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| **Centre of Excellence Fund**  **2021/2022**  **BUSINESS CASE**  [APPLICANT]  **[PROJECT NAME]** |

KEY PROPOSAL DETAILS

|  |  |
| --- | --- |
| PROPOSAL INFORMATION | |
| Project name |  |
| Lead proponent (e.g. Professional Sporting Organisation, State Sporting Organisation or Council) |  |
| Lead proponent ABN/ACN and/or Incorporation number and/or Indigenous Incorporation Number |  |
| Project partners |  |
| LEAD CONTACT | |
| Name |  |
| Position |  |
| Phone |  |
| Email |  |
| Address |  |
| SUPPORTING INFORMATION | |
| Attachments *Please list all supporting information provided within the SmartyGrants application form* | Clearly number and name the attachments |

About this document

This template provides instructions in italics and in colour to help applicants prepare their business case.

Instructions in red italics need to be adhered to by all applicants.

Please delete all instructions prior to submission.

Instructions in light blue italics are recommendations to applicants. These instructions provide guidance on better practice approaches to populating a given section of the business case.

Please refer to the NSW Treasury Business Case Guidelines when completing this business case, which are available at: <https://www.treasury.nsw.gov.au/information-public-entities/business-cases>

The development of a business case is organised with five dimensions designed to systematically ascertain that the investment proposal:

* is supported by a compelling case for change – the ‘Case for Change’
* optimises value for money – the ‘Cost Benefit Analysis’
* is financially affordable – the ‘Financial Analysis’
* is commercially viable – the ‘Commercial Analysis,’ and
* is achievable – the ‘Management Analysis’.

The complexity and the size of the business case should be proportional to the scope, value and complexity of the project.

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**4 PROJECT MILESTONE PAYMENT SCHEDULE**

# CASE FOR CHANGE

## EXECUTIVE SUMMARY

This section provides the applicant an opportunity to provide a summary / high level information to improve the Grant Assessment Panel’s understanding of the project. Types of information that are relevant to this section include:

* One or two paragraphs to describe the initiative, why it is needed and what it will deliver for the funding requested in this proposal.
* the objectives of the project
* the planned outcomes from the project
* project description
* project’s stage of readiness (e.g. Development Application approved; tender documentation has been prepared etc).

## PROBLEM STATEMENT

Please outline the key problems that the proposal will overcome – the business need

The problems should be quantifiable and verifiable

The problems may relate to current as well as emerging problems.

## STAKEHOLDER & COMMUNITY NEED

What issues and concerns have stakeholders/the community raised?

Please outline what level of stakeholder and community support there is for the project.

For projects that are complex and/or involve multiple stakeholders, the development of a Stakeholder and Communications Plan is recommended. This plan should outline:

* Key stakeholders / customers
* The number of people in each stakeholders / customer segment
* The specific needs of each segment (key issues/concerns)
* How these needs have been or will be confirmed (consultation activities undertaken)
* Future communications activities proposed.

## PROPOSED SOLUTION

Please provide a high level overview of the proposed solution

How does the project respond to the stakeholder / community issues/concerns?

Consider how the proposal will overcome key problems

## RATIONALE FOR INVESTMENT

Please outline the reason for investment (this is your case for change)

You may wish to highlight the risks that exist or would emerge in the future if the proposal does not proceed or is deferred. Eg:

* Outline why it is important and why the project is needed now
* Outline any options that have been considered
* Outline the impact of doing nothing (i.e. outlining the base case)
* Outline the value/benefits it will provide

## STRATEGIC ALIGNMENT

Describe how this project aligns with your and partner(s) organisation’s strategic plans

Describe how this project aligns to the aims, focus and objectives of this Fund and broader Office of Sport strategies.

For each strategy include:

• The strategy name and owner (if known)

• A brief description of the strategy

• A brief description on how this proposal aligns to the strategy

• A link to more information regarding the strategy (if available)

## EXPECTED OUTCOMES

Please outline the expected outcomes arising from the project.

Outcomes may include increased participation in sport, increase in club membership, increased usage of the facility, increase in the number of athletes progressing from pre-elite to elite level activities, attraction of new events, a facility that is universally inclusive.

Outcomes should be outlined in quantitative terms where possible. Outcomes may be described in qualitative terms if quantification is difficult.

