CABINET - SUBJECTS FOR CONSIDERATION, 03 DECEMBER 2007 11:00 AM

1 New Initiatives/Policy Matters

Not Relevant

108 TF07/079CS Treasurer's Item (Kevin Foley)
APPROVED

Walked - ..

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CABINET COVER SHEET

1.	**TITLE:**	**VICTORIA PARK REDEVELOPMENT**
2.	**MINISTER:**	Kevin Foley **MP** **DEPUTY PREMIER**
3.	**PURPOSE:**	To advise Cabinet of the current status of the proposed Victoria Park Master Plan Redevelopment, and to seek Cabinet approval to modify the proposed Master Plan to provide only for an upgrade to existing temporary facilities and other infrastructure utilised for the Clipsal 500, Adelaide.
4.	**IDENTIFY THE RELEVANT GOVERNMENT POLICY AND/OR STATE STRATEGIC PLAN TARGET:**	The proposed upgrade of temporary facilities utilised for the Clipsal 500, Adelaide will contribute to meeting the South Australian Strategic Plan target to increase visitor expenditure in South Australia's tourism industry (T1.13). The project will also support the target (T2.7) aiming to exceed the Australian average for participation in recreation and sport.
5.	**ICT COMPONENT**	Does the submission have a material ICT Component? ☐ Yes ☒ No
6.	**RESOURCES REQUIRED FOR IMPLEMENTATION:**	The revised scope of works will be undertaken during 2007-08 and 2008-09.

The proposed revised scope of works will cost an estimated $20.0 million, in addition to total expenditure of $3.0 million which has been incurred to-date on the project.

Timing of expenditure is as follows:

- Financial Year 06-07 (already expended) $1.602 million
- Financial Year 07-08 $8.925 million
- Financial Year 08-09 $12.473 million

The currently budgeted receipt of $10 million from the SAJC in 2008-09 for the original development proposal will now not be received.

The currently budgeted reduction in annual subsidy to the Motor Sport Board of $1million as from 2008-09 will now not be realised.

The table below shows the impact on Net Lending over the forward estimates period:

	Net Operating Balance $ 000	Net Lending $ 000
2007-08	-10,527	1,287
2008-09	-22,873	7,205
2009-10	-3	-1,000
2010-11	-3	-1,000
2011-12	-3	-1,000

Department of Treasury and Finance agrees with the basis of the assessment of costs contained in this submission.

7. COMMUNITY AND ENVIRONMENTAL IMPACT:

Does the submission have an impact on business?
☒ Yes ☐ No

The project will have a net positive effect on the community and environment by providing world class upgraded temporary facilities for the Clipsal 500 Adelaide.

8. RISKS:

- Development Approval – no Development approval is required as the works will be undertaken pursuant to the powers provided to the South Australian Motor Sport Board by the *South Australian Motor Sport Act 1984*, under which the provisions of the *Development Act 1993* do not apply.
- Lease - no ground lease with the Adelaide City Council is required as the works will be undertaken pursuant to the powers provided to the South Australian Motor Sport Board by the *South Australian Motor Sport Act 1984*.
- The works will be required to be submitted to the Public Works Committee, as they exceed $4 million.

9. CONSULTATION:

Consultation has taken place with South Australian Motor Sports Board, Crown Solicitor's Office, Department of Treasury and Finance, Department for Transport, Energy and Infrastructure.

10. COMMUNICATION STRATEGY:

The existing community information program will be maintained.

11. URGENCY:

For consideration as soon as possible.

12. RECOMMENDATIONS:

It is recommended that Cabinet:

12.1 *Note* the Adelaide City Council has decided not to grant the Government a lease at Victoria Park and as a result the current Victoria Park Master Plan outcomes are unable to be achieved and will necessitate amending the project scope.

12.2 *Approve* the modification of the proposed Master Plan to provide only for an upgrade to the existing temporary facilities and other infrastructure utilised for the Clipsal 500, Adelaide at a total cost of $23 million, inclusive of $3 million already spent.

