

DARWIN SQUASH ASSOCIATION



INVESTMENT PROPOSAL



EXECUTIVE SUMMARY

1. Squash in Darwin is currently based at the only commercial squash facility, the Darwin Squash Centre on Sabine Rd. This facility is owned by a private company (Diamand Holdings Pty Ltd) and leased to the Darwin Squash Association (DSA). The DSA lease expires on the 30th June 2011 as the landlord intends on redeveloping the site. The DSA has no option to extend.
2. This places squash in a precarious position as there are no other squash courts available in Darwin for public use. Additionally the club cannot raise the funds required to build a new facility through a bank loan for a variety of reasons. To date the NT Government has failed the squash community by not providing any funding or assistance in gaining funding for a new centre. The loss of a squash facility for Darwin will result in the collapse of the sport for the Darwin community and likely result in the demise of squash in the Northern Territory.
3. The DSA has a growing membership base of over 380 players, giving it the largest playing base of any club in Australia. Regular competitions and social events are held at the squash centre with in excess of 400 people playing squash each week. Additionally the DSA runs, in conjunction with Squash NT, a successful Junior Development program. This has a structured approach which includes a School's Program (serviced by the majority of Darwin's educational institutions), junior club sessions and coaching clinics which then form the NT Squash Academy which is based in Darwin and Alice Springs. This has resulted in a number of nationally ranked players including the current Australian under 15 National Champion three years running.
4. The DSA has been and continues to be a financially stable club that has maintained a profit for over six years. This profit is then reinvested back into the squash community. With a new facility there are additional opportunities to further develop squash as a sport thus ensuring it remains a financially viable association.
5. The urgency of this project is based on the closure of the Sabine Road facility on the 30th June 2011. It is estimated that there will be a 16 month planning and construction period for the proposed facility at Marrara. Whilst the DSA has been consulting with the NT Government for the past four years on the future of Squash, they have only recently informed the DSA that no funding will be available for at least 18 months. This places squash in Darwin in a precarious position,



where there is the potential that it may be at least 2½ years (mid 2013) before any squash courts are made available for public use within the Darwin community.

6. The NT Government has allocated a parcel of land within the Marrara Sporting Precinct to Squash NT as the Peak Body. The DSA has developed four suitable options to ensure that Squash has a viable future in Darwin. These are as follows:

- a. Option 1 is to construct a 12 court facility on the parcel of land that the NT Government has approved for use by DSA within the Marrara Sporting Precinct. This has been costed by the NT Government at \$9.41M.
- b. Option 2 is for Norbuilt to construct the same 12 court facility on the parcel of land that the NT Government has approved for use by DSA within the Marrara Sporting Precinct, as a 'turn key design and build option. This has been costed by Norbuilt at \$4M with a finance option for the NT Government.
- c. Option 3 is to construct a nine (9) court facility on the parcel of land that the NT Government has approved for use by DSA within the Marrara Sporting Precinct. This is a budget option with less functionality than the 12 court facility.
- d. Option 4 is to construct a new 12 court facility attached to an existing sporting facility within Darwin. This option has not been cost assessed as a suitable existing sporting facility has not yet been found.

7. Whilst some facilities exist in Darwin that already have squash courts as part of their operational activities, these can neither be used, extended, modified or altered to suit the needs of the DSA and their current owners. These include Military garrisons, Royal Darwin Hospital, Nightcliff Ten Pin Bowling Centre, Northern Land Council Building and Howard Springs Holiday Park, all of these options have been discounted due to public access constraints, current owners functional use of the building or primarily that these courts are beyond economical repair to reinstate compliance based squash courts.

8. Squash is strongly aligned to the NT Government 'Territory 2030 Strategic Plan, 2009' and the 'Sport Policy One' draft document. For Darwin to loose a squash facility will be an embarrassment not only to the DSA but also to the NT Government as squash will no longer be



offered to the Darwin community and for events such as the Arafura Games and the future of squash in the NT as a whole will likely collapse.

9. The DSA asks that the NT Government provides the level of leadership that it acknowledges is required to build a strong community and ensure that the Northern Territory is an enviable place to live, with active Territorians playing the sport that they choose to play, in this case squash.





BACKGROUND..... 7

SECTION I: STRATEGIC ANALYSIS..... 7

 PROBLEM AND OPPORTUNITY STATEMENT 7

 BUSINESS CONTEXT..... 9

 URGENCY..... 12

 ALIGNMENT 12

 SCOPE..... 15

SECTION II: OPTIONS analysis..... 16

 BENEFITS 20

 PROJECT COSTS 21

 PREFERRED OPTION 24

 CONSULTATION AND ENDORSEMENT 25

 CONCLUSIONS 25

ANNEX A: FINANCIAL STATEMENT 27

ANNEX B: STAKEHOLDER ANALYSIS 33

APPENDIX 1: CONCEPTUAL DESIGN FOR OPTION 2 36



BACKGROUND

1. Squash in Darwin is currently based at the only commercial squash facility, the Darwin Squash Centre on Sabine Rd. This facility is owned by a private company (Diamand Holdings Pty Ltd) and leased to the Darwin Squash Association (DSA). The DSA has held the lease since January 1997.
2. In late 1995 the Sabine Rd Facility was sold and closed down and squash moved all its programs to the Nightcliff Ten Pin Bowling Centre. On receiving advice in October 1996 that these squash courts would be demolished, the then DSA Executive Committee negotiated a 4 year lease with the new owners of the old Sabine Road Squash Facility.
3. The Executive and members spent 2 months refurbishing the Centre, at the DSA's expense, and opened for business for members and the general public in February 1997.
4. For over 10 years the DSA has paid a lease on the Centre in excess of \$45,000 per annum, plus an annual average of \$35,000 for repairs, maintenance and utilities to ensure the facility is maintained at an appropriate standard.
5. The Darwin Squash Centre has 9 singles courts, 6 of which are glass backed, a reception area/kiosk, small gymnasium, separate ablutions, outdoor garden area, conference room and Squash NT (peak body) also has an office on the premises. The Centre is fully air-conditioned and has a full liquor licence concession for members and invited guests.

