ACT Government

CABINET SUBMISSION

Cabinet number	**24/535**
Title	**RSPCA ACT – Relocation Package and Ownership Structure**
Meeting Type	Cabinet
Minister	Tara Cheyne MLA Minister for City and Government Services
Co-Sponsoring Minister/s	N/A
ERC date	Thursday, 24 April 2025
Cabinet date	Monday, 12 May 2025

Status	EXPOSURE DRAFT	
Relationship to previous decisions	This submission follows on from CAB21/802 (16 February 2022) and CAB22/551 (28 November 2022).	
Submission type	Agree on a course of action	
Purpose	To seek Cabinet agreement to the delivery and operating model of the new RSPCA ACT facility in Pialligo	
Category	Category 1 - Budget/Government Priorities	
Financial Impact	Yes	
Treasury Agreement	Yes	25/03/2025
	Date of Treasury agreement:	03/04/2025
Legislative change	No - change to legislation not required	
PCO/JACS Human Rights	N/A	Click here to enter a date.
	N/A	Click here to enter a date.
Regulatory impact	No	Click here to enter text
Wellbeing Impact Assessment	Yes	
Primary Wellbeing Domain	Housing and home	
Closing the Gap - Priority Reforms	Not in Scope for Closing the Gap Priority Reform	

Minister's signature ____________ Date 4 / 4 / 25

RECOMMENDATIONS

[redacted]

2) I recommend Cabinet note:

   c. The financial and compliance impacts of the ownership and delivery models investigated.

   d. The advice to the Chief Minister on the release of the Open Access decision summary (Attachment B) as required under Section 23 of the *Freedom of Information Act 2016*:

      i. [redacted]

      ii. The proposal is anticipated to have positive wellbeing impacts under the housing and home, social connection, safety, environment and climate, and access and connectivity wellbeing domains. These will include outcomes of increased housing opportunities for Canberrans, improved and increased capacity to manage animal welfare in the ACT and improved staff and volunteer work environments.

SUPPORTING ARGUMENT

BACKGROUND

1) In the lead up to the 2020 and 2024 ACT election, a commitment was made *"that a re-elected ACT Labor Government will assist the RSPCA to build a new, fit for purpose facility for the RSPCA in the next term of government".*
2) The 2021-22 ACT budget committed $1.025 million in funding across two financial years to undertake feasibility and early design work of a new RSPCA facility.
3) A preliminary design and cost estimate for the facility and associated enabling works totalling $79.1 million was provided at the end of 2023.
4) The location of the facility within the site was adjusted in 2024 to avoid impact to a population of Striped Legless Lizards (SLL) found on the site, which would have triggered an Environment Protection and Biodiversity Conservation (EPBC) approval and lengthy approvals under Commonwealth and ACT legislation (adding minimum 12 months to the program and unquantifiable additional costs).
5) A peer review of the design and costings was undertaken in early 2024 which identified some opportunities for savings, in response to Treasury requests following the 2023-24 Budget. At the same time initial cost estimates were provided for the relocation of the site within the Block, which indicated an estimated increase of costs primarily due to a requirement for additional site civil works. The net of the identified savings and additional costs amounted to approximately $1.25 million of savings.
6) In addition, within the last 12 months, workshops have been undertaken to identify value management options testing scope and cost, the results of which have been incorporated into the design. The current concept includes elements that could be removed if the budget is not sufficient and delivered in subsequent stages, such as the Education building. The design is modular, providing for future capacity and further options for scope adjustment.
7) The ACT Government provisioned a funding envelope of up to $40 million (for the preliminary design and construction phase, including contingency) to deliver the new facility for the RSPCA ACT at the new site in Pialligo. Treasury requested a review of scope and market testing of the costing.
8) The provision comprises $610,000 in capital funding in 2023-24 for scope management, market testing, design, and approvals; an expense provision of $5.0 million across two years from 2023-24; and a capital provision across three years from 2024-25 for the balance of the $40 million envelope.
9) As referenced by the RSPCA in their letter to the Minister for City and Government Services Attachment I, although it is not government policy, references the land currently occupied by the RSPCA at North Weston is on the Indicative Land Release Program (ILRP). Redevelopment of the North Weston site is estimated to generate revenue of $209.3 million; minus estate planning and construction costs of $72.7 million (including selling costs and contingency), and land remediation costs of $5 million, this would leave the ACT Government with a net revenue of $131.5 million.

10) The full budgeted revenue from the land release cannot be realised without the RSPCA facility being relocated and demolition and remediation of the existing premise being undertaken.