Beneficiaries of the outcomes may be the sporting organisation, Council, users/recipients, the community, businesses, and other organisations.

## KEY PERFORAMCNE INDICATORS

For each key outcome outline how it will be measured

Provide quantitative indicators where possible and ensure they are SMART (Specific, Measurable, Attainable and action-oriented, Relevant, and Time-bound)

Table 3.1: Proposal objectives

|  |  |  |
| --- | --- | --- |
| **Key project objective** | **Key project outcome** | **Key Performance Indictor** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |

## SCOPE OF WORKS

Please provide a detailed description of the works proposed.

The scope of works should include what the key facility components are and why each component is needed.

**Mandatory attachment: Please enclose a proposal scope, facility brief (or similar) and concept or schematic designs. (submitted via SmartyGrants application form).**

This description may include:

* Location of the project
* Quantifiable details including area/length, capacity etc.
* Relevant design standards e.g. Universal Design principles; design with dignity, Green Star rating/LEED
* Utility adjustments or property acquisitions
* Concept diagrams and sketches
* Photos.

## PROPOSAL EXCLUSIONS

Provide a high level overview of particular things that are not in scope (exclusions) or in scope but not funded by the Centre of Excellence Fund.

The application will need to clearly identify the project components that the Centre of Excellence Fund grant will support and what the applicant will fund (note – refer to guidelines regarding items that the Fund will not support).

## RELATED PROJECTS

Please outline, if relevant, if the project is related to another project or is dependent on another project proceeding.

# COST BENEFIT ANALYSIS

## THE BASE CASE

Please summarise what is the ‘base case’ to be used to assess the merits of the preferred solution. The base case is the ‘state of the world’ without the project, the case with no change and business as usual.

## OTHER OPTIONS CONSIDERED

Please summarise how the preferred solution was selected.

What alternative options were considered that would be a realistic potential to solve the abovementioned problems? (at a minimum outline one alternate option)

Describe the options and considerations relating to it

Alternative options that proponents may need to consider include:

* A do-nothing option
* A do-minimum option
* A do-later option

## COST-BENEFIT ANALYSIS

Please identify all material benefits and costs that are expected to arise and who the beneficiaries are from each option. Include forecasts of estimated outcomes from each option.

Detail of all critical assumptions used including key drivers, inputs, risks and assumptions for the base case and options and evidence to support assumptions.

Provide the base case, preferred option at a minimum (more options may be required for larger or more complex projects)

The NSW Government approach to Cost-Benefit Analysis is available at:

<https://arp.nsw.gov.au/tpp17-03-nsw-government-guide-cost-benefit-analysis>

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **OPTION** | **DESCRIPTION** | **COSTS** | **OUTCOMES** | **ASSUMPTIONS** |
| BASE CASE |  |  |  |  |
| PREFERED CASE |  |  |  |  |
| OPTION 1 |  |  |  |  |
| OPTION 2 |  |  |  |  |

# FINANCIAL APPRAISAL

## FINANCIAL SUMMARY – PREFERRED OPTION

Please outline the budget impact of the project from the applicant’s perspective.

The applicant should provide cashflow projections of the following:

* Revenues (including new revenue streams or impacts on existing revenue streams).
* Ongoing operating expenditure (including employee expenses, maintenance, depreciation, program expenditure, consumables etc)
* Savings in expenses that result
* Renewals or major repairs

Applicants should provide costs from the time the project commences operations (i.e. post construction) through to the steady state (5 years).

Table 3.1: Projected revenues and expenditure ($000s)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **PROFIT & LOSS** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** |
| REVENUE |  |  |  |  |  |
| Item 1 |  |  |  |  |  |
| Item 2 |  |  |  |  |  |
| Item 3 |  |  |  |  |  |
| Sub Total |  |  |  |  |  |
| EXPENSES |  |  |  |  |  |
| Item 1 |  |  |  |  |  |
| Item 2 |  |  |  |  |  |
| Item 3 |  |  |  |  |  |
| Sub Total |  |  |  |  |  |
| NET OPERATING RESULT |  |  |  |  |  |
| LIFECYCLE / SINKING FUND COSTS |  |  |  |  |  |
| **PROFIT / (LOSS)** |  |  |  |  |  |

## PROJECTED CAPITAL COSTS – PREFERED OPTION

Please outline the projected capital cost of the project.