SECTION I: STRATEGIC ANALYSIS

Problem and Opportunity Statement

6. **Problem Statement.** The DSA faces the following issues with respect to the current facility and the future of squash in Darwin:
 - a. **Demolition of Current Facilities:** As of 30th June 2011 the DSA lease on the current Sabine Rd facility expires with no option to extend the lease. The Landlord has decided to demolish the facility in order to construct a combined use development consisting of commercial shops and residential apartments.



b. **Lack of Funding from Government:** The NT Government has been made aware of this impending issue some four years ago, however has recently indicated that no funding will be considered for at least 18 months for a new DSA facility. The DSA cannot secure a bank loan for the facility because of the following reasons:

- (1) The DSA doesn't own the land or have a lease in perpetuity;
- (2) The DSA is a 'not for profit organisation'; and
- (3) The DSA has no collateral.

c. **Lack of Facilities from Jul 1 2011:** Due to there being no other suitable courts available for the DSA use within Darwin there will be no facilities available to host and promote squash for the Darwin community/population.

d. **Loss of Sport for Darwin:** Given the current timelines for funding from the NT Government and subsequent construction it is highly unlikely that squash as a sport within Darwin will ever recover should funding not be provided in 2011. Squash NT has its HQ in Darwin and is the governing body for squash in Gove, Katherine, Tennant Creek, Alyangula, Alice Springs and Darwin. With the loss of the Darwin squash members, the future of squash as a competitive sport in the NT is at risk.

7. **Opportunity Statement.** The DSA however remains positive that an opportunity remains open for the future of Squash in Darwin and the following points are noted:

a. The Darwin Squash Association (DSA) requires a new home from 1 Jul 2011. The NT Government has provided a parcel of land to the DSA within the Marrara Sporting Area in order to construct a new facility.

b. A new facility for the DSA will provide Darwin with an International Standard squash facility which will ensure squash continues to be played in Darwin. Squash plays an integral role as part of the Arafura Games and with a new facility the ability for squash to attract higher calibre players and other internationally recognised tournaments will be significantly increased. Additionally a reinvestment on time and money into the Darwin community will ensure that squash remains as a viable, active sport on offer within Darwin.



- c. An opportunity now exists to invest into squash in Darwin. With a highly visual site and exclusive access to the squash community the possibility to enhance a brand identity is significant.

Business Context

8. The DSA is run by an Executive Committee, with an annual committee selection. A Centre Manager is employed full time, along with 3 staff, who are responsible for the day to day running of the complex as well as organisation and provision of coaching and competition support.

9. The DSA Complex is the home of Squash for the Arafura Games. Squash has maintained its commitment since the inception of the Arafura Games providing strong representation of emerging athletes from visiting countries and Australia. Squash fulfils the criteria for the Arafura Games of attracting an international field of at least five nations and has done so for all Arafura Games. The 2011 Arafura Games will again be hosted at the Sabine Road facility however the future of squash for subsequent games is in jeopardy.

10. Membership for 2010 currently stands at 380+ playing members. This makes the DSA the largest squash club in Australia, with the next largest club being in Queensland. This membership base has been growing steadily over recent years, which reflects the work done by the Executive Committee to increase the profile of squash within the community and establish Junior Development programs. A breakdown of the membership base is given below.

	<i>Male</i>	<i>Female</i>	Competitive Players
Senior Members	230	100	140
Junior Members	40	10	18



11. Throughout the week there are a number of competitions for a variety of age groups and abilities. These are summarised below with current numbers of players, with the average weekly number of players to play squash at the Sabine Rd facility being in excess of 400 people.

Event	Day	Number of Players
Ladders Competition	Monday night	50 – 75 players
Pennant Competition	Tuesday night	Approx. 100 players
Masters Competition	Thursday night	30 – 40 players
Doubles Competition	Thursday night	20 - 24 players
Junior Competition	Friday afternoon	20 – 24 players
Junior Coaching	Sat morning	15 – 20 players and increasing
Club Practice	Sat afternoon	20 – 30 players
Casual Bookings	Monday to Sunday	100 – 150 players

12. The Northern Territory Squash Academy is based at the DSA Complex and is managed by Squash NT. Currently there are approximately 30 Darwin based junior players who are scholarship holders. Of these, 13 are Tier 1 players who travel interstate to represent the Northern Territory in National competitions on a regular basis. Nine are ranked within the top 10 players nationally in their respective age group, with one player being the current Under 15 Australian Champion. The loss of the DSA complex will force the closure of this program and result in these promising juniors either moving interstate or giving up squash as their preferred sport.

The DSA runs a successful School Program where Physical Education classes utilise the complex for an introduction to squash. This is supported by the DSA with the provision of a qualified coach. For



the 2010 School Year 10 schools participated in the program with over 3500 students overall. Additionally the DSA has an inflatable squash court which is fully portable and can be offered to Primary Schools for the promotion of squash. This is also used as a learning tool to promote hand-eye coordination skills as part of their physical education curriculum.

