Management was selected by the Sunshine Coast Turf Club board to be responsible for the project management of the general

redevelopment at Corbould Park. It was further decided that this would extend to the project management of the synthetic track installation.

Below is a general summary of the scope of works associated with the civil works at Corbould Park. The works are to be undertaken in two phases, which will run concurrently.

Details of the scope of works associated with each phase are as follows:

Phase 1 – Construction of a dedicated ambulance and service road

- removal of the existing outside rail to grass track no.2;
- supply and installation of a new running rail and posts approximately 5m in from the outside of grass track no.2;
- load, cart, spread and trim topsoil from new ambulance track area;
- supply and install subsoil drainage;
- trim and compact sub-grade;
- supply and place sub-base gravel;
- install curbs and backfill;
- supply and install base-course gravel;
- place A/C surface; and
- bridge/links from the new ambulance track to the synthetic race track at strategic points.

Phase 2 – New synthetic race track and associated accesses

- removal of the outside and inside running rails and posts;
- strip sand from the existing sand race track;
- trim and compact the existing gravel sub grade;
- proof rail;
- supply and install drainage pipes;
- supply and install electrical and communications conduits;
- supply and lay membrane;
- construct access from mounting yard to the funnel along with associated resurfacing works to mounting yard;
- supply and install drainage layer;
- install curbs;
- backfill curbs and trim swales;
- trim drainage layer;

Installation of synthetic race tracks

- place geofabric to drainage layer;
- place and trim Cushion Track footing; and
- supply and install new running rails to track.

Other Works

In addition to the above, there are a number of ancillary works associated with getting horses to and from the synthetic surface as well as in racing mode. These generally include:

- walkways and foot baths;
- adjustments to fencing and gates where required;
- new winning post for the synthetic race track;
- relocation of the electronic board;
- refurbishment or replacement of the winning post to the course proper along with removable signage;
- potential adjustments to photo finish equipment;
- relocation of communications; and
- new timing equipment.

For further information regarding the project plan refer to documents supplied by Arben Management in Appendix 6.

Project costs

Final costings have not been formalised by the project manager, however, listed below is an approximation of these undiscounted costings based on initial contracts with Equestrian Surfaces International Limited and Arben Management.

	Costings
Equestrian Surfaces International Limited	(3,431,927)
Civil design and operational civil works	(2,986,975)
Arben Management Project Management Fees	(78,828)
Total	(6,497,730)

Refer to Appendix 7 for a full breakdown of the approximate costings and their associated timing.

Preferred option project cash flows

The table below details the cash flows associated with the funding required to implement the synthetic surface at the Corbould Park.

	Corbould Park Project Costs		
	Capital Investment	QRL Funding	Queensland Government funding
Q108	(2,046,758)	2,046,758	-
Q208	(3,776,444)	1,132,933	2,643,511
Q308	(674,528)	202,358	472,170
Q408	-	-	-
FY08	(6,497,730)	3,382,049	3,115,681
%	100%	52%	48%

Queensland Racing Limited believes that the introduction of synthetic technology to Corbould Park is a joint investment with Queensland Government. As such Queensland Racing Limited will undertake significant upfront costs at its own risk until the business case is approved. This results in a 52% / 48% Queensland Racing Limited / Queensland Government funding ratio and reaffirms Queensland Racing Limited's commitment to the project.

4

Clifford Park project

Site background and conditions

The Toowoomba Turf Club is located at Clifford Park, Toowoomba, approximately two hours west of Brisbane and covers 36.63 ha. After installing lighting in the 1990s the Toowoomba Turf Club is the only Queensland provider of night racing with a weekly Saturday night twilight meeting. The Clifford Park racecourse plays an integral role to Queensland racing by providing the highest numbers of starters to races conducted in the State.

Track surfaces located at the Clifford Park are set out in the table below. Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition). Further details of this scale are contained in Appendix 4. Enter chapter text here

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	51 000	487	1
Grass No. 2/ training	26 000	120	2
Sand track	14 250	149	4
Wood fibre	16 000	275	5
Other	-	139	n/a

Over 675 horses are trained at the track with 100 stables provided on site. It is planned that up to an additional 48 stables will be built at the racecourse.

Project options

In assessing each of the following option types it must be noted that results achieved are based on experience gained through the implementation of a synthetic surface at Corbould Park. As such the findings presented in this business case are only indicative. In order to receive future funding from the Minister these findings will be re-presented when definite results and plans are undertaken.

- Preserving the status quo.** This would involve no change to the way in which training tracks are currently utilised and maintained. No capital expenditure is foreseen and no change to current operating costs are associated with this option. For the purposes of assessing this option it is considered that the status quo will act as the base case as it represents the current conditions and expectations of the industry.
- Restoring current facilities.** Current facilities would require restoration to achieve a standard that would be comparable to that offered by installation of a synthetic surface. As a result, all tracks currently used for training would continue to be used but would have to be dramatically improved (particularly drainage works) to meet the required standard. An initial

capital injection and increase in operating costs are associated with this option.

- **Replacement of a current training track with a single synthetic surface.** The course proper would be completely removed and replaced by a more water efficient and safer synthetic surface. Due to the increased capacity associated with a synthetic surface, the remaining grass training track would be retained at a reduced capacity, the sand track would be phased out and the wood fibre track would cease use immediately when the synthetic surface became operational. An initial capital injection and decrease in operating costs are associated with this option. Refurbishment costs associated with maintaining the synthetic surface are forecast to commence in January 2016.

Assessment of project options

Preserving the status quo

The following is a list of the indicative findings from assessing the status quo option:

- all training surfaces would continue to be utilised;
- there would be no capital expenditure to improve or create new surfaces;
- over a ten year projection, the Net Present Value of operating costs would be approximately \$5.8m, this represents no savings;
- there would be no water savings and 57 ML (32ML dam, 27ML truck) would continue to be used annually on training surfaces;
- over the past 5 years there have been 25 race falls and from July 1 2006 to May 31 2007 there were 15 workers compensation claims totalling over \$50,000. There would likely be no improvement seen on these figures as the quality of surface will continue to decline (even maintaining current maintenance costs) would increase the chances of jockey and/or horse injury;
- the training facilities would be able to cater for a maximum of 675 horses (assuming no drastic decline in standard of facilities), this represents no growth in a geographical region which provides an integral link between Western Queensland and Brisbane; and
- horses trained at Clifford Park currently provide the greatest number of starters to Queensland thoroughbred races, hence the decline and potential closure of these facilities would have a significant negative impact on the industry in Queensland.

Restoring current facilities

The following is a list of the indicative findings discovered whilst assessing the restoration option:

- capital expenditure needed to improve all tracks to a standard comparable to a synthetic surface would have a Net Present Value of approximately \$9.9m;
- over a ten year projection, the operating costs when compared to current operations would return an incremental Net Present Value increase of approximately \$1.9m. Approximately 48% of this incremental increase would be attributable to costs associated with water use. Note these water costs are the economic costs associated with water usage;
- the level of annual water usage would be expected to reach 143ML (79ML dam, 64ML truck) which represents an increase of 86ML (47ML dam, 39ML truck);
- there would be a reduction in the hardness of the surface, likely resulting in a significant improvement to the safety and welfare of jockeys and horses;
- the training facilities would likely be able to cater for a maximum of 800 horses; it is likely that an increase in the number of horses trained would be realised due to the increased attractiveness of the improved training surface; and
- increased operating expenditure and mostly capped revenues would put the Toowoomba Turf Club under financial pressure to maintain its training facilities, potentially decreasing the viability of the club.