ISSUES AND OPTIONS

Current status of the project, in relation to the original delivery approach

11) The project is due to reach Development Application (DA) ready status in April 2025. This is a suitable milestone that will provide statutory approval for the development to proceed into construction and would be appropriately progressed to hand over to the RSPCA for final design and delivery.

12) To date TCCS has spent $1.478 million of the current budgeted $1.635 million allocated for design, scope management, market testing and approvals.

13) Additional design work was required due to the relocation of the facility to avoid environmental impacts and subsequent re-design of the site, which comes with additional consultant fees and project costs. This included site investigations (site survey, site flooding, unexploded ordnance clearance) and revised design layouts and preparation of the DA ready package.

14) TCCS has worked through design rationalisation, peer review cost saving opportunities and other design adjustments to achieve financial efficiencies to bring the cost of the facility closer to the funding envelope.

15) At present, both the RSPCA and Domestic Animal Services (DAS) manage stray and surrendered dogs and seek to either re-unite them with their owner or rehome them to a new owner. The current design and scope of the new RSPCA home would see all stray and surrendered dogs housed at the new RSPCA site, with one organisation responsible for reuniting and rehoming, allowing efficiencies to be exploited and expertise to be gained.

16) Any further value management exercises that would impact space for housing animals would impact the DAS facility and the ability to realise efficiencies and continue the duplication of like services.

17) TCCS will continue to explore opportunities to streamline service delivery in consultation with the RSPCA, aiming to reduce duplication with DAS and leverage expertise with several identified opportunities already integrated into the design of the new RSPCA facility at Pialligo.

18) It is important to note that decisions regarding scope, efficiencies, and value management in service delivery impact the cost estimates for the new facility's infrastructure. A more integrated approach to a shared facility will increase construction costs, as additional kennel and other spaces will be required. The extra kennel space at the RSPCA to support dog rehoming will free up capacity at DAS, enabling a more proactive regulatory and compliance response to enhance public safety.

19) The current design developed for a new facility meets the functional aspiration of the RSPCA however has been identified to be significantly outside the budget committed by the Territory despite value management and design rationalities being undertaken.

20) A high-level cost reduction exercise has been undertaken by TCCS Infrastructure Delivery to understand if delivering a functional facility is feasible within the $40m budget envelope details the process undertaken and the findings. A copy is provided at Attachment H.

Delivery and operating models of a new facility

21) Four delivery and operating models (Delivery and Operating Models 1 to 4) were considered and are summarised in **Table 1**. Banking and transaction details [redacted]

22) Detailed analysis of each is provided at Attachment D and summarised below.

Table 1 – Summary of Delivery and Operating Model

	Delivery and Operating Model 1 Banking and [redacted]	**Delivery and Operating Model 2** Banking and [redacted]	**Delivery and Operating Model 3**	**Model 4** Banking and transaction [redacted]
Initial Design and Development Approval	ACT Government	ACT Government	ACT Government	ACT Government
Detailed Design	ACT Government	ACT Government	ACT Government	RSPCA
Construction	RSPCA	RSPCA	ACT Government	RSPCA
Custodianship of Land	ACT Government	ACT Government	ACT Government	RSPCA
Ownership of Infrastructure	ACT Government	RSPCA	ACT Government	RSPCA
Operation and Maintenance of Infrastructure	ACT Gov	RSPCA	ACT Gov	RSPCA
Financial Mechanism	Capital Investment	Capital Investment	Capital Investment	Grant

23) **Delivery and Operating Model 1** – the Territory holds the Executive Crown lease for the site and subleases the site in its entirety to RSPCA. RSPCA would have responsibility for constructing the facility, but the ACT Government would retain ownership for that facility.

Benefits:

- Territory retains asset and any financial benefits from depreciation (Financial).
- Potential financial benefits where RSPCA manage construction and can rely on goodwill to reduce cost of construction.

Risks:

- As Lessor, the Territory will be financially responsible for maintaining the constructed premises. Dependent upon the amount of control the Territory asserts over construction, it may be liable for any ongoing defects and management of warranties.
- RSPCA delivering the construction phase of this project may present financial and compliance implications for the Territory and the RSPCA, as this could be seen as a procurement under the *Government Procurement Act 2001.*

24) **Delivery and Operating Model 2** - The Territory holds the Executive Crown lease for the site. The RSPCA would have responsibility for constructing the facility. The new site is owned by the Territory, but the RSPCA owns the facility.