13. In addition to the organised events, the complex is used frequently for casual players, private coaching sessions, business competitions and other club and internationally sanctioned tournaments. Many of the DSA's regular players have been playing their chosen sport, squash, for many years in Darwin.

14. Squash NT and the DSA annually hold an international professional tournament for both male and female players. The Top End Open has the 2nd largest prize money pool for an Australian professional tournament and is the first tournament of the Squash Australia Tournament Calendar; a lead-in to the Australian Open in Canberra. It attracts players from throughout Australia, NZ and other countries further a field. It is an integral part of the National Tournament Calendar offering the opportunity to Australian players to gain valuable ranking points towards their World ranking. It is sanctioned by the Oceania Squash Federation and Squash Australia. It attracts at least 32 male and 16 female ranked players each year.

15. The DSA currently runs at a profit and with a new facility is expected to generate more income through a resurgence of interest in squash. Given the current uncertainty of squash in Darwin it is believed that many people are turned off from taking up the sport. With a new facility the ability to target new members and also new business opportunities with the facility are greatly increased. A financial statement is included as **Annex A** to this Business Case.

16. The possibility of combining the DSA facilities with an existing sporting complex is also being considered. Obvious benefits of such an arrangement include decreased capital investment depending on the existing facilities to be shared, the opportunity to attract new squash players through an existing membership base and reduced overheads for building services and managerial expenses.



Urgency

17. The urgency of this project is based on the closure of the Sabine Road facility on the 30th June 2011. It is estimated that there will be a 16 month planning and construction period for the proposed facility at Marrara. Whilst Squash NT and the DSA have been consulting with the NT Government for the past four years on the future of Squash, they have only recently informed the DSA that no funding will be available for at least 18 months. This places Squash in Darwin in a precarious position, where there is the potential that it may be at least 2 ½ years (mid 2013) before any squash courts are made available for public use within the Darwin community.

18. The failure to provide a squash facility will result in the collapse of the sport within Darwin. The loss of the Junior Development programs, including nationally ranked players and the active senior players who are regular participants in the weekly competitions, will be forced to find an alternative sport to remain active. The large membership base demonstrates that squash is not considered to be a dying sport in Darwin and any new facility will be well supported and provide the community with a sport and recreation facility that will be extensively utilised.

Alignment

19. The development of a new home for squash in Darwin is aligned to the following NT Government 'Territory 2030 Strategic Plan, 2009' areas of importance:

a. **Society:** The NT Government states that 'Our community is stronger when all its citizens are active participants'.

(1) Objective 3: The Territory maintains an enviable lifestyle.

(a) Target: Territorians have access to a wide range of facilities and activities that enhance the Territory lifestyle.

i. Actions: Increase the number of facilities and activities provided in regional and remote areas;



- ii. Continue to support large-scale events such as the Arafura Games.
 - iii. Continue to develop facilities that Territory families and children can enjoy together.
 - (b) Target: The Territory is a leader in providing work-life balance
 - i. Action: Increase Territorians' satisfaction with work-life balance over time.
 - (c) Target: The Territory's major centres will be recognised for their high public amenity.
 - (d) The number of teams participating in national sporting competitions to be expanded.
 - (e) Territorians exceed the national participation rate in sport and physical activity.
- (2) Objective 5: Investing in and valuing our people, cultures and communities.
 - (a) Target: By 2030 residents of Territory Growth Towns will enjoy all the facilities and services prevailing in other centres in Australia of similar size.
 - i. Actions: By 2010 develop an agreed list of expected facilities and establish a timeframe and associated targets for their introduction into the 20 growth towns.
- b. **Health and Wellbeing:** The NT Government states that 'the Territory needs to create a culture where individuals take responsibility for their own health and wellbeing'.
 - (1) Objective 3: The Territory makes considerable headway into lifestyle illnesses.
 - (a) Target: Territorians will eat healthy foods, be at a healthy weight and lead an active lifestyle.



- i. Actions: Increase the number of Territorians leading a healthy lifestyle.

20. Additionally the NT Government 'Sport Policy One' (October 2010) draft document provides a number of critical facts relating to the policies and desires of the current NT Government, which directly affect the current situation of squash in Darwin. The NT Government has a vision of 'Territorians having a life long involvement in sport and active recreation'. In order to achieve this the NT Government sees the role it can play to achieve this vision as being 'to facilitate the development of a vibrant, self managed, accessible and sustainable sport and active recreation system across the NT. Squash in Darwin meets every aspect of these indicators.

21. The NT Government recognises that 'sport is intrinsic to the Territory way of life and the ability to be involved in sport is vital to past and future Territory lifestyles.' Squash has a rich past within Darwin and the NT and the future is bright given the current successes of our junior players and membership base.

22. The NT Government also acknowledges that 'this generates a demand from the community for Governments to support the sport industry'. The DSA currently requires the support of the NT Government to ensure that squash has a future within Darwin. The community has spoken and decided that squash needs to be a part of the future for the Darwin community. The NT Government recognises that sport can be viewed as a very simple process as per below:

- a. A person/people decide that they want to play a sport: The Darwin community has decided that squash is a sport they wish to have access to. The DSA has a strong membership base, with many casual bookings and schools also using the facility.
- b. The person/people will need somewhere to play the sport: From 1 Jul 2011 the current facility will be closed. There are no other suitable squash courts with public access available within the Darwin area.
- c. There is usually some level of organising involved – be it formal or informal, often involving a club, officials etc: The DSA is a strong and effective association which has been running a successful sport for decades in Darwin.