Replacement of a current training track with a single synthetic surface

The following is a list of the indicative findings from assessing the replacement option:

- capital expenditure needed to replace the course proper with a synthetic surface would have a Net Present Value of approximately \$6.8m;
- using a ten year timeframe, the operating costs when compared to current operations would return an incremental Net Present Value saving of approximately \$3.0m. Approximately 19% of this saving is associated with water usage. Note these water savings are the economic savings associated with water usage;
- once at the desired level of utilisation annual water usage associated with training would be expected to drop to just over 3ML (3ML dam), which represents an approximate saving of 54ML (25ML dam, 29ML truck). There would be a reduction in the hardness of the surface, likely resulting in a significant improvement to the safety and welfare of jockeys and horses;
- the training facilities would be able to cater for a maximum of 800 horses, it is likely that an increase in the number of horses trained would be realised due to the increased attractiveness of the improved training surface; and

- decreased operating expenditure would significantly improve the viability of the Toowoomba Turf Club and underpin the development of the industry west of Brisbane.

Assessment of preferred option

Both the status quo and restore options do not allow Queensland Racing Limited to achieve the industry outcomes sought. While the absence of investment in the Status Quo option would produce the best overall Net Present Value result it will likely result in declining training facilities if climatic conditions worsen or do not improve. This will lead to a decrease in jockey and horse welfare and subsequently threaten the viability of the Toowoomba Turf Club and the horse racing industry west of Brisbane. The restore option offers significant improvements to jockey and horse welfare, however, this is at the expense of increased water use of 86ML/annum and increased maintenance costs of approximately \$1.9m. These increases would create a significant financial burden for the Toowoomba Turf Club and would subsequently threaten its overall viability. The replacement option drastically improves jockey and horse welfare without creating a financial burden for the Toowoomba Turf Club. This is achieved by saving approximately \$3.0 m in operational costs and 54ML/annum on water usage. Therefore, the replacement option is the option most likely to achieve the industry outcomes sought by Queensland Racing Limited. It must be noted, however, that these figures are based on costs obtained from the Corbould Park project and are still subject to exploratory work being undertaken at Clifford Park.

	Status Quo	Restoration	Replacement
NPV Capital expenditure	0	(\$9.9m)	(\$6.8m)
NPV Incremental operational savings/(costs)	0	(\$1.9m)	\$3.0
Incremental annual water savings/(increases)	0	(86ML)	54ML
Improved in jockey and horse welfare	x	✓	✓

Project plan

An initial investigation will be undertaken into the viability of installing a synthetic surface at Clifford Park. Following this investigation detailed planning and firm costings will be made available to Queensland Racing

Clifford Park project

Limited. The indicative cost in this report will then be refined and firmer estimates provided to the Department for release of funds along with a more up to date assessment of feasibility.

Project Costs

Final costings will be determined and submitted to the Minister once the steps mentioned above in the project plan have been undertaken. Initial project costings have been estimated for this business case using indicative costs obtained from the works at Corbould Park.

	Costings
Equestrian Surfaces International Limited	(4,212,826)
Civil design and operational civil works	(3,675,841)
Arben Management Project Management	(87,807)
Fees	
Total	(7,976,474)

Project cash flows

The tables below details the cash flows associated with the funding required to implement the synthetic surface at Clifford Park.

	Clifford Park Project Costs		
	Capital Investment	QRL Funding	Queensland Government funding
Q109	(2,168,256)	650,477	1,517,779
Q209	(3,216,518)	964,956	2,251,563
Q309	(2,591,699)	777,510	1,814,189
Q409	-	-	-
FY09	(7,976,474)	2,392,942	5,583,531
Total	(7,976,474)	2,392,942	5,583,531
%	100%	30%	70%

Queensland Racing Limited believes that the introduction of synthetic technology to Clifford Park is a joint investment with Queensland Government. This results in a 30% / 70% Queensland Racing Limited / Queensland Government funding ratio. A definitive cash flow will be presented once the appropriate exploratory investigations have been undertaken.

5

Third location project

Site background and conditions

Location Option 1 - Bundall

The Gold Coast Turf Club is situated in a high-density urban area at Bundall, very close to Surfers Paradise. The land area is 43.18 ha and is almost fully utilised for purposes associated with racing. Bundall hosts the annual Magic Millions carnival which has quickly become a premier racing and sales event.

Surfaces located at the Bundall are set out in the table below. Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition). Further details of this scale are contained in Appendix 4.

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	47 250	415	5
Grass No. 2/ training	20 700	72	5
Sand track	19 200	364	4
Velvet track	15 300	420	5
Plough track	18 000	150	4
Bull ring	10 100	132	4
Equine training track	38 850	364	4
Other	-	222	n/a

Other facilities for horse training and racing located at the track include 16 wash bays and 2 sand roll pits. There are no provisions for stables at the track.

Location Option 2 – Eagle Farm

The Queensland Turf Club is situated ten minutes from the Brisbane city centre in the residential suburb of Eagle Farm. The racecourse spans 50.67 ha and is the home of Queensland's iconic race the Stradbroke Handicap. Despite its standing as arguably the most recognisable racetrack in Queensland, it provides only the third largest number of starters to races in the State.

Surfaces located at the Eagle Farm are set out in the Table below. Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition). Further details of this scale are contained in Appendix 4.

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
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Installation of synthetic race tracks

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	60 810	709	5
Grass No. 1/ training	23 304	271	5
Grass No. 2/ training	25 200	167	5
All Weather	27 615	1,210	6 (To keep track in this condition requires extensive water and maintenance)
Sand track	15 966	100	4
Bull ring	8 000	0	4
Other	-	228	n/a

Other facilities located at Eagle Farm include 16 wash bays, 4 sand roll pits and 1 swimming pool. Whilst there are approximately 400 horses trained at the site, Eagle Farm currently has no stables.

Project options

In assessing each of the following option types it must be noted that results achieved are based on experience gained through the implementation of a synthetic surface at Corbould Park. As such the findings presented in this business case are only indicative. In order to receive future funding from the Minister these findings will be re-presented when definitive results and plans are undertaken.

- **Preserving the status quo.** This would involve no change to the way in which training tracks are currently utilised and maintained. No capital expenditure is foreseen and no change to current operating costs are associated with this option. For the purposes of assessing this option it is considered that the status quo will act as the base case as it represents the current condition and expectations of the industry.
- **Restoring current facilities.** Current facilities would require restoration to achieve a standard that would be comparable to that offered by installation of a synthetic surface. As a result, all tracks currently used for training would continue to be used but would have to be improved (particularly drainage works) to meet the required standard. An initial capital injection and increase in operating costs are associated with this option.
- **Replacement of a current training track with a single synthetic surface.** The sand track would be replaced at Bundall with the American Dirt projected to be replaced at Eagle Farm. An initial capital injection and decrease in operating costs are associated with this option. Refurbishment

costs associated with maintaining the synthetic surface are forecast to commence at either site in November 2016.

Assessment of project options

Preserving the status quo

The following table outlines the indicative findings of the assessment of the status quo option.

Bundall	Eagle Farm
<ul style="list-style-type: none"> all training surfaces would continue to be utilised there would be no capital expenditure to improve or create new surfaces over a ten year projection, the Net Present Value for operating costs would be approximately \$8.5m, this represents no savings there would be no water savings and 78 ML (29ML dam, 49ML truck) would continue to be used annually on training surfaces over the past 5 years there have been 45 race falls and from July 1 2006 to May 31 2007 there were 5 workers compensation claims totalling over \$22,500. There would likely be no improvement seen on these figures as the quality of surface will continue to decline (even maintaining current maintenance spending) which increases the chances of jockey and/or horse injury the training facilities would be able to cater for a maximum of 675 horses (assuming no drastic decline in standard of facilities), this represents no growth in an area which is currently experiencing significant population increases 	<ul style="list-style-type: none"> all training surfaces would continue to be utilised there would be no capital expenditure to improve or create new surfaces over a ten year projection, the Net Present Value for operating costs would be approximately \$9.2m, this represents no savings there would be no water savings and 91 ML (91ML dam) would continue to be used annually on training surfaces over the past 5 years there have been 18 race falls and from July 1 2006 to May 31 2007 there were 14 workers compensation claims totalling over \$81,000. There would likely be no improvement seen on these figures as the quality of surface will continue to decline (even maintaining current maintenance spending) which increases the chances of jockey and/or horse injury the training facilities would be able to cater for a maximum of 400 horses (assuming no drastic decline in standard of facilities), this represents no growth.