Benefits:

- the RSPCA obtains further potential financial benefits where RSPCA manage construction for the premises they will own and will rely on their relationships with the commercial sector to reduce the cost of construction.
- The Territory will not have financial responsibility for ongoing maintenance obligations of a Lessor.

Risks:

- Complexity of arrangement where the Territory owns the land, but RSPCA owns the building is impractical if RSPCA's rights to occupy come to an end.

25) **Delivery and Operating Model 3** – the Territory would construct the facility rather than the RSPCA, and RSPCA will take a sublease over the entire facility and have the right to underlease parts of it out to other entities for commercial operations such as cafes and/or community education services.

Benefits:

- Clarity of ownership and the Territory has the ability to re-use or adapt the facility if required.

Risks:

- Same financial risks as for Model 1 above where the Territory is responsible for ongoing maintenance obligations as a Lessor.

26) **Delivery and Operating Model 4** [redacted] grant the RSPCA a concessional lease through a direct sale to the RSPCA to then construct the facility. This will grant ownership rights for the facility and the site to RSPCA but restrict use of the site. Given the RSPCA's national presence, existing networks and operating model, it is proposed that the project be delivered through a combination of government and non-government funding. This approach allows the RSPCA to utilise their social capital to procure construction services and materials and potentially extend the dollar value of ACT Government funding.

Benefits:

- Provides RSPCA with security of a long-term lease.
- Note, there is a fee for the Direct Sale. This can only be waived by Treasury. Fee for community groups is $3,411.63.
- Same financial benefits for RSPCA as for Models 1 and 2 above.
- The Territory will not have financial responsibility for ongoing maintenance obligations of a Lessor.
- No requirement for RSPCA to pay market value where Community Lease granted.
- Restrictions on use of land ensure that the land will be retained for the purposes for which lease originally granted.

Risks

- RSPCA have indicated they support a grant model but may not accept the grant if the $40million grant is required to fund both offsite enabling and onsite civil works. Note offsite (outside the fence) enabling works have been costed at $4.3m. On onsite (inside the fence) civil works have been costed at $5.4m (dependent on final design).
- Potential issue where RSPCA wants to conduct ancillary retail and educational activities. Approval of the Executive will need to be sought. New regulations may be needed to facilitate this. i.e. animal care facility being added as a community lease use.
- This would be the first time the Executive will have exercise this power, a statement of reasons will need to be published outlining why a grant is not being made under competitive process and what the community lease use will be used for. Any ancillary use (such as retail) requires approval of the Independent Territory Planning Authority. If this model is pursued a further Cabinet submission will be required seeking Cabinet's agreement to the grant of the concessional lease. Cabinet timeframes mean this could be four (4) months or longer.

FINANCIAL IMPACT

27) $1.025 million was provided in the 2021-22 Budget for the reparation of Preliminary Sketch Plan designs and securing the required planning approvals using the design for a new facility at Pialligo.

28) A total of $40 million was provisioned to TCCS in the 2023-24 to progress design and construction at Pialligo.

29) In summary, the total estimated cost if the ACT Government delivers a fit for purpose facility (both budgeted and non-budgeted) for the relocation of the RSPCA is $78.4 million (excl. GST) this cost is based on the Concept Design Package dated September 2024 and the associated Cost Plan Report. TCCS have held value management workshops and can deliver a reduced scoped facility $48 million (excl GST). If the Government provides the RSPCA with a DA ready grant to the RSPCA to construct the facility, the cost to TCCS would be $40 million, this includes the remaining provisioned $40 million (excl. GST) and offsite enabling works ($4.3m) and onsite civil works ($5.4m) leaving $28.7m for the construction of the facility.

30) The financial impact will vary depending on the delivery model chosen as demonstrated in the Business Case at Attachment E.

31) Various federal grant options were investigated, but no suitable funding was identified. Should the RSPCA be designated as a precinct in the future, it may be eligible for funding through the Urban Precincts Program (UPP).

32) TCCS will be required to renegotiate the Service Funding Agreement Attachment F with the RSPCA no matter which Delivery or Financial Model selected. The outcome of such negotiations is expected to be immaterial.

33) [redacted]

34) The full scope of offsite enabling works includes the signalisation and upgrade to the Addison Road intersection and the upgrade of Addison Road from the new intersection to the facility entry – see Attachment H (page 4).