23. The DSA asks that the NT Government provides the level of leadership that it acknowledges is required to build a strong community and ensure that the Northern Territory is an enviable place to live, with active Territorians playing the sport that they choose to play, in this case squash.

Scope

24. The scope of the project is to provide a 12 court complex within the Marrara Sporting Precinct, consisting of ablutions, changing rooms, office space, conference room, kiosk, Pro shop, lounge area, outdoor BBQ area and Manager’s/Caretakers residence.

Key Objectives, Requirements and Deliverables – In / Out of Scope

In Scope	Out of Scope
12 Court complex with the ability to have 6 courts turned into two international standard doubles courts.	
Toilets and changing rooms to cater for a membership of 500 people	
Kiosk and lounge area to cater for 100 people	Kiosk fitout including fridges, hot food display cabinets, microwaves, cash registers, electronic point of sale system
Office space for NT Squash and DSA Manager, conference room	Furniture and computer systems for office space and conference room
Pro Shop to be able to display a wide range of squash racquets and accessories.	Shop fitout
Outdoor seating area	Outdoor furniture and BBQ equipment
Sewer, water and power reticulation to mains.	
Car Parking	
Landscaping	



SECTION II: OPTIONS ANALYSIS

Identify Options

25. Four options have been identified in relation to this project:
- a. Option 1 is to construct a 12 court facility on the parcel of land that the NT Government has approved for use by DSA within the Marrara Sporting Precinct. This has been costed by the NT Government at \$9.41M.
 - b. Option 2 for Norbuilt to construct the same 12 court facility on the parcel of land that the NT Government has approved for use by DSA within the Marrara Sporting Precinct, as a 'turn key design and build option. This has been costed by Norbuilt at \$4M with a finance option for the NT Government.
 - c. Option 3 is to construct a nine (9) court facility on the parcel of land that the NT Government has approved for use by DSA within the Marrara Sporting Precinct. This is a reduced option with less functionality than the 12 court facility and a decrease in the quality of fittings.
 - d. Option 4 is to construct a new 12 court facility attached to an existing sporting facility within Darwin. This option has not been cost assessed as a suitable existing sporting facility has not yet been found.
26. No alternate facilities exist in Darwin that already have squash courts as part of their complex, which could be extended, modified or altered to suit the needs of the DSA and current owners. Whilst there are a number of existing courts within the Darwin area, as outlined below, all of these options have been discounted due to public access constraints, current owner's use of the building or the courts are beyond economical repair to reinstate as functioning squash courts.
- a. Robertson Barracks (5 courts): Not viable due to it being an operational Military Base with restricted public access.
 - b. Larrakeyah Barracks (1 court): Not viable due to it being an operational Military Base with restricted public access.



- c. Defence Berrimah (2 courts): Not viable due to it being an operational Military Base with restricted public access.
- d. Hospital (2 courts): The courts are in a poor state of disrepair, are undersized for competition and have no public access.
- e. Old NLC building (4 courts): Currently a vacant office complex. The estimated cost for refurbishment is \$500-750k. The landlord however is not in favour of refurbishment for a short term lease.
- f. Old BHP Berrimah (2 Courts) – Currently being used as offices by an existing tenant.
- g. Howard Springs (2 Courts) – One currently being used as a games room the other as a store room. There is no air conditioning in the courts and the current owner already has a commercial use for the area.

Option 1

- 27. The part of land portion 5826 which has been allocated to the DSA, is located between the Fire Station, Toy Library and Football Stadium. This has mains electrical, sewer and water located at the boundary and is easily accessible with limited works. Some car parking exists, however further discussions with NT Government Planning Branch would be required to determine if this is sufficient.
- 28. A concept design has been drawn by Jackman and Gooden Architects. This has been approved in concept by the DSA and is awaiting Planning Approval from the NT Government. This concept design is at **Appendix 1** to this Business Case.
- 29. The construction of this facility would provide the DSA with an International Standard facility that is capable of meeting the needs of the Darwin population, suitable for hosting squash for the Arafura Games and also other internationally sanctioned squash tournaments.
- 30. The facility has been designed in such a way to allow for further expansion whether this is to incorporate additional courts or for other recreational activities, such as a gymnasium, aerobics room or spinning. Additionally a number of the courts would have moveable walls to allow for



International Standard doubles to be played and for the facility to be used by other Community Groups, such as children's playgroups for supervised activities.

31. The DSA would continue to employ a Manager and staff to operate the facility with a view to maintain and improve consistent profit for reinvestment into the squash community. This would include the development of junior programs and funding for NT representation at approved/sanctioned tournaments and events.

32. This option was presented to the NT Government who engaged QS Services to conduct a budget estimate on the design, with the total end cost being \$9.41M.

Option 2

33. This option is essentially the same as Option 1, however the DSA has consulted Norbuilt to provide a Budget Estimate based on the concept design at Appendix 1. Norbuilt is owned by Greg Thompson who is a long standing playing member of Darwin Squash and wants to ensure that squash has a future home in Darwin.

34. Norbuilt has provided a budget estimate of \$4M. Additionally they have offered the NT Government a finance option of 50% payment on completion of the facility and 50% payment 12 months from completion.

Option 3

35. This option is similar to Option 1 and 2, using the portion of land allocated to the DSA at the Marrara Sporting Precinct. It however reduces the scope of the project to nine courts, removes the Manager's Complex and reduces the overall quality of finishes to the minimum required in order to have a functional centre. Nine courts are seen as the minimum requirement, given that the current Sabine Road facility has nine courts which are in heavy demand with little room to develop programs and growth of squash.