Restoring Current Facilities

The following table outlines the indicative findings of the assessment of the restoration option.

Bundall	Eagle Farm
<ul style="list-style-type: none"> capital expenditure needed to improve all tracks to a standard comparable to a synthetic surface would have a Net Present Value 	<ul style="list-style-type: none"> capital expenditure needed to improve all tracks to a standard comparable to a synthetic surface would have a Net

Installation of synthetic race tracks

Bundall	Eagle Farm
<p>of approximately \$11.0m</p> <ul style="list-style-type: none"> over a ten year projection, the operating costs when compared to current operations would return an incremental Net Present Value increase of approximately \$2.5m. Approximately 55% of this incremental increase would be attributable to costs associated with water use. Note these water costs are the economic costs associated with water usage the level of annual water usage would be expected to reach 195ML (72ML dam, 123ML truck) which represents an increase of 117ML (43ML dam, 74ML truck) there would be a reduction in the hardness of the surface, likely resulting in a significant improvement to the safety and welfare of jockeys and horses the training facilities would likely be able to cater for a maximum of 750 horses increased operating expenditure and mostly capped revenues would put the club under financial pressure to maintain its training facilities, potentially decreasing the viability of the club 	<p>Present Value of approximately \$9.0m</p> <ul style="list-style-type: none"> over a ten year projection, the operating costs when compared to current operations would return an incremental Net Present Value increase of approximately \$3.5m. Approximately 36% of this incremental increase would be attributable to costs associated with water use. Note these water costs are the economic costs associated with water usage the level of annual water usage would be expected to reach 227ML (227ML dam) which represents an increase of 136ML (136ML dam) there would be a reduction in the hardness of the surface, likely resulting in a significant improvement to the safety and welfare of jockeys and horses the training facilities would likely be able to cater for a maximum of 650 horses increased operating expenditure and mostly capped revenues would put the club under financial pressure to maintain its training facilities, potentially decreasing the viability of the club

Replacement of a current training track with a single synthetic surface

The following table outlines the indicative findings of the assessment of the replacement option.

Bundall	Eagle Farm
<ul style="list-style-type: none"> the sand track would be replaced by the synthetic surface, the grass training track would be retained at a reduced capacity, the velle and plough track would cease use immediately when the synthetic surface became operational and all other tracks would be phased out capital expenditure needed to replace the course proper with a synthetic surface would have a Net Present Value of approximately \$6.4m 	<ul style="list-style-type: none"> the American dirt track would be replaced by the synthetic surface, the no. 1 grass training track would be retained at a reduced capacity, the no. 2 grass track would cease use immediately when the synthetic surface became operational and all other tracks would be phased out capital expenditure needed to replace the course proper with a synthetic surface would have a Net Present Value of approximately \$6.4m

Bundall	Eagle Farm
<ul style="list-style-type: none"> • over a ten year projection, the operating costs when compared to current operations would return an incremental Net Present Value saving of approximately \$3.9m. Approximately 20% of this saving is associated with water usage. Note these water savings are the economic savings associated with water usage • once at the desired level of utilisation annual water usage associated with training would be expected to drop to just under 2ML (2ML dam), which represents an approximate saving of 76ML (27ML dam, 49ML truck) . There would be a reduction in the hardness of the surface, likely resulting in a significant improvement to the safety and welfare of jockeys and horses. • the training facilities would likely be able to cater for a maximum of 750 horses. it is likely that an increase in the number of horses trained would be realised due to the increased attractiveness of the improved training • decreased operating expenditure would significantly improve the viability of the club and ensure the development of the industry south of Brisbane 	<ul style="list-style-type: none"> • over a ten year projection, the operating costs when compared to current operations would return an incremental Net Present Value saving of approximately \$2.2m. Approximately 20% of this saving is associated with water usage. Note these water savings are the economic savings associated with water usage • once at the desired level of utilisation annual water usage associated with training would be expected to drop to just over 14ML (14ML dam), which represents an approximate saving of 76ML (76ML dam). There would be a reduction in the hardness of the surface, likely resulting in a significant improvement to the safety and welfare of jockeys and horses. • the training facilities would likely be able to cater for a maximum of 650 horses. it is likely that an increase in the number of horses trained would be realised due to the increased attractiveness of the improved training surface • decreased operating expenditure would significantly improve the viability of the club and ensure the development of the industry within Brisbane

Assessment of preferred option

Both the status quo and restore options do not allow Queensland Racing Limited to achieve the industry outcomes sought. While the absence of investment in the Status Quo option would produce the best overall Net Present Value result at both clubs it will likely result in declining training facilities if climatic conditions worsen or do not improve. This will lead to a decrease in jockey and horse welfare and subsequently threaten the viability of both turf clubs and the horse racing industry on the south coast and in Brisbane. The restore option offers significant improvements to jockey and horse welfare, however, this is at the expense of increased water use of 117ML/annum and 136ML/annum and increased maintenance costs of approximately \$3.9m and \$2.2m for Bundall and Eagle Farm respectively. These increases would create a significant financial burden for both turf clubs and would subsequently threaten their overall viability. The replacement option drastically improves jockey and horse welfare without creating a financial burden for these race clubs. This is achieved by saving approximately \$3.0 m in operational costs and 54ML/annum on water usage. Therefore, the

Installation of synthetic race tracks

replacement option is the option most likely to achieve the industry outcomes sought by Queensland Racing Limited. It must be noted, however, that these figures are based on assumptions obtained from the Corbould Park project and are still subject to exploratory work being undertaken at either Bundall or Eagle Farm.

	Status Quo	Restoration (Bundall)	Restoration (Eagle Farm)	Replacement (Bundall)	Replacement (Eagle Farm)
NPV Capital expenditure	0	(\$11.0m)	(\$9.0m)	(\$6.4m)	(\$6.4m)
NPV Incremental operational savings/(costs)	0	(\$2.5m)	(\$3.5m)	\$3.9m	\$2.2m
Incremental annual water savings/ (increases)	0	(117ML)	(\$136ML)	76ML	76ML
Improved in jockey and horse welfare	x	✓	✓	✓	✓

Project plan

An initial investigation will be undertaken into the viability of installing a synthetic surface at the location selected as the third installation site. Following this investigation detailed planning and firm costings will be made available to Queensland Racing Limited. The indicative costs in this report will then be refined and firmer estimates provided to the Department for release of funds along with a more up to date assessment of feasibility.

Project costs

Final costings will be determined and submitted to the Minister once the steps mentioned above in the project plan have been undertaken. Initial project costings have been approximated for this business case on a pro rata per square mere basis using indicative figures obtained from the works at Corbould Park.

The two tables below detail the cash flows associated with the funding required to implement the synthetic surface at either track.

	Third Location Estimated Costs		
	Capital Investment – Third Location	QRL Funding	Queensland Government funding
Q109	-	-	-
Q209	-	-	-
Q309	(210,769)	63,231	147,538
Q409	(4,130,908)	1,239,272	2,891,636
FY09	(4,341,677)	1,302,503	3,039,174
Q110	(3,333,900)	1,274,693	2,059,207
Q210	(11,985)	11,985	-

Third location project

	Third Location Estimated Costs		
Q310	-	-	-
Q410	-	-	-
FY10	(3,345,885)	1,286,678	2,059,207
Total	(7,687,562)	2,589,181	5,098,381
%	100%	34%	66%

Queensland Racing Limited believes that the introduction of synthetic technology to the either Bundall or Eagle Farm is a joint investment with Queensland Government. This results in a 30% / 70% Queensland Racing Limited / Queensland Government funding ratio until Queensland Government funds have been exhausted. Reaffirming their commitment to the project, Queensland Racing Limited will bear all capital costs required to ensure a synthetic surface is installed at three turf clubs.