Cost estimates should include:

* Construction costs
* Contractor margins
* Project management and consultant fees
* Authority fees
* Escalation (if applicable)
* Contingency.

Applicants should include a robust and accurate project cost estimate that is appropriate to the stage of project development. Things to consider when outlining your costs:

**Eligible costs:** Centre of Excellence Fund grants are for the capital cost of the project only. Applicants are responsible for project administration costs, non-fixed or movable equipment and the ongoing operation of the facility.

**Councils:** GST is not payable on grants due to payments being between government related entities. Please exclude GST when applying for your funding in your project budget.

**Organisations registered for GST:** When applying for funding please exclude GST from the amount of funding requested in your project budget. GST will be paid to your organisation if successful, for each instalment.

**Organisations not registered for GST:** When requesting funding for your project, please include GST in the costs for your project budget. Please ensure that quotes you receive are inclusive of GST that will be charged by trades to deliver the works.

**Contingency:** All project budgets must include a contingency to cover uncertainty. This contingency should be a minimum of 5% of the total project cost (not the grant amount). For more complex projects, the contingency may be up to 20% of the total project cost.

**Escalation:** All Applicants should report capital costs on an unescalated basis to inform the cost benefit assessment. With escalation (i.e. with inflation) provided separately to inform funding and affordability assessment. The assumed inflation rate and its basis should be reported.

**Mandatory attachment: Please enclose a cost estimate prepared by a Quantity Surveyor (submitted via SmartyGrants application form).**

Table 3.2: Projected capital costs ($000s)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Stage** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Total** |
| Base cost estimate |  |  |  |  |  |  |
| Contingency |  |  |  |  |  |  |
| Escalation |  |  |  |  |  |  |
| **Nominal cost** |  |  |  |  |  |  |

## KEY ASSUMPTIONS

Please list and explain rationale for key financial assumptions

For example, rationale for contingency estimate, inflation rate, interest rates, depreciation calculations and any other key assumptions.

## SENSITIVITY ANALYSIS

Please outline any sensitivity analysis conducted. This is more relevant for larger and more complex projects.

Please explain the key assumptions under each analysis

For example this might include costs +10%, revenue -10% or other changed assumptions

Table 3.3: Sensitivity Analysis - Projected revenues and expenditure ($000s)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **BUDGET ITEM** | **TOTAL COST BASE** | **ANALYSIS 1** | **ANALYSIS 2** | **ANALYSIS 3** | **ANALYSIS 4** |
| Project Revenue |  |  |  |  |  |
| Project Costs |  |  |  |  |  |
| **Project Net Position** |  |  |  |  |  |

## PROPOSED FUNDING ARRANGEMENTS

Please outline how the project’s capital costs are to be funded.

Applicants will be expected to be able to provide for the funding of ongoing operating costs.

Provide a breakdown by financial year if these costs will span multiple financial years.

Ensure that total funding covers total capital costs outlined in Section 3.2

Where funding sources are identified, applicants **must** demonstrate how secure these funding sources are (e.g. letters of support, MoUs, signed contract/funding agreement) or how they have been calculated.

Where this information is commercial in confidence, applicants may elect to present this information as an attachment to the business case. In these instances, applicants should contact the Program Manager Centre of Excellence Fund to discuss appropriate confidentiality and probity arrangements.

Table 3.4: Proposed Funding Sources ($000s)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Stage** | **Year 1** | **Year 2** | **Year 3** | **Year 4** | **Year 5** | **Total** |
| Proposal capital costs |  |  |  |  |  |  |
| Funding Sources | | | | | | |
| NSW Government (subject of this request) |  |  |  |  |  |  |
| Local Government Contributions (please detail which Council(s)) |  |  |  |  |  |  |
| Other Federal government contributions (please detail which agency) |  |  |  |  |  |  |
| Other NSW government contributions (please detail which agency) |  |  |  |  |  |  |
| Sport Organisation (please detail which organisation) |  |  |  |  |  |  |
| Philanthropic Organisations (please detail which organisations) |  |  |  |  |  |  |
| Industry contributions |  |  |  |  |  |  |
| Community contributions |  |  |  |  |  |  |
| Other funding sources (please detail) |  |  |  |  |  |  |
| **Total** |  |  |  |  |  |  |

## 

## FINANCIAL HEALTH

For projects involving funding to non-government entities, applicants should summarise the applicant’s:

* Financial performance i.e. profitability
* Financial position i.e. level of assets and liabilities
* Cash flow position i.e. level of cash inflows and outflows.