36. Concept designs has been discussed with The Bunting Group, however no written budget estimate has been provided for a design solution that the DSA is confident that meets NT Building regulations and the DSA requirements.

37. The construction of this facility would need to provide the DSA with an International Standard facility that is capable of meeting the current needs of the Darwin population, suitable for



hosting squash for the Arafura Games and also other internationally sanctioned squash tournaments. Should only nine courts be built it would need further expansion in the future to provide additional courts to ensure the squash facilities grow with the Darwin population.

38. The facility can be designed in such a way to allow for further expansion to allow for an additional six courts, Manager's complex and ablution extensions.

39. The DSA would continue to employ a Manager and staff to operate the facility with a view to maintain and improve consistent profit for reinvestment into the squash community. This would include the development of junior programs and funding for NT representation at approved/sanctioned tournaments and events.

40. This facility would have moveable internal walls on the squash courts which would allow for International Standard doubles to be played and for the facility to be used by other Community Groups, such as children's playgroups for supervised activities.

Option 4

41. This option involves the identification of a suitable existing sporting or recreation facility and the construction of a 12 court complex at the same site, in order to utilise the existing facilities as much as possible.

42. Whilst an existing sporting facility has not been identified or contacted about the possibility of amalgamating squash courts with their current facilities, it is still an option that the DSA is keen to explore. It is recognised that there are a number of sporting facilities within the Marrara Sporting Precinct and Darwin that are under utilised and would potentially welcome the additional membership base. It is unlikely however that many of these clubs would have the funding available to provide for the construction of such a facility.

43. The DSA still believes that this is a viable option for consideration and would significantly decrease the capital outlay required to provide a 12 court facility, should a suitable existing facility be found. The suitable facility would ideally have ablutions, bar and lounge facilities and potentially office and shop space. An increase in members coupled with shared responsibility for ongoing expenses may be financially advantageous to both parties.



Benefits

44. The quantifiable benefits to be gained from a new facility include:
- a. The ability to provide squash as a sport within Darwin which is directly aligned to the Territory 2030 Strategic Plan released by the NT Government in 2009;
 - b. The ability to continue to attract internationally ranked players and internationally recognised squash tournaments to Darwin;
 - c. The ability to attract the AIS Squash Academy and Squash Australia squads to Darwin to acclimatise for overseas World games such as Commonwealth Games, World Championships and high profile Asian tournaments.
 - d. The inclusion of international standard doubles courts will enable expansion of the Arafura Games competition to include doubles.
 - e. An increase in the number of courts available to be offered to school groups, with the current program being fully booked should a 12 court facility be built;
 - f. Providing an active sport for school children in a climatically controlled and sun safe environment;
 - g. To support the strategic outcomes of the Territory 2030 Strategic Plan; and
 - h. Provision of a large indoor space for other community groups and sports to utilise. By having movable walls it creates a large area for other activities with increased community health benefits. The Play Group adjacent to the proposed Marrara site are very keen to have a squash centre next door which will provide in excess of 700 children with another convenient, sun safe, secure activity in an air conditioned facility.
45. The unquantifiable benefits to be gained from the proposed facility include:
- a. Cyclone shelter; and



- b. An increased number of courts, if a 12 court facility is built, will prevent the DSA from turning away customers and sporting groups which currently occurs, potentially resulting in more active Territorians.

Project Costs

Option 1

46. The Project Costs for Option 1 have been assessed by QS Services as being \$9.41M based on FY2010/11 construction costs.

47. The total capital ROC for Option 1 is summarised below.

<i>Item</i>	<i>Cost</i>
Building (Functional Areas)	\$3,792,340
EO for Internal Services	\$767,640
External Works	\$430,100
Landscaping	\$24,680
External Services	\$289,000
Work Beyond Boundary	\$24,500
Preliminaries	\$666,033
Overheads and Profit	\$599,429
Contingency	\$659,373
Construction Escalation for 2011	\$306,905
SUB TOTAL	\$7,560,000



Consultant Fees	\$756,000
DSEP and WASSEP Fees	\$24,000
GST	\$834,000
Furniture and Fittings	\$189,000
NT Build Levy	\$47,000
TOTAL END COST	\$9,410,000 incl GST

Option 2

48. The Project Costs for Option 2 have been assessed as being \$3.83M excl GST based on FY 2010/11 construction costs.

49. These costs have been prepared by Norbuilt Pty Ltd on a Turn Key design and build option for a 12 court complex.

<i>Item</i>	Cost
Squash Courts – 12	\$2,757,320
Manager's Residence	\$82,824
Gym	\$51,678
Ablutions	\$229,627
Outdoor Area/Entry	\$97,648
Landscaping	\$10,000
Car Parking	\$50,000
Contingency	\$178,000



SUB TOTAL	\$3,457,097
Consultant Fees	\$340,910
DSEP and WASSEP Fees	\$24,000
NT Build Levy	\$12,000
TOTAL END COST	\$3,834,007 excl GST

50. Some savings could be made on this option by reducing the number of courts built and removing the Manger's residence. This will however have a significant impact on the income for the facility. With fewer squash courts there will be less players and with no Manager's Residence then there would be no rental income and the security of the facility would be decreased.

Option 3

51. The Project Costs for Option 3 have not yet been assessed due to a suitable design not yet being provided or agreed upon between The Bunting Group and the DSA.