12.3 *Approve* the adjustment to the forward estimates and budget impacts as detailed in Table 1 of the submission and summarised below:

	Net Operating Balance	*Net Lending*
	$ 000	*$ 000*
2007-08	*-10,527*	*1,287*
2008-09	*-22,873*	*7,205*
2009-10	*-3*	*-1,000*
2010-11	*-3*	*-1,000*
2011-12	*-3*	*-1,000*

12.4 *Approve* a delegation to the SAMSB to manage and undertake the appropriate works.

12.5 *Note* that a further Cabinet Submission will be prepared requesting approval to refer the upgrade to Clipsal 500 temporary facilities and other infrastructure to the Public Works Committee for consideration and report.

I declare that I have no actual or potential conflict of interest in relation to the proposals contained in this submission.

Kevin Foley MP
DEPUTY PREMIER

3rd November 2007

MINUTES forming ENCLOSURE to T&F07/079CS

TO: THE PREMIER FOR CABINET

RE: VICTORIA PARK REDEVELOPMENT

1. PROPOSAL

1.1 To advise Cabinet of the current status of the proposed Victoria Park Master Plan Redevelopment; and

1.2 To seek Cabinet approval to modify the proposed Master Plan to provide only for an upgrade existing temporary facilities and other infrastructure utilised for the Clipsal 500, Adelaide; and

1.3 To seek Cabinet approval for adjustment to the forward estimates and resulting budget impacts; and

1.4 To seek Cabinet approval for a delegation to the SAMSB to manage and undertake the relevant works.

2. BACKGROUND

2.1 On 29 August 2006, Cabinet approved the redevelopment of the Victoria Park racecourse as a building/grandstand venue with new facilities designed for both the South Australian Motor Sport Board (SAMSB) and South Australian Jockey Club (SAJC).

2.2 Cabinet approved a budget allocation of $42.492 million, spread over three years, for the construction of the new building and for realigning the motor sport track and related infrastructure. Cabinet also authorised the SAMSB to undertake the redevelopment works at Victoria Park. This allocation was part funded by a budgeted $10 million receipt from the SAJC in 2008-09.

2.3 In December 2006, the Government released comprehensive details of the project for community consultation.

2.4 At the end of the consultation period on 31 March 2007, including a detailed response from the Adelaide City Council (ACC), the building's length and floor area were reduced. In addition, further work was undertaken in collaboration with ACC to the layout of the new building and improvements in the context of an integrated Masterplan for Victoria Park.

2.5 On Thursday 8th November 2007, the Development Assessment Commission provided Planning Consent to the Development Application for the Victoria Park Master Plan, with no matters reserved.

2.6 On Friday 9th November 2007, the Adelaide Parklands Preservation Society Inc withdrew their challenge to the "Category 1" status of the Victoria Park development granted by the Development Assessment Commission. This challenge was due to be heard in the ERD court on that day.

2.7 On Monday 12th November 2007, the ACC passed the following motion:

"That this Council, having regard to its responsibilities as custodian of the Adelaide Park Lands for and on behalf of all South Australians:

1) Declines to enter into a lease of Victoria Park/Bakkabakkandi as proposed by the State Government.

2) Considers that the current Government proposals for the development of Victoria Park / Bakkabakkandi are not an appropriate and acceptable permanent use of the public parklands.

3) Takes note of the results of the Council consultation which strongly supports the Council's position as stated above.

4) Calls on the Lord Mayor to convene a briefing opportunity for the Lord Mayor and Councillors with the proponents of the development with a view to considering alternative proposals for the provision of facilities in Victoria Park / Bakkabakkandi for motor sport and horse racing."

3. DISCUSSION

3.1 Adelaide City Council revised Master Plan layout and other options

3.1.1 On 28 November, the Lord Mayor advised the Deputy Premier that at a special meeting of the ACC on Tuesday 27 November, the ACC resolved that it is prepared to support the proposed redevelopment of Victoria Park provided that the following changes are made:-

- The building to be located on the eastern side of Victoria Park to the maximum practicable extent within the existing SAJC lease area footprint.
- The design of the building is modified to ensure that it is sympathetic in scale and form to its new setting (including the heritage grandstand) to the satisfaction of the DAC via the Development Assessment process.
- The lease shall not include any remissions in rental in return for maintenance by the lessee of areas outside the leased area.