6 Total project assessment

Total project assessment

The following table represents the summation of all previously presented results for each proposed location. As such it reflects the total program results and the discussion forms a conclusion for the program as a whole.

	Status Quo	All Locations Restoration (Bundall as third track)	All Locations Restoration (Eagle Farm as third track)	All Locations Synthetic Track (Bundall as Third Track)	All Locations Synthetic Track (Eagle Farm as Third Track)
NPV Capital expenditure	0	(\$28.7m)	(\$26.8m)	(\$19.2m)	(\$19.2m)
NPV Incremental operational savings/(costs)	0	(\$7.5m)	(\$8.5m)	\$11.9m	\$11.1m
Incremental annual water savings/ (increases)	0	(437ML)	(456ML)	234ML	235ML
Improved jockey and horse welfare	×	✓	✓	✓	✓

For the program as a whole, both the status quo and restore options do not allow Queensland Racing Limited to achieve the industry outcomes sought. While the absence of investment in the Status Quo option implies the best Net Present Value (NPV) result – i.e. \$0 NPV (resulting from no capital investment) it will likely result in declining training facilities if climatic conditions worsen or do not improve. This will lead to a decrease in jockey and horse safety and subsequently threaten the viability of all turf clubs and the horse racing industry in South East Queensland. The restore option offers significant improvements to jockey and horse welfare, however, this is at the expense of increased water use and increased maintenance costs. These increases would create a significant financial burden for turf clubs and would subsequently threaten their overall viability. This is captured in the total (average) NPV for this option of negative \$35.8m. The replacement option is the option most likely to achieve the industry outcomes sought by Queensland Racing Limited at a value for money investment cost. This is captured by the average NPV for this option of negative \$7.7m.

In assessing the expected results from Clifford Park and Bundall/ Eagle Farm it must be noted that findings are based on experience gained through the implementation of a synthetic surface at Corbould Park. Results presented in this business case for Clifford Park and Bundall/ Eagle Farm are only indicative. In order to receive future funding from the Minister these findings will be re-presented when definitive results and plans are undertaken for these sites.

Appendix 1

Appendix 1

Key assumptions

Location treatment:

	Project commences	New facilities operational
Sunshine Coast	Replace Jun-07	Feb-08
Toowoomba	Replace Jul-08	Jan-09
Gold Coast	Replace Mar-09	Nov-09
Eagle Farm	Exclude Mar-09	Nov-09

Funding assumptions

Government grant	12,000,000
Interest earned per annum	6.4%
Access granted to Govt funds	Oct-07
QRL funding portion	30%
Discount rate	8%

Other calculation assumptions:

- 1) QRL funds 100% of costs until access is granted to Govt funds, and 100% of costs after the Govt funding runs out.

Operating summary assumptions

Revenue growth	2.0%
Cost growth	3.0%
Water cost escalation	5.0%
Shareholder return	6.4%

Other calculation assumptions:

- 1) Upgrade scenario reflects a 25% uplift in costs and water usage
 2) Replace scenario reflects costs at 25% of status quo, and water usage of nil on replaced tracks.
 3) Training subsidies are unescalated at \$24 per starter

Phasing out schedule

Grass Training Track	
% of Status quo op costs	50.0%

Other Tracks	
% of Status quo op costs	60.0%
length 1st period	12 months
% of Status quo op costs	20.0%
length 2nd period	12 months

Cost schedule assumptions

Construction price index	10.0%
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Appendix 2



PROJECT CONTROL GROUP

TERMS OF REFERENCE

For the
Synthetic Track Project

1.0 Objectives

The Project Control Group (PCG) is a committee established by Queensland Racing Limited (QRL) to assist in fulfilling oversight and corporate governance responsibilities in respect of the synthetic track project.

The aim of the PCG is to bring together, key decision makers that also possess comprehensive knowledge of the synthetic track product and project management processes with a view to leveraging from their diversity, thereby strengthening the project and ensuring desired outcomes are achieved.

2.0 Power to Access Information

The Project Control Group shall have the power to conduct and authorise investigations into any matter within its objectives. The PCG shall be entitled to have access to all relevant information held by the Project Manager, contractors or relevant Race Club.

It is recognised through being an equity partner that the Department of Local Government, Planning, Sport and Recreation can request access to relevant project information in order to satisfy themselves of due diligence project implementation. This access request will progress from the relevant Queensland Government representative to the Chief Operations Manager of QRL.

3.0 Duties and Responsibilities

The role of the Project Control Group is to:-

- Provide project management oversight
- To exercise accountable approval processes for project expenditure including appointment of contractors and synthetic product suppliers.
- Investigate issues that may impact on the projects ability to deliver on stated outcomes.
- Manage compliance with the conditions of the Funding Agreement with the Queensland Government.
- Manage the project reporting processes inclusive of mandatory project reporting to the Queensland Government.

• Monitor post implementation quality assurance.

4.0 Delegations/Board Reporting

The Project Control Group (PCG) will use its delegated financial and decision making powers as delegated to the position of Chairman QRL and Chief Operations Manager QRL. If required expenditure exceeds the delegation, the expenditure will be made in

accordance with the Financial Management policies of QRL and subject to QRL Board approval.

The Board of QRL will be updated by the Project Control Group on issues relating to the synthetic track project. These updates will be provided to the Board by the Chief Operations Manager QRL on a three monthly basis.

The Board of Sunshine Coast Racing Pty Ltd will be updated by the Project Control Group on issues relating to the synthetic track project Sunshine Coast implementation. These updates will be provided to the Board by the Chief Operations Manager QRL on a three monthly basis.

5.0 Committee Membership

The Project Control Group (PCG) will always contain three (3) members. Standing members will be the Chairman of QRL, Mr Bob Bentley and the Chief Operations Manager of QRL, Mr Malcolm Tuttle.

Collectively the two (2) standing members will select the third member for each phase of the project based on injecting the required skills and local knowledge into the project control group.

Phase One - Sunshine Coast implementation membership to the Project Control Group is:-

- Mr Bob Bentley
- Mr Malcolm Tuttle
- Mr Don Moffatt

Mr Moffatt was selected to join the Project Control Group by the two standing members. The selected person is a Director of Sunshine Coast Racing Pty Ltd and sits on the Committee of the Sunshine Coast Turf Club. In addition, Mr Moffatt has substantial commercial project management experience.

Phase Two and Phase Three selections will be made at least two (2) months prior to commencement of project and in principle will give serious consideration to inclusion of an appropriate representative of the entity intending to retain ownership of the synthetic track.

6.0 Committee Procedures

6.1 Meetings

Monthly Meetings shall be held by the Project Control Group after the project monthly progress reports are received from the project manager.

The aforementioned meetings can be held in person or by tele-conference

Special meetings can be convened as required at any time. These meetings will incorporate the oversight of any incidents or events that could be subject to an incident

report being furnished to Queensland Government as a potential harmful element to project outcomes.

6.2 Quorum of Meetings

The number of Project Control Group members that must be present at a meeting is two (2) in order for the proceedings to be validly and effectively conducted.

6.3 Attendance by Other Persons

The Project Control Group can invite any person to participate in their discussions and meetings as deemed appropriate for achieving project and group outcomes.

7.0 Project Reporting

Report	Timeframe	Reporting Line
Monthly Progress Report	1 week after end of month	Project Manager to Project Control Group
Project Incident Report	As required	Project Control Group will report to the Department of Local Government, Planning, Sport and Recreation if it becomes aware of an incident of event that could adversely affect project delivery.
Quarterly Report	2 weeks after end of quarter	Project Control Group to QRL Board, Sunshine Coast Racing Pty Ltd Board for Phase One and the Department of Local Government, Planning, Sport and Recreation.
Annual Audit and Acquittal Report	3 months after end of year	Project Control Group of QRL to the Department of Local Government, Planning, Sport and Recreation.
Milestone Report	At completion of a milestone	Project Control Group to the Department of Local Government, Planning, Sport and Recreation.