Option 4

52. Project costs for Option 4 have not been assessed due to a suitable facility not yet being identified.

Ongoing Cash Impact

53. The DSA has returned a profit for over six years, with no grants required from Government in order to remain positively geared. Given the current membership base and junior development programs run by the centre, there is no indication that the DSA would require any ongoing support from external sources in order to continue to function as a standalone Association.

Sustainability

54. This project will be built with energy sustainability in mind and best use of building materials, building orientation and energy efficient plant installed where available and applicable.



Project Milestones

55. The project has been assessed as having the below project milestones with associated time periods. Some milestones could occur concurrently, however it is likely that the majority will be sequential.

Activity	Time Period	Cumulative Time Period
Preferred options assessed and decided on	+ 1 month	Start
Funding gained	+ 2 weeks	6 weeks
Consultancy to establish conceptual design and costing	+ 2 weeks	2 months
NT Planning submission	+ 6 weeks	3 ½ months
Detailed Design or Tender for Design & Build	+ 10 weeks	6 months
Tender Eval & Award contract	+ 4 weeks	7 months
Construction Period including commissioning	+ 9 months	16 months
Handover for Occupancy	Finish	Finish – 16 months

56. This fact that the project has a 16 month time period from start to completion, which is based on a best case scenario, highlights the predicament that the DSA is currently faced with. The current facility is due for closure on 1 Jul 2011, therefore it is likely that there will be no squash available in Darwin for at least 10 months, should the above process begin by the start of 2011. Whilst this is undesirable, it does mean that a new facility would be available for the majority of the 2012 season and provide enough time for the facility to be tested and then available for the 2013 Arafura Games.

Preferred Option

57. Option 2 is the DSA's preferred option as it provides a significant growth in the facility from the current nine courts to 12. This will enable the DSA to increase its School and Junior Development Program as well as its ability to host International standard events.



58. This Option will increase the operating profit of the DSA, which will be reinvested back into the development of the sport. Additionally the facility will be future proofed for a number of years, which will reduce the DSA's need to find future capital investment to expand the facility in the future.

59. The \$4M investment required by the NT Government, with a generous payment option by Norbuilt, is a small price to pay for the future of a sport within the NT, given the investment made on additional infrastructure and resources for other sports within the NT recently.

Consultation and Endorsement

60. Extensive consultation with the NT Government has occurred over the last four years. Whilst they have indicated that no funding is available for the construction of a new facility for at least the next 18 months, they have provided assurances that if the DSA can secure funding then they will expedite Planning Approvals for the construction on such a facility.

61. Consultation with Jackman and Gooden Architects has occurred to gain a conceptual design for Option 1 and Norbuilt has provided the costing estimates off this design for a Turn Key Project.

62. Consultation with Glynn Bunting has occurred to gain an understanding of what The Bunting Group can provide for Option 3.

63. A detailed stakeholder analysis is enclosed at **Annex B** to this Business Case.

Conclusions

64. The future of squash in Darwin and potentially the Northern Territory is in a precarious position come 1 Jul 2011. The NT Government needs to provide capital funding support to squash in Darwin to ensure that an operationally financially viable sport with a growing membership base and successful junior and school development programs can continue to operate. Failure to do such will mean that the Darwin community will lose a valuable community asset at a time when the NT Government is trying to promote Darwin as a place to live, invest and enjoy.

65. The DSA is financially stable and provides significant reinvestment back into the community in terms of time and money to the development of squash as a sport. Successful junior and school programs have a high attendance rate, with a number of juniors nationally ranked. Squash in



Darwin is not a dying sport, but on the contrary, a sport thriving on the successes of the past and looking to the future with the development of our juniors and supporting our senior players at internationally recognised events such as the Arafura Games.

66. For Darwin to lose a squash facility will be an embarrassment not only to the DSA but also to the NT Government as squash will no longer be offered to the Darwin community and for events such as the Arafura Games and the future of squash in the NT as a whole will likely collapse. Any future investment in squash facilities will struggle to gain momentum such as there is now given that an existing squash association and membership base are current. The time is now for the NT Government to support their own objectives of their Strategic Plan and invest in the future of the Darwin community.



**ANNEX A TO
DARWIN SQUASH INVESTMENT PROPOSAL
DATED 18 JAN 11**

ANNEX A: FINANCIAL STATEMENT

1. The following Annex provides information on the financial status of the DSA. Special Purpose Financial Reports of the DSA are prepared annually by Sue Lee and Associates, Certified Practising Accountants in accordance with the requirements of the Associations Act.
2. Three special purpose financial reports were used for the compilation of the below financial statements. The following notes are made on each of the financial reports:
 - a. Report 1 – For the 12 months with the year ended 31st Dec 2007. There was no extraordinary income or expenses for this 12 month period.
 - b. Report 2 – For the 18 months with the year ended 30th June 2009. The financial reporting year was adjusted to be inline with the end of the financial year, thus this financial report covers an 18 month period. This financial year saw a large financial commitment being made to repairs on the Sabine Rd Facility, which the landlord refused to pay, but were necessary for the continued running of the facility.
 - c. Report 3 – For the 12 months with the year ended 30th June 2010. There was no extraordinary income or expenses for this 12 month period.
3. The below table shows the income and expenses breakdown per reporting period (as above). The following points should be noted:
 - a. The monthly income average over the three reporting periods is \$24,464.
 - b. The monthly expenses average over the three reporting periods is \$23,420.
 - c. The monthly operating profit average over the three reporting periods is \$1,045.
4. This demonstrates that squash in Darwin is a viable and financially stable sport.