3.1.2 To meet these new ACC requirements, there are two alternative design options which can be considered:-

Alternative A
Placing the new grandstand nearer Fullarton Road, with the motor sport track passing through the Britannia roundabout and utilising Fullarton Road, before cutting back into Victoria Park near the old Queen Victoria Hospital.

This option constrains the Clipsal race activities to a small corner of Victoria Park and totally ignores the operational requirements of horse racing, the Clipsal race and urban design principles for the Park Lands.

The SAMSB has examined this option and advised as follows:

1) The option has obvious operational and design shortcomings

2) The design would require the full closure of Fullarton Road during construction, staging and dismantle of the Clipsal 500 each year.

3) Significant gum trees on Fullarton Road will need to be removed to create a run-off at the new turn into Victoria Park.

4) The proposed design provides insufficient room to construct the 16,000 seat pit straight stand.

5) The proposed design does not provide room for facilities to cater for the Clipsal 500 crowd.

6) The design would lead to the loss of:
   - Pit Straight Stand
   - The Hairpin Stand
   - Pit Entry Stands 1 and 2
   - 12 corporate facilities
   - Major general admission viewing areas

Alternative B
The Construction of the new grandstand facility near the existing site of the SAJC Members' stand, with the motor sport track running between the new facility and the horse track.

This alternative has been evaluated a number of times (in 1988, 1995, 1996 and 2000-2001), but could not be made to work.

Key problems are:

1) Insufficient room behind this grandstand to locate the V8 Supercar paddock. The paddock area is currently approx 70m wide. This space is required to hold the transporters, equipment, team catering, officials, and general public. Using the current location of SAJC facilities as the base for a new facility would necessitate full closure of Fullarton Road to allow for a complying motor sport facility.

2) Constructing the motorsport track between the SAJC grandstand and the horseracing track will occupy the current grass promenade area in front of the grandstand, providing a visually unattractive, and potentially very hot, area for SAJC spectators.

3) The motorsport track would be required to cut back across the horseracing track in the main straight in order to return the track back to Wakefield Road.

   A temporary crossing across the horse track in the main straight is not safe as the horses are racing at full speed and changes in ground conditions / colour / shape, can cause a horse to rear or jump, creating an extremely dangerous situation.

   This is not an issue with the current layout of Victoria Park as the 2 track crossings between motorsport and horse tracks take place at the northern end of the racetrack, 200 to 300 metres after the finish post, where horses are not racing.

A key requirement to improve the layout of Victoria Park has been to separate the 2 tracks so they do not intersect.

The improvements come from: -

- Improved safety for the horse track;
- A significant reduction in the length of time that Victoria Park is taken out of commission for horseracing (from currently approximately 4 months to a 6 week period). This is even more important with the reduction in number of metropolitan racecourses from 3 to 2;
- A significant reduction in the length of the horse track;
- Maximisation of the utilisation of the space in front of the Heritage grandstand, maximising its future use; and
- Provision of the ability to 'close the loop' of the motor sport track, thereby providing a safe, appropriate area for events such as cycling and pedal prix.

3.1.3 The SAMSB have therefore advised me that the alternative location proposed by the ACC is not acceptable.

3.1.4 The Government's proposed Master Plan layout, which was prepared following extensive consultation with the ACC, the SAJC, the SAMSB and relevant industry experts over a 4 year period solved the above issues and complied with ACC development criteria for the parklands.

3.2 **Adelaide City Council Ground Lease**

In July 2007, the fundamental terms of a ground lease between the Government and the ACC were negotiated.

3.2.1 The ACC was requested to grant a ground lease for the land at Victoria Park to accommodate the construction and operation of new building and the horse racing track.

3.2.2 The proposed term for the ground lease was 42 years (21 years plus a 21 year right of renewal to be exercisable by the Minister for Infrastructure).