	2025-26	2026-27	2027-28	2028-29	2029-30	Total
Capital impacts						
Capital injection (offsite enabling works)[1]	[redacted]					
Capital offset – existing provision	[redacted]					
iCBR fee – resources received free of charge (if applicable)	[redacted]					
Net Capital	[redacted]					
Expense impacts	[redacted]					
Expenses – Grant (includes onsite civil works)[2]	[redacted]					
Expenses – project costs	[redacted]					
Expenses – staff costs	[redacted]					
Expenses – offsets – existing provision	[redacted]					
Repairs and maintenance[3]	[redacted]					
Depreciation[4]	[redacted]					
Revenue/Commonwealth contribution/savings impacts						
Revenue	-	-	-	-	-	-
Commonwealth contribution	-	-	-	-	-	-
Savings	-	-	-	-	-	**-**
Net Expense	[redacted]					

[1] Total offsite enabling works includes iCBR fee – totals $4.3m

[2] Onsite civil works are costed at $5.4m and subject to final design

[3] Repairs and maintenance costs have been estimated at 1% in the year following completion and 2% per annum thereafter and are calculated on the value of enabling works infrastructure for TCCS assets such as Addison Road upgrade. RSPCA would be responsible for ongoing building repairs and maintenance .

35) Ongoing repairs and maintenance costs associated with the new facility would require budget funding if Model 1 or 3 is selected. Model 2 and 4 would see these costs met by the RSPCA.

36) An estimated net revenue of $131.5 million could be realised by the Government if the RSPCA is relocated from the North Weston site. This would be balanced by the costs of the relocation package.

WELLBEING IMPACT SUMMARY

37) A Wellbeing Impact Assessment has been prepared and is provided in Attachment C.

38) It is anticipated that the proposal will have the following impacts across safety, environment and climate, housing and home, access and connectivity wellbeing domains:

a. Major positive impact on Indicative Land Release Program (ILRP) through timely relocation of RSPCA ACT from their current facility in Weston.

b. Major positive impact on safety of staff and animal welfare through providing RSPCA ACT with a new purpose-built facility that meets standards and their operational requirements.

CLOSING THE GAP - PRIORITY REFORMS

39) Not in scope for closing the gap priority reforms.

CONSULTATION

External stakeholders

40) TCCS has engaged with RSPCA South Australia seeking costings, although advice has not been forthcoming. TCCS notes that public available documents reference total investment for a 7 hectare RSPCA site in South Australia was $28 million with the majority of investment occurring in 2022. Also worth noting is that that late stage cost escaltions in the final months of construction required RSPCA SA seeking assistance in the form of public contributions to finish the build.

41) RSPCA has been consulted on what is the most cost effective and practical implementation approach for them. Their Board has indicated a preference for a delivery and operating model in line with Delivery and Operating Model 4.

42) RSPCA has noted they would prefer the full cost of construction to be met through a grant enabling them to obtain further community participation and allowing them to seek an element of pro-bono or discounted services for the construction process. RSPCA would like all enabling costs and onsite civil works to be delivered by ACT outside of the $40 million grant.

43) The RSPCA has also indicated a preference for a long-term lease at a peppercorn rate.

ACT Government Agencies

[redacted]

45) Infrastructure Delivery, TCCS is responsible for the preliminary design and iCBR are the contract managers for the tender and procurement of Development Approval.

46) Consultation with the Environment, Planning and Sustainable Development Directorate (EPSDD) has been ongoing, and support has been given to this submission

47) Consultation with the Suburban Land Agency (SLA) has occurred, SLA support the submission and have identified potential delivery arrangements that could assist with managing the offsite works.

48) Treasury were consulted on delivery models when the paper was presented as policy decision. Treasury requested a Business Case be included that supported Cabinets request for a $40 million, all-inclusive option. Treasury advised no Grant Business Case template was available therefore TCCS have adapted a Capital Works Business Case template.

MEDIA AND COMMUNICATIONS

49) Due to sensitivities around the Duntroon horse paddock users and the ACT Equestrian Association, there is a medium risk of negative media coverage regarding this relocation.

50) A media release will be prepared if required.

IMPLEMENTATION

Table 2: Current timeframes

Milestones	Date to be completed
1. Development Application (DA) submitted	April 2025
2. DA approved	July 2025

HUMAN RIGHTS IMPACT

51) There are no human right impacts associated with this Cabinet submission.

ATTACHMENTS

A	Table of comments
B	Open Access Assessment: Cabinet Decision and Wellbeing Impact Assessment summary
C	Wellbeing Impact Assessment
D	Delivery and Operating Model
E	Budget Business Case
F	RSPCA Service Funding agreement
G	Outline RSPCA – DAS Responsibilities
H	RSPCA feasibility Assessment
I	Letter of support from RSPCA