Income	2007	Monthly Average	2009	Monthly Average	2010	Monthly Average
Merchandise	\$119,144	\$9,929	\$202,708	\$11,262	\$108,606	\$9,051
Court Hire	\$131,108	\$10,926	\$202,512	\$11,251	\$111,284	\$9,274
Sponsorship	\$2,455	\$205	\$9,909	\$551	\$6,979	\$582
Competitions/Tournaments	\$16,153	\$1,346	\$31,488	\$1,749	\$27,639	\$2,303
Club Membership	\$4,375	\$365	\$8,795	\$489	\$6,027	\$502
Sundry Income (Grants, Interest etc)	\$8,930	\$744	\$12,670	\$704	\$25,966	\$2,164
TOTAL INCOME	\$282,165	\$23,514	\$468,082	\$26,005	\$286,501	\$23,875
Expenses	2007	Monthly Average	2009	Monthly Average	2010	Monthly Average
Cost of Sales	\$73,393	\$6,116	\$107,956	\$5,998	\$62,540	\$5,212
Personnel	\$94,053	\$7,838	\$145,809	\$8,100	\$104,346	\$8,695
Utilities	\$74,170	\$6,181	\$114,223	\$6,346	\$77,499	\$6,458
Repairs and Maintenance	\$3,838	\$320	\$18,090	\$1,005	\$3,995	\$333
Court Equipment	\$17	\$1	\$7,095	\$394	\$3,905	\$325
Member Expenses	\$13,295	\$1,108	\$27,500	\$1,528	\$6,134	\$511
Administration	\$15,315	\$1,276	\$16,099	\$894	\$19,426	\$1,619
TOTAL EXPENSES	\$274,081	\$22,840	\$436,772	\$24,265	\$277,845	\$23,154
OPERATING PROFIT	\$8,084	\$674	\$31,310	\$1,739	\$8,656	\$721

Table A.1 – Income and Expenses breakdown 2007 - 2010

* Note: 2009 Financial Year covers an 18 month period

5. The below table shows the income and expenses breakdown per reporting period with rental expenses removed from the utilities portion. This provides a better indication on the financial situation of the DSA, should funding be provided for a new building where there would be nil ongoing rent. The following points should therefore be noted:

- a. The monthly income average over the three reporting periods is \$24,464.
- b. The monthly expenses (less rent) average over the three reporting periods is \$18,816.
- c. The monthly operating profit average over the three reporting periods is \$5,648.

Income	2007	Monthly Average	2009	Monthly Average	2010	Monthly Average
Merchandise	\$119,144	\$9,929	\$202,708	\$11,262	\$108,606	\$9,051
Court Hire	\$131,108	\$10,926	\$202,512	\$11,251	\$111,284	\$9,274
Sponsorship	\$2,455	\$205	\$9,909	\$551	\$6,979	\$582
Competitions/Tournaments	\$16,153	\$1,346	\$31,488	\$1,749	\$27,639	\$2,303
Club Membership	\$4,375	\$365	\$8,795	\$489	\$6,027	\$502
Sundry Income (Grants, Interest etc)	\$8,930	\$744	\$12,670	\$704	\$25,966	\$2,164
TOTAL INCOME	\$282,165	\$23,514	\$468,082	\$26,005	\$286,501	\$23,875

Expenses	2007	Monthly Average	2009	Monthly Average	2010	Monthly Average
Cost of Sales	\$73,393	\$6,116	\$107,956	\$5,998	\$62,540	\$5,212
Personnel	\$94,053	\$7,838	\$145,809	\$8,100	\$104,346	\$8,695
Utilities - Less Rent	\$28,337	\$2,361	\$39,223	\$2,179	\$27,499	\$2,292
Repairs and Maintenance	\$3,838	\$320	\$18,090	\$1,005	\$3,995	\$333
Court Equipment	\$17	\$1	\$7,095	\$394	\$3,905	\$325
Member Expenses	\$13,295	\$1,108	\$27,500	\$1,528	\$6,134	\$511
Administration	\$15,315	\$1,276	\$16,099	\$894	\$19,426	\$1,619
TOTAL EXPENSES	\$228,247	\$19,021	\$361,772	\$20,098	\$227,846	\$18,987
OPERATING PROFIT	\$53,917	\$4,493	\$106,311	\$5,906	\$58,656	\$4,888

Table A.2 – Income and Expenses (less rent) breakdown 2007 - 2010

* Note: 2009 Financial Year covers an 18 month period

6. Therefore over a 12 month period, given current indicators, the DSA is likely to return a profit of around \$58K. Should a 12 court facility be built, it is likely that more business would be generated with the additional courts, thus increasing the potential income for the DSA and reinvestment back into the sport. Additionally the facility would have the potential to generate additional income through the hiring of the facility or part of to other community groups.
7. This annual income would be injected directly back into the squash community for junior development programs, promotion of tournaments to international and national players and further development of the DSA facility. The aim would be to attract players to the NT and further develop the facility to attract a larger membership base.
8. The below table outlines the income and expenditure (less rent) per court for the 12 month period ending 30th June 2010 for the current facility and the predicted income and expenditure for the proposed 12 court facility. It estimates that a profit of in excess of \$100K is achievable, based on the current figures from the last financial year. The DSA predicts that with a new centre that more community interest and opportunities will be available to increase the income for the facility, thus increasing the overall profit for the DSA to reinvest into the Darwin community.