3.2.3 The proposed annual rental was $250,000 (inclusive of Council rates) and reduced to $100,000 if the lessee agreed to maintain the north-east corner of Victoria Park. As sub-lessee, the SAJC would have been required to take on this obligation given it has ground keeping equipment and resources on-site to maintain the horse track. SAJC was also to have contributed 88% towards the rental and maintenance of the building, with the balance being met by SAMSB.

3.2.4 ACC submitted details of this lease for public consultation.

3.2.5 Following the resolution of the ACC on 12 November 2007 declining to enter into a ground lease with the Government, the ACC has advised that, if a revised Master Plan layout can be negotiated, the terms and conditions in the lease proposal would be reviewed and renegotiated.

3.2.6 The ACC has advised that this new ground lease negotiation must take into account the responses from the public consultation and the response to the ACC from the Adelaide Park Lands Authority.

3.2.7 Given the nature of those responses, and the approach of the ACC to date, it is likely that negotiations on a new ground lease will be protracted.

3.2.8 Further it is considered very unlikely that a ground lease incorporating acceptable commercial terms will be able to be negotiated within a reasonable timeframe.

3.2.9 If ACC agrees to grant an acceptable lease, given the term will be over ten years, pursuant to *Adelaide Park Lands Act 2005* the two Houses of Parliament have a specified period of time to disallow the lease. The lease can only be formally entered into between all the parties after the time for disallowance has passed and neither House has disallowed it.

3.3 Timing

3.3.1 In order for the Master Plan project to be completed by the 2009 Clipsal 500, construction on site must commence in early March 2008. To meet this timeframe, steel work must be ordered by December to ensure delivery to site immediately after the 2008 Clipsal event. Demolition & preliminary site works must commence in December 2007.

3.3.2 In the light of the ACC's resolution and without compliance with Public Works Committee procedures being in place by mid December 2007, this timeframe will not be met.

3.3.3. It is therefore not possible to commence the construction of the Master Plan until after the 2009 Clipsal 500 event, for completion in time for the March 2010 event.

3.3.4 To do so would require renegotiation of both the Master Plan layout and the ground lease, and for these negotiations to be concluded in sufficient time to allow for all other statutory approvals (including Public Works Committee and the requirements of the *Adelaide Park Lands Act 2005*), to allow a March 2009 start. Given Council's current disposition towards the project, this extended timeline would be extremely challenging and possibly not achievable without significant compromises being made by both parties.

3.4 Recommended Process From Here

3.4.1 Given the above factors and events, it is now clear that without ACC support, the current Victoria Park Master Plan outcomes are unable to be achieved.

It is therefore proposed that the project scope be amended to include only the provision of new temporary facilities (and other related improvements) to replace long serving and deteriorating assets used to host the Clipsal event.

These are necessary to ensure this major event for South Australia retains its mantle as "the Worlds Greatest Touring Car Event", and international standard facilities are provided for teams, media, officials, corporate clients and the public.

3.5 Clipsal 500 Temporary Infrastructure Upgrade

3.5.1 The existing temporary pit building utilised by the SAMSB was initially constructed in 1990, and no longer complies with relevant motor sport standards. It is in need of significant repairs.

3.5.2 Further, the motor sport track surface in Victoria Park, which was laid down in 1984 and was proposed to be rebuilt as part of the Master Plan, is in need of major re-surfacing.

3.5.3 The Clipsai 500 has been put on notice by V8 Supercars Australia Ltd (the organisation which promotes the V8 Supercar series) that its facilities for teams, media, officials, commentators and the public are falling significantly below standard, and must be addressed.

3.5.4 Major facility upgrades have recently been undertaken at Bathurst ($35 million), and are underway for the newly announced Townsville V8 Supercar street race ($40 million).

The V8 Supercars also now race at the US$150 million Bahrain International Circuit, and other circuits have upgraded their facilities in keeping with the growing international prominence of this motor sport series.

3.5.5 Following discussion with the SAMSB, the following upgrades to the Clipsai 500 temporary infrastructure are proposed:

- Major upgrade to the current demountable Pit Building to provide improved team, officials and media facilities; double story corporate facilities; upgraded race control and commentating facilities. Estimated cost $15 million.