**Mandatory attachment: Please attach financial statements for the applicant’s past three financial years. (submitted via SmartyGrants application form).**

# COMMERCIAL ANALYSIS

## PROCUREMENT METHODOLOGY

Please outline the planned procurement methodology and process – including why it is suitable for the project.

Include a brief exploration of any other procurement model considered and how any procurement risks will be managed

Outline if your project team has the required skills and expertise to manage the procurement contract

## TECHNICAL REQUIREMENTS

If applicable, please outline if there are any technical requirements and how these will be managed in the procurement process

# MANAGEMENT ANALYSIS

## GOVERNANCE FRAMEWORK

Please outline the project team that will oversee the delivery and ongoing operations of the proposal. Outline the way the proposal will be organised, including:

* Key decision makers (e.g. Board of Directors, project sponsor, Councillors)
* Governance bodies (e.g. Project Control Group, steering committees, advisory groups)

Please outline key responsibilities and roles of key personnel.

Provide a diagram of the reporting and decision-making lines of communication for the project, including key decision-making bodies

## PROJECT MANAGEMENT FRAMEWORK

Please outline the project management structure, project reporting, monitoring and evaluation arrangements etc

Personnel responsible for the delivery of the project, and what their capacity and experience is in delivering similar projects. Provide details of any partnership model that would be adopted to deliver the project

Key stakeholders (e.g. stakeholder groups, liaison/communications officers)

## PROJECT PLAN & MILESTONES

Please outline the key events and decision points associated with the project.

Project management requires a plan to clearly identify goals, reduce risk of delay, and inform stakeholders of anticipated progress. Provided a high-level project Gantt Chart (approximately 10 major activities) outlining the project schedule against the key phases. Key phases to consider for incorporation into the program are:

* Review period
* Planning and detailed design
* Approvals
* Procurement
* Delivery (commencement of construction to completion and ready for operational use)
* Commissioning

Please also outline key dependencies and resourcing plan / constraints (staffing)

Table 5.1: Key events

|  |  |  |
| --- | --- | --- |
| **Event** | **Start** | **Finish** |
|  |  |  |
|  |  |  |
|  |  |  |
|  |  |  |
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|  |  |  |
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## KEY RISKS

Please outline how the project’s risks will be monitored, managed, mitigated and avoided.

What activities have been undertaken during the planning stage to identify and reduce the project’s risks?

What activities are proposed during the delivery stage to identify, monitor and mitigate the project’s risks?

Table 5.2: Key proposal risks (example)

|  |  |  |  |
| --- | --- | --- | --- |
| **#** | **Risk Category** | **Risk Description** | **Risk Mitigation** |
|  |  | **How to describe a risk:** *A [risk cause/driver] may result in a [risk event] which may affect [an objective i.e. what is the risk impact?]* | ***Risk mitigation*** *includes options and actions to be taken to reduce or prevent the risk from happening, or to reduce its impact on the project if it happens* |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

Risk Categories:

|  |  |
| --- | --- |
| **Category** | **Description** |
| Financial | Risks relating to, for example, dependencies on other funding sources or revenue – if total project costs exceed the funding commitment from NSW Government.  Risks generally relating to an escalation of project costs due to cost estimating accuracy, changes to scope or necessary changes in building design or construction. |
| Schedule | Risks relating to completion of activities against planned milestone dates. |
| Performance | Risks relating to the extent to which the results of the project are consistent with project objectives/outcomes. |
| Governance | risks relating to board and management performance with regard to ethics, stewardship, and reputation of your organisation and how they impact on project delivery. |
| Operational | Risks relating to implementation activities and process relating to project delivery, such as procurement, supplier management, internal approval processes. |
| Supplier | Risks that include competition or unavailability of suppliers or products or requirements/obligations to only approach a particular supplier |
| Legal/Regulatory | Risks arising from legal or regulatory obligations, including contract risks, litigation brought against the organisation, planning permits and approvals etc. |
| Environmental | Risks associated with external hazards, including storms, floods, droughts, fires, vandalism |

## LEGISLATIVE, REGULATORY ISSUES & APPROVALS

Please outline any legislative/regulatory issues that the project should adhere to/manage/resolve as well as the approvals that are expected to be required.