<p>Program Completion Report</p>	<p>At completion of Program</p>	<p>Project Control Group to the Board of QRL and Sunshine Coast Racing Pty Ltd Board for Phase One and the Department of Local Government, Planning, Sport and Recreation.</p>
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7.1 Reporting Responsibilities

It is the responsibility of the Chief Operations Manager QRL to ensure that all reports as highlighted above are furnished to the appropriate entities in a timely manner.

It is recognised by the Project Control Group that the Director of Business Development, Sport, Recreation and Racing is the Queensland Government representative on behalf of the Department of Local Government, Planning, Sport and Recreation. This person will be the recipient of relevant project reports and information. Notwithstanding this representation, this person can delegate his functions in relation to project governance oversight.

The Reporting address to Queensland Government is:

Director, Business Development
 Sport, Recreation and Racing
 PO Box 15187
 City East Qld 4002

8.0 Site and Product Selection

The Project Control Group (PCG) has the decision making power to select the location of the track to be installed at a particular site. This decision will be made in a manner consistent with achieving the strategic objectives of the industry and consistent with achieving project benefit outcomes.

The selection of the third site either Gold Coast or Eagle Farm will be conducted after a report is compiled outlining all issues and respective benefits. This report will be furnished to the Queensland Government representative with a recommendation on selected site. Upon agreement reached the selected third site will be the successful location to receive the third track as mentioned in the Funding Agreement between the Queensland Government and QRL.

The selection of future project managers for phase two and three of the project will also be undertaken by the project control group. This group will define the scope of the project. A selective tender process will be used with a short list compiled by the Project Control Group in close consultation with the Queensland Government representative.

All selection processes will be open and accountable and subject to independent scrutiny as required by the Queensland Government.

9.0 Quality Assurance

Installation of synthetic race tracks

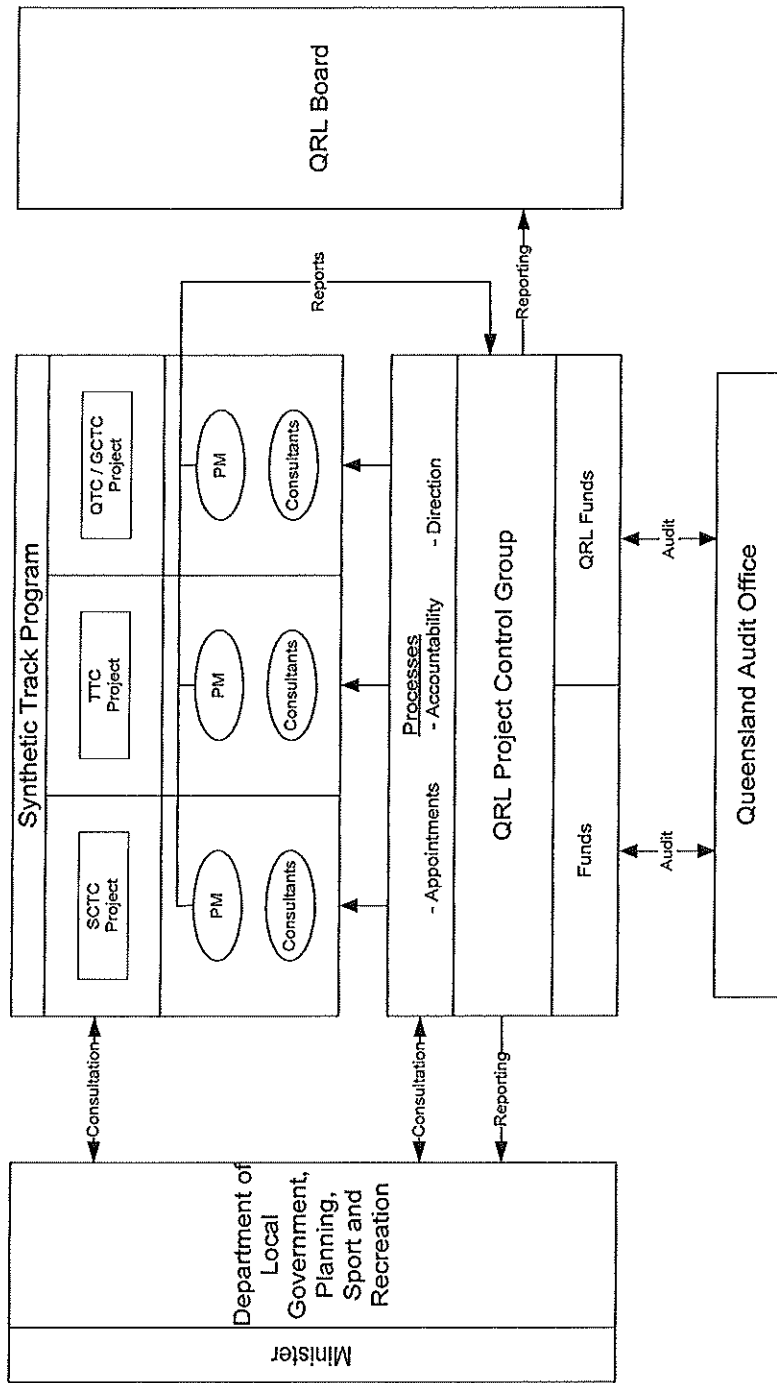
Queensland Racing Limited will enter into a contract with the University of Southern Queensland or appropriate equivalent for the purpose of monitoring the quality of the synthetic track project.

Synthetic track samples will be tested from each site every three (3) months over five (5) years post installation. This testing is to ensure ongoing quality assurance and will assist QRL in monitoring the seven (7) year warranty provided by the synthetic product supplier. If there are any quality issues they can then be addressed in a timely manner, ensuring maximum life for the product.

The aforementioned process will be monitored by the standing committee members of the Project Control Group and can be delegated to an appropriate person with quarterly reporting to the Project Control Group. These quality assurance reports will be forwarded to the Queensland Government representative on a six monthly basis.

To ensure quality assurance of not just the synthetic tracks but also all TAB racing and training facilities, QRL will create and fill a new position. This position will be a 'Track Maintenance Manager' which will hold responsibility for all Quality Assurance processes on the installed synthetic tracks including adherence to stringent maintenance programs. The position incumbent will report directly to the Chief Operations Manager of QRL which in turn presents good strategic links of that role with the Project Control Group.

Appendix 3



Appendix 4

Appendix 4

Condition Assessment Ratings Scale

- 1 - Needs complete replacement
- 2 - Needs complete restoration
- 3 - Needs partial restoration
- 4 - Average workable condition
- 5 - Good workable condition
- 6 - Excellent condition
- 7 - Optimum condition