- Resurfacing of the existing track in Victoria Park, with possible re-alignment to match the existing ambulance track, widening the V8 Supercar paddock to make this area comply with regulations. Estimated Cost $1.5 million.

- Provide temporary shade cover over the Pit Straight and Hairpin Grandstands. Estimated cost $1.75 million.

- Provide temporary shade cover over <u>all</u> other grandstands on the circuit. Estimated cost $1.0 million.

- Upgrades to certain tracks and paths in Victoria Park to minimise dust and minimise damage to parklands from the event. Estimated cost $0.75million.

3.5.6 The purpose of the above upgrades would be to provide the minimum necessary infrastructure facilities to secure the world class Clipsai 500 event for Adelaide into the future.

3.5.7 The recommended upgrades would provide Adelaide with: -

- The world's largest and most technically advanced fully demountable pit building.

- The world's largest and most technically advanced fully demountable shade structure (covering the Pit Straight stand).

- The only street motor sport circuit in the world providing shelter for all its public grandstand patrons.

3.5.8 It is estimated that all the above upgrades would cost a total of $20 million.

3.5.9 The upgrades will be completed for the staging of the 2009 Clipsal 500 event.

3.6 Role of SAMSB

3.6.1 It is proposed that SAMSB continues to be responsible for the management and delivery of the project and constructs the new temporary facilities and other infrastructure upgrades.

3.6.2 The Crown Solicitor's Office has advised that the SAMSB has the power to undertake or manage the construction of the relevant facilities and other aspects of the development on behalf the Minister, and to enter into construction contracts for this purpose, provided that the relevant Minister for the SA Motor Sport Act, 1984 approves this as a function of the SAMSB under subsection 10(1)(e) of that Act or a declared area and a specified period are declared under Section 20 of the SA Motor Sport Act, 1984 for the purpose of enabling construction of the facilities by SAMSB.

3.7 Economic, Financial and Budgetary

3.7.1 The Government has currently budgeted $42.492 million for the construction component of the project, of which $33.757 million was for the new building. The balance was to be used to construct the new racing track. The SAJC had also undertaken to contribute $10 million in 2008-09 towards the cost of the building.

3.7.2 A total of $3 million has been expended on the detailed design and documentation of this project to date. This was undertaken in order to meet the project timelines, and therefore detailed design on the Master Plan had been completed, ready for construction to commence in December 2007.

3.7.3 SAMSB was to have repaid the Government $1 million each year from 2009 from savings incurred through the utilisation of a new permanent pit facility. These savings will now not be realised, and this reduction in annual subsidy will not be achieved.

3.7.4 The previously proposed new grandstand building would have been owned by the Minister for Infrastructure and leased to SAMSB. Ownership of the proposed upgraded temporary facilities will remain, as now, with the SAMSB.

3.7.5 The required adjustment to the forward estimates and the impacts on net operating balance and net lending position resulting from the change to the scope of the project and to the asset ownership arrangements are detailed in Table 1 below:

Table 1: Revised Forward Estimates and Budget Impacts

	Actual 2006-07 $ 000	**Budget** 2007-08 $ 000	**Budget** 2008-09 $ 000	**Budget** 2009-10 $ 000	**Budget** 2010-11 $ 000	**Budget** 2011-12 $ 000	**Budget** Ongoing $ 000
Current Forward Estimates							
Operating							
Capital grant to the SAMSB	-1,602	-400	-600	-	-	-	-
Operating Grant to SAMSB	-	-	1,000	1,000	1,000	1,000	1,000
Special Dividend from the SAMSB to Government	-	2,002	-	-	-	-	-
Building Depreciation (over 42 years)	-	-	-	-997	-997	-997	-997
Contribution from SAJC/ACC	-	-	10,000	-	-	-	-
Investing							
New Multipurpose Building	-	-9,812	-30,078	-	-	-	-
Purchase of WIP from the SAMSB	-	-2,002	-	-	-	-	-
Current Net Operating Balance	-1,602	1,602	10,400	3	3	3	3
Current Net Lending	-1,602	-10,212	-19,678	1,000	1,000	1,000	1,000
Revised Forward Estimates							
Capital grant to the SAMSB	-1,602	-8,925	-12,473	-	-	-	-
Revised Net Operating Balance	-1,602	-8,925	-12,473	-	-	-	-
Revised Net Lending	-1,602	-8,925	-12,473	-	-	-	-
Net Operating Balance Impact	-	**-10,**527	-22,873	**-3**	-3	-3	-3
Net Lending Impact	-	**1,**287	7,205	**-1,000**	**-1,000**	**-1,000**	-1,000

