



ACT
Government

Transport Canberra
and City Services

Michelle Robertson
Chief Executive Officer
RSPCA

Via email: Michelle.Robertson@rspca-act.org.au

Dear Michelle

I am writing in relation to discussions between the RSPCA and the Territory as represented by the Transport Canberra and City Services Directorate (TCCS) regarding the construction of a purpose-built facility in Pialligo to house the RSPCA and its operations (Project Home).

I am informed that several frameworks and delivery models to facilitate the construction of Project Home have been considered by TCCS and the RSPCA and that there is provisional agreement on a proposed framework and model. I understand that the RSPCA and TCCS have provisionally agreed to a proposed delivery and operating model where the ACT Government undertake initial design, and the RSPCA deliver the final design and construction phase; resulting in the RSPCA managing both land and built infrastructure under a long-term lease arrangement.

The proposal at Attachment A sets out the provisional agreement between TCCS and the RSPCA. This provisional agreement is subject to Government processes and approvals. As such, the attached proposal should be treated as confidential information.

To support these Government processes, your endorsement of the attached provisional proposal is sought. I note your engagement with Ben McHugh, Deputy Director General to date on the proposal. Should you have any comments on the proposal, please raise these with Mr McHugh.

Once your endorsement is obtained, TCCS will undertake the Government processes required for the agreement to be formalised. Once these processes are completed and approval received, a formal agreement will be documented by way of a negotiated Deed of Grant.

I look forward to receiving your response as soon as possible.

Yours sincerely

David Pryce
Director-General

21 February 2025

OFFICIAL: SENSITIVE: IN-CONFIDENCE

Provisional Agreement

1. Subject to government approval, the Territory will prepare suitable agreements, including a deed of grant and specimen Crown lease to create binding obligations between the Territory and the RSPCA.
2. The Territory confirms that unless and until such documents are entered into, no rights or obligations will arise between the Territory and RSPCA in respect of this matter.

Proposed Terms of the Agreement

1. The Territory provides a grant to RSPCA to design and construct a purpose-built facility in Pialligo to house RSPCA and its operations (Project Home).
2. The grant is for \$40M (GST inclusive) and is inclusive of any spend by the Territory to date.

[see funding section below for further information]

3. The RSPCA is responsible for submitting the Development application for the facility.
4. TCCS will provide any assistance necessary to the RSPCA to ensure that required internal TCCS approvals are obtained as required and in a timely manner.
5. The Territory agrees to grant a concessional Crown Lease to the RSPCA in respect of the Pialligo site.
6. The concessional Crown lease will only be granted once the Territory is satisfied that the RSPCA is in a position to construct the facility.
7. For the purpose of being satisfied that the RSPCA is in a position to construct the facility, TCCS will require evidence of the following:

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| A. | The RSPCA has conducted their own procurement process with respect to the engagement of a builder. | The Territory does not require any oversight of the process.

TCCS does not place any conditions on the procurement process itself.

TCCS requires that any builder engaged is compliant with required industry regulations (for example, holds the required ACT Builder licence and required insurances).

TCCS requires that the builder meet standard Government financial viability requirements. |
| B. | The RSPCA has undertaken due diligence with respect to the cost of the proposed design. | The Territory will have Approval rights over the design. These approval rights are not to be unreasonably withheld. |

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| C. | The RSPCA has appointed a principal contractor to oversee the construction and commissioning of the facility. | |
| D. | A budget/cost estimate for the facility that had been signed off by an appropriately qualified expert. | An appropriately qualified expert for this purpose is a cost estimator with relevant experience in similar works. TCCS may seek information from the RSPCA to be satisfied that this requirement has been met. |
| E. | A timeline/Gantt chart that shows the indicative time for construction and commissioning of the facility signed off by an appropriately qualified expert. | An appropriately qualified expert for this purpose is a licensed building surveyor (certifier) under the <i>Construction Occupations (Licensing) Act 2004</i> or equivalent. TCCS may seek information from the RSPCA to be satisfied that this requirement has been met. |
| F. | The proposed funding will cover the cost of the Facility. | Any additional funding required will be sourced by RSPCA. |

Funding

8. The Territory agrees to the payment of the grant monies which will include:
 - a. Costs expended by the Territory to date including preliminary costs such as design, geotechnical, planning and other pre-development application costs.

Note: TCCS has shared the current commitments and expenditure with the RSPCA and notes that as at the date of this letter these costs equate to \$1.5m.

 - b. Design preparations for the submission of the development application.
 - c. Costs for seeking and engaging a principal builder and key contractors.
 - d. Cost of construction to lock up including fitout.
9. The payment of funds will be subject to several prerequisites being satisfied which are to be agreed but will include:
 - a. Satisfaction of certain key milestone points for payments (with consideration of the payment obligations of RSPCA under the head construction contracts) [milestones to be negotiated in the final deed].
 - b. TCCS will require monthly (or other agreed timing) reporting on the project which will include updates on progress towards milestones, completion and budget.

Concessional Crown Lease

10. The purpose of the Concessional Crown Lease is to provide the RSPCA with long term occupancy of the Pialligo site and allow it to own the Facility while ensuring that it can only be used for the purposes set out above (subject to those purposes being consistent with both the Territory Plan and the requirements for a concessional lease).
11. The Facility must be used for specific purposes as outlined in the Territory Plan and the requirements for a concessional lease.

Notes:

- The Territory Planning Authority (TPA) can grant concessional leases to community organisations with the Executive's approval, which Executive must ensure the lease will benefit the community and that direct sale is the best method to achieve this.
- TCCS is aware that the RSPCA would like to operate commercial activities like cafes and educational facilities which would need to be incidental to the primary community lease use and will require approval of the TPA.
- At this stage, it is unlikely that the additional elements of the design which include a café and education space will be achieved within the current provisioned grant amount. However, for the purpose of "future-proofing" the facility, TCCS will work with the RSPCA and the TPA to facilitate this inclusion where possible.

On completion of construction

12. The RSPCA will be responsible for ongoing defect liability management and then upon practical completion they will undertake all future maintenance and repairs and manage any warranty issues with the construction contractor.
13. The RSPCA will be responsible for obtaining the required certificate of occupancy and use of the facility on completion of construction.
14. The RSPCA will be responsible for ensuring that all legislated requirements and building standards are met during the construction phase, including all building work stage inspections.

Practical completion

15. Practical completion will occur when a certificate of occupancy and use has been issued for the facility.
16. Upon practical completion, the RSPCA will retain responsibility for the ongoing operation and maintenance of the building including payment of all relevant rates, maintenance costs and utilities payments.
17. The RSPCA will operate the facility for its permitted purpose and is not permitted to allow the facility to be idle.
18. Operation of the facility will be subject to a separate Services Agreement with the Territory.

Note: The grant is for the facility only.

19. The RSPCA will be prohibited from transferring the Crown lease to the extent this is not addressed in the Crown lease.

Endorsed by the RSPCA

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Signature

Name

Title

Date

CONFIDENTIAL