Appendix 5

Appendix 5
 Sunshine Turf Club – Status Quo
 Operating result: Absolute Results

Funding Scenario (absolute)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Revenue streams													
Training fees	185,035	188,770	192,580	196,467	200,433	204,478	208,606	212,816	217,112	221,494	225,965	230,526	1,532,081
Training subsidy	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	1,783,458
Training costs													
Labour	(158,558)	(163,381)	(168,350)	(173,471)	(178,747)	(184,184)	(189,786)	(195,559)	(201,507)	(207,636)	(213,951)	(220,459)	(1,378,434)
Material	(44,925)	(46,291)	(47,699)	(49,150)	(50,645)	(52,185)	(53,773)	(55,408)	(57,094)	(58,830)	(60,620)	(62,463)	(390,556)
Water	(192,348)	(202,189)	(212,534)	(223,407)	(234,837)	(246,852)	(259,481)	(272,757)	(286,712)	(301,380)	(316,799)	(333,007)	(1,849,660)
Diesel	(55,495)	(57,183)	(58,923)	(60,715)	(62,562)	(64,464)	(66,425)	(68,446)	(70,527)	(72,673)	(74,883)	(77,161)	(482,452)
Refurbishment	0	0	0	0	0	0	0	0	0	0	0	0	0
Other costs													
Labour	(62,366)	(64,263)	(66,218)	(68,232)	(70,307)	(72,446)	(74,649)	(76,920)	(79,259)	(81,670)	(84,154)	(86,714)	(542,184)
Material	(56,552)	(58,279)	(60,045)	(61,871)	(63,753)	(65,692)	(67,690)	(69,749)	(71,871)	(74,057)	(76,309)	(78,630)	(491,641)
Water	(139,196)	(146,318)	(153,803)	(161,672)	(169,944)	(178,638)	(187,778)	(197,385)	(207,484)	(218,099)	(229,257)	(240,986)	(1,338,537)
Diesel	(6,289)	(6,481)	(6,678)	(6,881)	(7,090)	(7,306)	(7,528)	(7,757)	(7,993)	(8,236)	(8,487)	(8,745)	(54,678)
Refurbishment	0	0	0	0	0	0	0	0	0	0	0	0	0
Result	(294,040)	(318,953)	(345,014)	(372,277)	(400,797)	(430,634)	(461,849)	(494,508)	(528,678)	(564,431)	(601,840)	(640,984)	(3,212,602)

Appendix 5

Sunshine Turf Club – Restoration

Restoration Commencement: February 2008

Capital expenditure: \$7.8m

Operating result: Incremental Increase

Funding Scenario (incremental)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Incremental revenue streams													
Training fees	38,774	117,981	144,435	196,467	200,433	204,478	208,606	212,816	217,112	221,494	225,965	230,526	1,297,745
Training subsidy	0	56,544	67,944	90,744	90,744	90,744	90,744	90,744	90,744	90,744	90,744	90,744	552,411
Incremental training cost savings													
Labour	(16,661)	(40,845)	(42,088)	(43,368)	(44,687)	(46,046)	(47,447)	(48,890)	(50,377)	(51,909)	(53,488)	(55,115)	(323,332)
Material	(4,721)	(11,573)	(11,925)	(12,288)	(12,661)	(13,046)	(13,443)	(13,852)	(14,273)	(14,708)	(15,155)	(15,616)	(91,611)
Water	(121,970)	(303,284)	(318,800)	(335,111)	(352,256)	(370,278)	(389,222)	(409,135)	(430,067)	(452,070)	(475,199)	(499,511)	(2,620,274)
Diesel	(5,831)	(14,296)	(14,731)	(15,179)	(15,640)	(16,116)	(16,606)	(17,111)	(17,632)	(18,168)	(18,721)	(19,290)	(113,166)
Refurbishment	0	0	0	0	0	0	0	0	0	0	0	0	0
Incremental other cost savings													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
Refurbishment	0	0	0	0	0	0	0	0	0	0	0	0	0
Incremental improvements	(110,409)	(195,473)	(175,164)	(118,734)	(134,067)	(150,264)	(167,368)	(185,428)	(204,493)	(224,617)	(245,854)	(268,262)	(1,298,227)

Appendix 5

Sunshine Turf Club – Restoration

Restoration Commencement: February 2008

Capital expenditure: \$7.8m

Operating result: Absolute Results

Funding Scenario (absolute)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Revenue streams													
Training fees	223,809	306,751	337,015	392,934	400,866	408,957	417,211	425,632	434,224	442,988	451,930	461,051	2,829,825
Training subsidy	236,656	293,200	304,600	327,400	327,400	327,400	327,400	327,400	327,400	327,400	327,400	327,400	2,335,869
Training costs													
Labour	(175,219)	(204,226)	(210,438)	(216,839)	(223,434)	(230,230)	(237,233)	(244,448)	(251,884)	(259,545)	(267,439)	(275,574)	(1,701,765)
Material	(49,645)	(57,864)	(59,624)	(61,438)	(63,306)	(65,232)	(67,216)	(69,260)	(71,367)	(73,538)	(75,774)	(78,079)	(482,167)
Water	(314,318)	(505,473)	(531,334)	(558,518)	(587,093)	(617,130)	(648,703)	(681,892)	(716,779)	(753,451)	(791,999)	(832,519)	(4,469,933)
Diesel	(61,327)	(71,479)	(73,653)	(75,894)	(78,202)	(80,581)	(83,031)	(85,557)	(88,159)	(90,841)	(93,604)	(96,451)	(595,618)
Refurbishment	0	0	0	0	0	0	0	0	0	0	0	0	0
Other costs													
Labour	(62,366)	(64,263)	(66,218)	(68,232)	(70,307)	(72,446)	(74,649)	(76,920)	(79,259)	(81,670)	(84,154)	(86,714)	(542,184)
Material	(56,552)	(58,273)	(60,045)	(61,871)	(63,753)	(65,692)	(67,690)	(69,749)	(71,871)	(74,057)	(76,309)	(78,630)	(491,641)
Water	(139,196)	(146,318)	(153,803)	(161,672)	(169,944)	(178,636)	(187,778)	(197,385)	(207,484)	(218,089)	(229,257)	(240,986)	(1,338,537)
Diesel	(6,289)	(6,481)	(6,678)	(6,881)	(7,090)	(7,306)	(7,528)	(7,757)	(7,993)	(8,236)	(8,487)	(8,745)	(54,678)
Refurbishment	0	0	0	0	0	0	0	0	0	0	0	0	0
Result	(404,449)	(514,426)	(520,178)	(491,010)	(534,864)	(580,898)	(629,218)	(679,936)	(733,172)	(789,048)	(847,694)	(909,246)	(4,510,829)

Appendix 5
 Sunshine Turf Club – Synthetic Track
 Project Commencement: June 2007
 Facilities Operational: February 2008
 Capital expenditure: \$6.0m
 Operating result: Incremental Increases

Funding Scenario (incremental)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Incremental revenue streams													
Training fees	38,774	117,981	144,435	196,467	200,433	204,478	208,606	212,816	217,112	221,494	225,965	230,526	1,297,745
Training subsidy	0	56,544	67,944	90,744	90,744	90,744	90,744	90,744	90,744	90,744	90,744	90,744	552,411
Incremental training cost savings													
Labour	46,351	86,592	89,226	91,940	94,736	97,618	100,587	103,646	106,799	110,047	113,394	116,843	695,676
Material	23,918	28,592	29,461	30,357	31,281	32,232	33,213	34,223	35,264	36,336	37,441	38,580	237,680
Water	91,220	134,793	141,689	148,938	156,558	164,568	172,987	181,838	191,141	200,920	211,200	222,005	1,198,836
Diesel	16,223	30,307	31,229	32,179	33,158	34,166	35,205	36,276	37,380	38,516	39,688	40,895	243,487
Refurbishment	0	0	0	0	0	0	0	(105,379)	(258,342)	(266,200)	(274,297)	(282,640)	(539,351)
Incremental other cost savings													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
Refurbishment	0	0	0	0	0	0	0	0	0	0	0	0	0
Incremental improvements	216,486	454,809	503,984	590,625	606,909	623,806	641,342	554,164	420,097	431,868	444,135	456,954	3,686,483