3.8 **Required Resources**

3.8.1 The revised total project cost of $23 million, in the form of a capital grant to SAMSB is set out in the above table. Project management is being undertaken by the SAMSB using the specialist services of KBR and in-house resources within SAMSB.

3.8.2 SAMSB, KBR and its design sub-contractors are preparing detailed design drawings and will work with tendered contractors to deliver the construction elements of the project.

3.9 **South Australia's Strategic Plan**

The project will contribute to meeting the South Australian Strategic Plan target to increase visitor expenditure in South Australia's tourism industry. The project will also support the target aiming to exceed the Australian average for participation in recreation and sport.

3.10 **Information and communication technology requirements**

No impact.

3.11 **Staffing Implications**

No impact.

3.12 **Impact on Community and Environment**

3.12.1 The upgrades to roads, paths and walking tracks will reduce the impact of the Clipsal 500 on the parklands.

3.12.2 The installation of shade covers over all grandstands will provide significant protection from the sun for over 30,000 public spectators per day.

3.13 **Family and Social Impacts**

The upgrade of Victoria Park, including the provision of new footpaths, will provide greater access and amenity for the community.

3.14 **Small Business Impacts**

During construction, the project is likely to have a positive impact on South Australian small businesses involved in the works. The principal contractor is likely to engage smaller local specialist companies which will be able to tender for various components of the works or supplies such as landscape and paving works, concrete supply and fabrication work.

3.15 **Regional Impact**

The proposal will not directly impact on the regions.

3.16 **Environmental Impacts**

3.16.1 The upgrades to the temporary Clipsal 500 facilities will utilise high level ESD principles and recycled products where practical.

3.16.2 The upgrades to paths and walking tracks will reduce the impact of the Clipsal 500 on the parklands.

3.16.3 The installation of shade covers over the Pit Straight, Hairpin and other grandstands will provide significant protection from the sun for over 30,000 spectators.

3.17 Risk Management Strategy

3.17.1 Development Approval – no Development approval is required as the works will be undertaken pursuant to the powers provided to the South Australian Motor Sport Board by the *South Australian Motor Sport Act 1984*, under which the provisions of the *Development Act 1993* do not apply.

3.17.2 Lease - no ground lease with the Adelaide City Council is required as the works will be undertaken pursuant to the powers provided to the South Australian Motor Sport Board by the *South Australian Motor Sport Act 1984.*

3.17.3 The works will be required to be submitted to the Public Works Committee, as they exceed $4million

3.17.4 This revised scope of works makes no provision for the SAJC to use and share the facilities as was contemplated in the initial Masterplan. The SAJC will have to cater for its future horse racing facilities independently of the Government's revised proposal.

3.18 Consultation

In accordance with consultation requirements for Cabinet Submissions appropriate interdepartmental consultation has occurred with the Crown Solicitor's Office, and the Department of Treasury and Finance, and the SAMSB. The SAJC has not been advised of the Government's revised plans for Victoria Park.

3.19 Implementation Program

The project program is based on completing the construction of the upgraded temporary pit facility and other infrastructure by January 2009 to allow sufficient time to set up and host the Clipsal 500 later in March of that year.

3.20 Communication Strategy

SAMSB will continue to liaise with ACC, SAJC and other major stakeholders. The public will be kept informed through the existing project website and media releases.

3.21 Executive Council

Executive Council approval is not required.