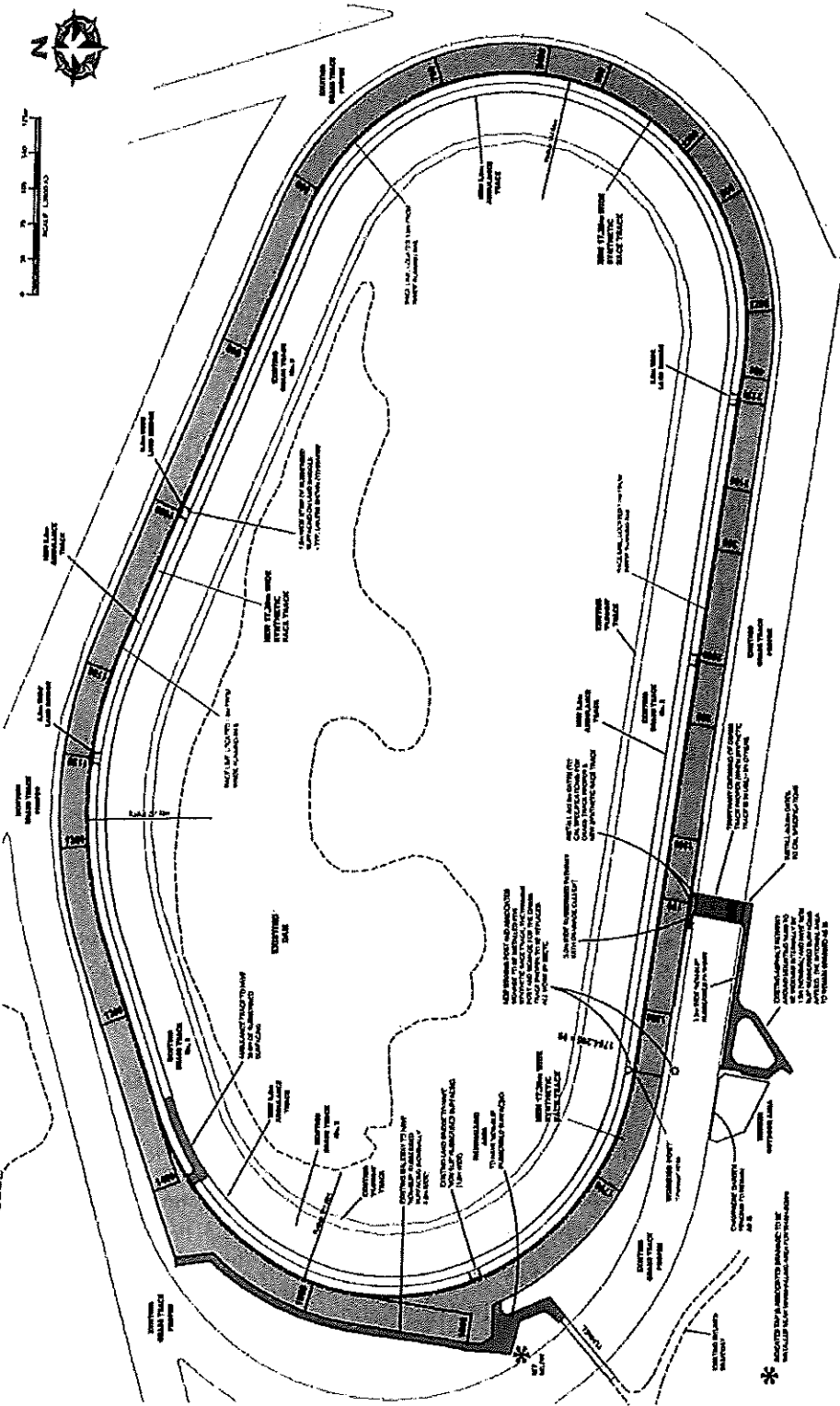
Appendix 5
 Sunshine Turf Club -- Synthetic Track
 Project Commencement: June 2007
 Facilities Operational: February 2008
 Capital expenditure: \$6.0m
 Operating result: Absolute Results

Funding Scenario (absolute)	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Revenue streams													
Training fees	223,809	306,751	337,015	392,934	400,866	408,957	417,211	425,632	434,224	442,988	451,930	461,051	2,829,825
Training subsidy	236,656	293,200	304,600	327,400	327,400	327,400	327,400	327,400	327,400	327,400	327,400	327,400	2,335,869
Training costs													
Labour	(112,207)	(76,789)	(79,125)	(81,531)	(84,011)	(86,567)	(89,200)	(91,913)	(94,708)	(97,589)	(100,557)	(103,616)	(682,757)
Material	(21,007)	(17,700)	(18,238)	(18,793)	(19,364)	(19,953)	(20,560)	(21,186)	(21,830)	(22,494)	(23,178)	(23,883)	(152,876)
Water	(101,128)	(67,396)	(70,845)	(74,469)	(78,279)	(82,284)	(86,494)	(90,919)	(95,571)	(100,460)	(105,600)	(111,002)	(650,823)
Diesel	(39,273)	(26,876)	(27,694)	(28,536)	(29,404)	(30,298)	(31,220)	(32,169)	(33,148)	(34,156)	(35,195)	(36,265)	(238,965)
Refurbishment	0	0	0	0	0	0	0	(105,379)	(258,342)	(266,200)	(274,297)	(282,640)	(539,351)
Other costs													
Labour	(62,366)	(64,263)	(66,218)	(68,232)	(70,307)	(72,446)	(74,649)	(76,920)	(79,259)	(81,670)	(84,154)	(86,714)	(542,184)
Material	(56,552)	(58,273)	(60,045)	(61,871)	(63,753)	(65,692)	(67,690)	(69,749)	(71,871)	(74,057)	(76,309)	(78,630)	(491,841)
Water	(139,196)	(146,318)	(153,803)	(161,672)	(169,944)	(178,638)	(187,778)	(197,385)	(207,484)	(218,089)	(229,257)	(240,986)	(1,338,537)
Diesel	(6,289)	(6,481)	(6,678)	(6,881)	(7,090)	(7,306)	(7,528)	(7,757)	(7,993)	(8,236)	(8,487)	(8,745)	(54,678)
Refurbishment	0	0	0	0	0	0	0	0	0	0	0	0	0
Result	(77,554)	135,856	158,970	218,349	206,112	193,172	179,492	59,656	(108,582)	(132,573)	(157,704)	(184,030)	473,881

Business case
 PricewaterhouseCoopers

Appendix 6





CONTOUR Consulting Engineers

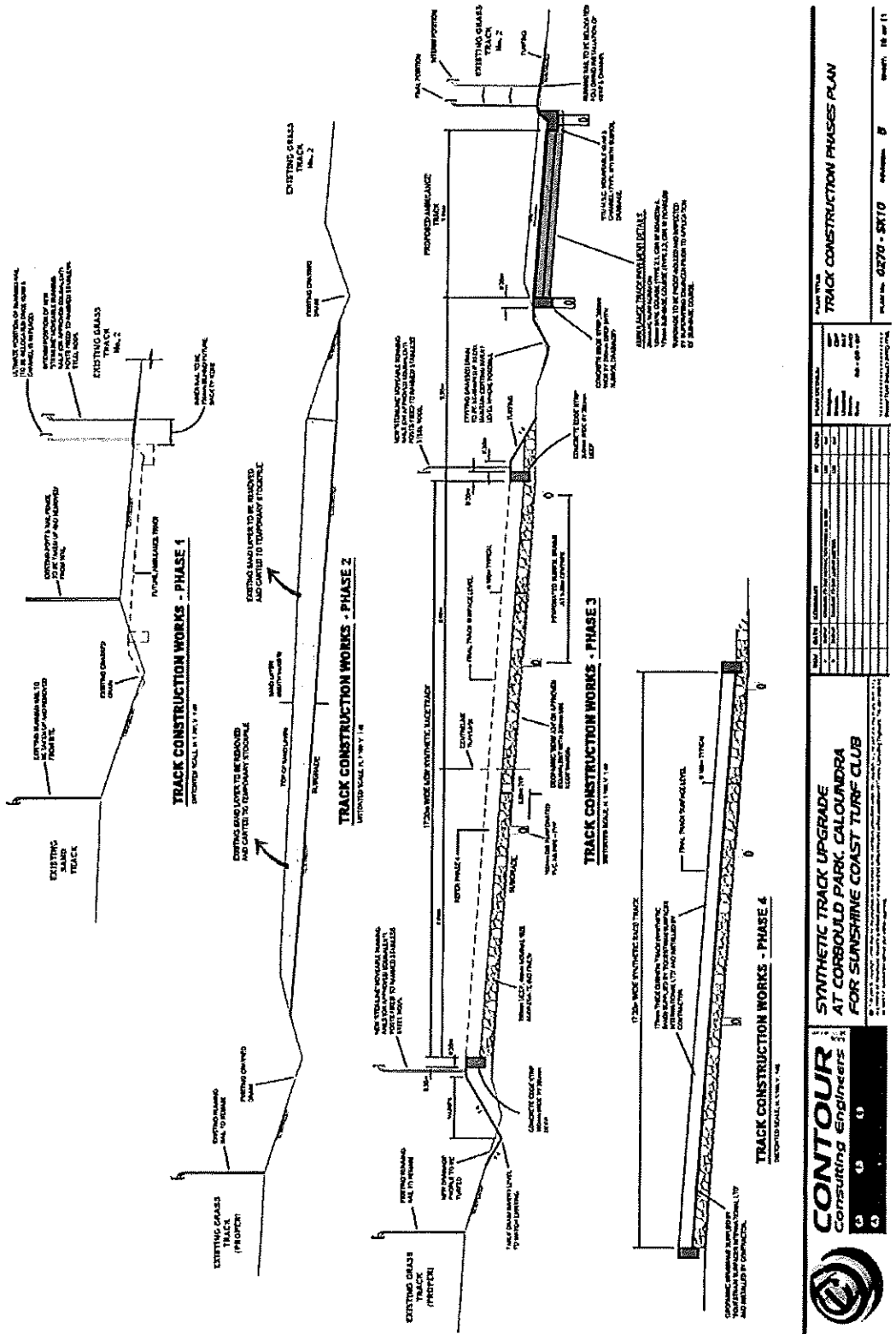
SYNTHETIC TRACK UPGRADE AT CORBOULD PARK, CALOINDRA FOR SUNSHINE COAST TURF CLUB

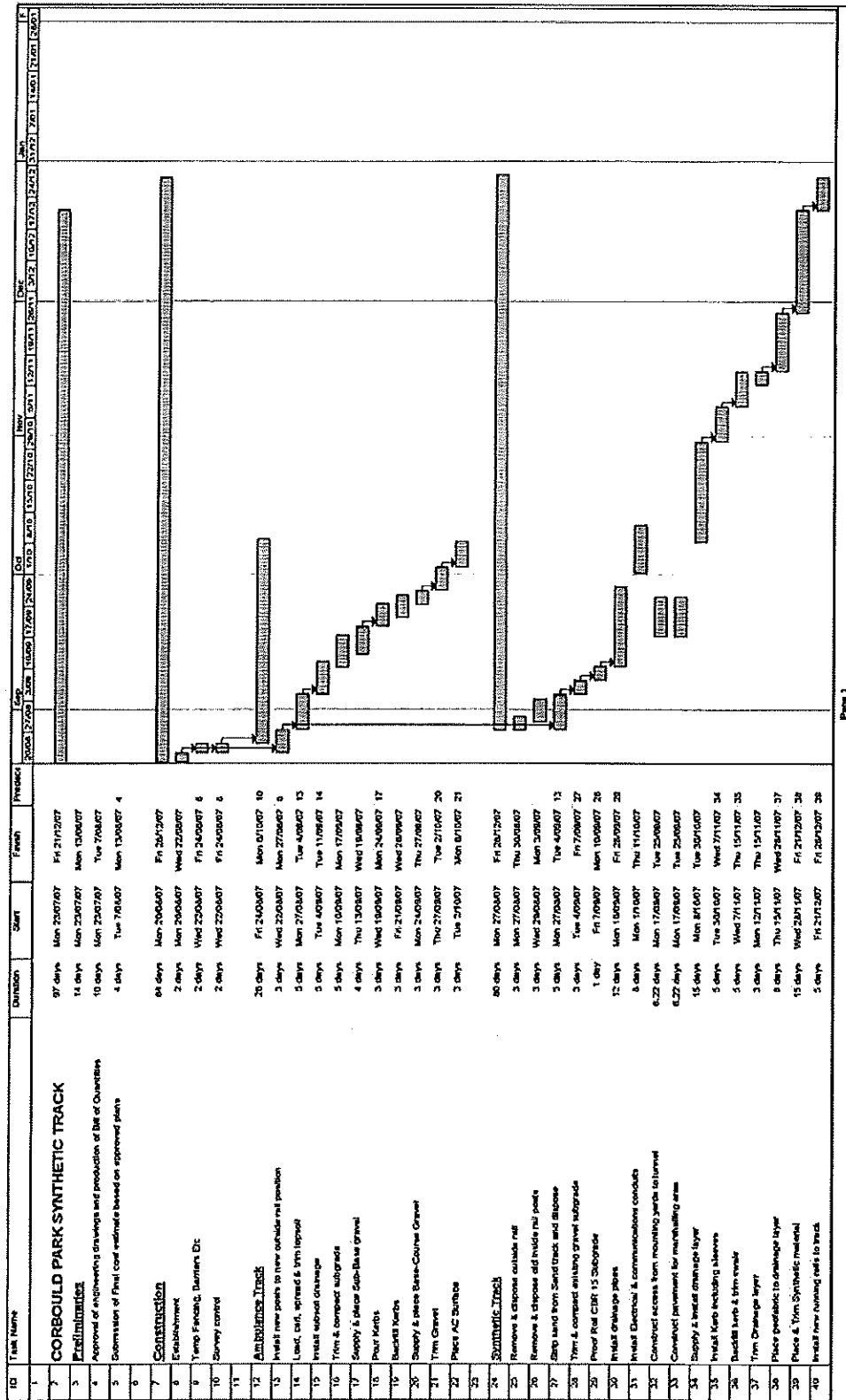
SYNTHETIC TRACK RACE DISTANCES

Track	Distance
Inner Lane	1150m
Outer Lane	1250m
...	...

DATE: 12/12/2013
 DRAWN BY: [Signature]
 CHECKED BY: [Signature]
 PROJECT NO: CSE70-SKT2

Appendix 6





Appendix 7

Funding Scenario	Cost	Timing	Jun-07	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07
			Q108	Q108	Q108	Q108	Q208	Q208	Q208
Costs									
1 CP - Execution of contract (5%)	167,560	Jun-07	167,560	0	0	0	0	0	0
2 Project Management fees	9,500	Jun-07	9,500	0	0	0	0	0	0
3 CP - Shipment of fibres (45%)	1,508,044	Jul-07	0	1,520,611	0	0	0	0	0
4 Civil Design	55,612	Aug-07	0	0	56,543	0	0	0	0
5 Project Management fees	9,500	Aug-07	0	0	9,659	0	0	0	0
6 Part civil design costs plus operational civil works	266,429	Sep-07	0	0	0	273,145	0	0	0
7 Project Management fees	9,500	Sep-07	0	0	0	9,739	0	0	0
8 Part civil design costs plus operational civil works	549,133	Oct-07	0	0	0	0	567,668	0	0
9 CP - commencement of on-site manufacture	1,005,363	Oct-07	0	0	0	0	1,039,296	0	0
10 Project Management fees	9,500	Oct-07	0	0	0	0	9,821	0	0
11 Part civil design costs plus operational civil works	685,630	Nov-07	0	0	0	0	0	714,678	0
12 Project Management fees	9,500	Nov-07	0	0	0	0	0	9,902	0
13 Part civil design costs plus operational civil works	685,630	Dec-07	0	0	0	0	0	0	72
14 CP - installation of footing (20%)	670,242	Dec-07	0	0	0	0	0	0	70
15 Project Management fees	9,500	Dec-07	0	0	0	0	0	0	0
16 Part civil design costs plus operational civil works	617,381	Jan-08	0	0	0	0	0	0	0
17 Project Management fees	9,500	Jan-08	0	0	0	0	0	0	0
18 Project Management fees	9,500	Feb-08	0	0	0	0	0	0	0
19	-	Jan-00	0	0	0	0	0	0	0
			177,060	1,520,611	66,202	282,885	1,616,784	724,581	1,43