4 RECOMMENDATIONS

It is recommended that Cabinet:

4.1 *Note* the Adelaide City Council has decided not to grant the Government a lease at Victoria Park and as a result the current Victoria Park Master Plan outcomes are unable to be achieved and will necessitate amending the project scope.

4.2 *Approve* the modification of the proposed Master Plan to provide only for an upgrade to the existing temporary facilities and other infrastructure utilised for the Clipsal 500, Adelaide at a total cost of $23 million, inclusive of $3 million already spent.

4.3 *Approve* the adjustment to the forward estimates and budget impacts as detailed in Table 1 of the submission and summarised below:

Year	07-08 $ 000	08-09 $ 000	09-10 $ 000	10-11 $ 000	11-12 $ 000	Total $ 000
Net Operating Balance	- 10,527	- 22,873	-3	-3	-3	- 33,412
Net Lending	1,287	7,205	-1,000	-1,000	-1,000	5,492

4.4 *Approve* a delegation to the SAMSB to manage and undertake the appropriate works.

4.5 *Note* that a further Cabinet Submission will be prepared requesting approval to refer the upgrade to Clipsal 500 temporary facilities and other infrastructure to the Public Works Committee for consideration and report.

Kevin Foley MP
DEPUTY PREMIER

30 November 2007

In Cabinet

- 3 DEC 2007

APPROVED

PREMIER

MINUTES forming ENCLOSURE to

File T&F07/1031

Doc No TF07D07105

To Tim McDonald
Parliamentary and Cabinet Officer
Treasurer's Office

COSTING COMMENT: VICTORIA PARK REDEVELOPMENT

The Treasurer's Office is seeking Treasury and Finance comments on the draft Cabinet submission, *"Victoria Park Redevelopment"*. These comments relate only to the costs, budget impacts and Full-time Equivalent (FTE) numbers in the draft submission and cannot be construed to imply support for this policy or initiative.

Please attach a copy of this Costing Comment to the Cabinet Submission.

ISSUES

The submission seeks approval to modify the redevelopment plan for Victoria Park by providing for an upgrade to the temporary facilities and infrastructure used for the Clipsal 500 race.

COSTING COMMENT

Cost Assessment

Treasury and Finance advises that there are costs associated with this submission. These are detailed in Table 1 of the submission.

As a result of being unable to achieve the original outcomes for the Victoria Park Redevelopment project, the submission seeks approval for an upgrade to the temporary facilities and infrastructure. The revised proposal is estimated to cost $23 million, including $3 million of costs incurred to date on the original proposal. The ownership of the upgraded temporary facilities would remain with the South Australian Motor Sport Board (SAMSB).

The proposed amendments will also have the following impacts:

- Loss of the $10 million contribution from the South Australian Jockey Club (SAJC) in 2008-09; and
- Removal of the $1 million per annum SAMSB savings from 2008-09.

Treasury and Finance agrees with the basis of the assessment of required resources contained in the submission.

Budget Impact

Treasury and Finance advises that the submission will have an impact on the general government net operating result and net lending position, as shown in the table below.

Budget Impact table [1]

	2007-08 $000	2008-09 $000	2009-10 $000	2010-11 $000	2011-12 $000
Operating Expenses[1][2]	-10,527	-12,873	-3	-3	-3
Operating Revenue[1]	-	-10,000			
Net Operating Balance Impact[3]	-10,527	-22,873	-3	-3	-3
Investing Expenditure[1]	11,814	30,078	-	-	-
Less Depreciation[1]	-	-	-997	-997	-997
Net Lending Impact[3]	1,287	7,205	-1,000	-1,000	-1,000

(1) Negatives indicate increases in agency spending or reductions in revenues (deterioration in net lending). Positives indicate savings or increases in revenue (improvement to net lending).
(2) Including Depreciation
(3) Impact on net operating balance and net lending does not reflect the offsetting impact of payroll tax at the whole of government level.

FTE Impact

Treasury and Finance advises that the submission will not have an impact on the FTE numbers of the agency.

Greg Fenn
DIRECTOR, ACCOUNT MANAGEMENT
3 December 2007

Contact Officer: Nick Ashley
Telephone: 8204 1183