Income	2010	Per Court - 9 Courts	Per Court - 12 Courts	Annual Income	Comments
Merchandise	\$108,606	\$12,067.34	\$12,100	\$145,200	
Court Hire	\$111,284	\$12,364.91	\$12,500	\$150,000	Based on 625 hours per court @ \$20 per hour
Sponsorship	\$6,979	\$775.39	\$1,000	\$12,000	
Competitions/Tournaments	\$27,639	\$3,070.99	\$3,000	\$36,000	
Club Membership	\$6,027	\$669.70	\$750	\$9,000	Based on 450 members paying \$20 per year
Sundry Income (Grants, Interest etc)	\$25,966	\$2,885.13	\$3,000	\$36,000	
TOTAL INCOME	\$286,501	\$31,833	\$32,350	\$388,200	
Expenses					
Cost of Sales	\$62,540	\$6,948.92	\$7,000	\$84,000	
Personnel	\$104,346	\$11,593.95	\$10,000	\$120,000	Small increase to personnel due to additional cleaning etc
Utilities - Less Rent	\$27,499	\$3,055.45	\$3,100	\$37,200	
Repairs and Maintenance	\$3,995	\$443.91	\$400	\$4,800	
Court Equipment	\$3,905	\$433.92	\$400	\$4,800	
Member Expenses	\$6,134	\$681.58	\$680	\$8,160	
Administration	\$19,426	\$2,158.44	\$1,900	\$22,800	
TOTAL EXPENSES	\$227,846	\$25,316	\$23,480	\$281,760	
OPERATING PROFIT	\$58,656	\$6,517	\$8,870	\$106,440	

Table A.3 – Current Income for 9 courts vs Predicted Income for 12 Court facility.

ANNEX B: STAKEHOLDER ANALYSIS

1. The below stakeholder analysis is a list of the current stakeholders and those proposed stakeholders should the new facility be built on the proposed site at Marrara. An explanation of each field is given below:

- a. **Impact:** The impact that the stakeholder can have on the current and future situation of the DSA. This is assessed at a high, medium or low level.
- b. **Influence:** The influence that the stakeholder can have on providing advice, guidance and authority to the current and future situation of the DSA. This is assessed at a high, medium or low level.
- c. **Level of Support:** This defines the level of support the stakeholder provides to the DSA and the future of squash as a sport in Darwin. This is assessed at a high, medium or low level.

Stakeholder & Type	Impact (H/M/L)	Influence (H/M/L)	Level of Support (H/M/L)	Consulted (Y/N)	Comment
Internal Stakeholders					
DSA Members	H	L	H	Y	Significant support is provided by the DSA members with support for squash being discussed on social media sites and through radio and newspaper media.
Squash NT	H	H	H	Y	Has been consulted throughout the process.
Squash Australia	H	H	H	Y	Without a facility in Darwin, Squash Australia will be



affected with less membership therefore less revenue through membership, less players playing the sport which will effect the Federal Govt funding for development in the sport, less exposure of the sport in the community, less tournaments etc.

External Stakeholders

Department of Sport and Recreation	H	H	H	Y	Steve Rossingh and Greg Coleman
------------------------------------	---	---	---	---	---------------------------------

Sabine Rd Facility Landlord	H	H	L	Y	
-----------------------------	---	---	---	---	--

Football NT	L	L	H	Y	Early discussions only.
-------------	---	---	---	---	-------------------------

Darwin Toy Library	H	L	H	Y	Early discussions only.
--------------------	---	---	---	---	-------------------------

Minister Karl Hampton	M	H	L	Y	
-----------------------	---	---	---	---	--

DSA Sponsors	M	L	H	Y	NT Tyre Service NightCliff Sports Club HB Group Outdoor Furniture world Wallbridge & Gilbert Bardens Pharmacy Will continue to support the DSA through sponsorship of
--------------	---	---	---	---	---



events in a new facility.



APPENDIX 1 TO
DARWIN SQUASH INVESTMENT PROPOSAL
DATED 18 JAN 11

APPENDIX 1: CONCEPTUAL DESIGN FOR OPTION 2

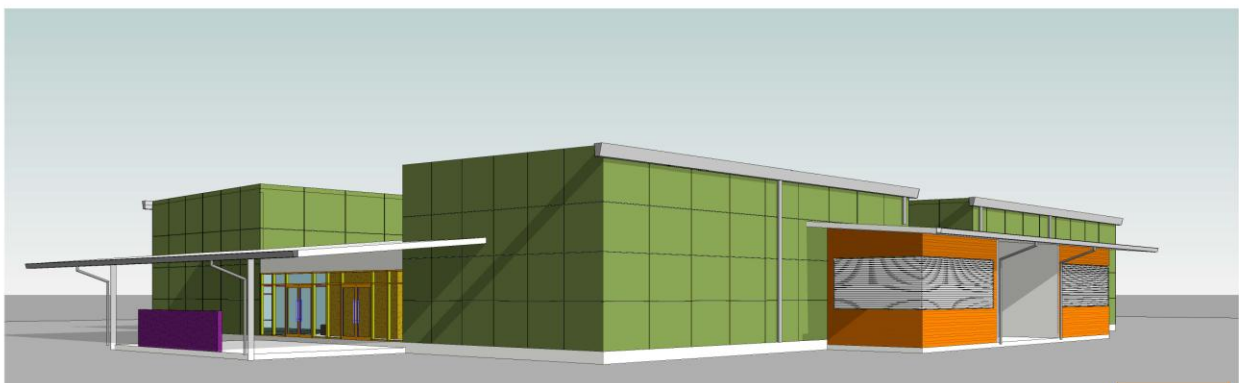


PROPOSED DARWIN SQUASH FACILITY

2935 - SK00

MAY 2010

SITE PLAN



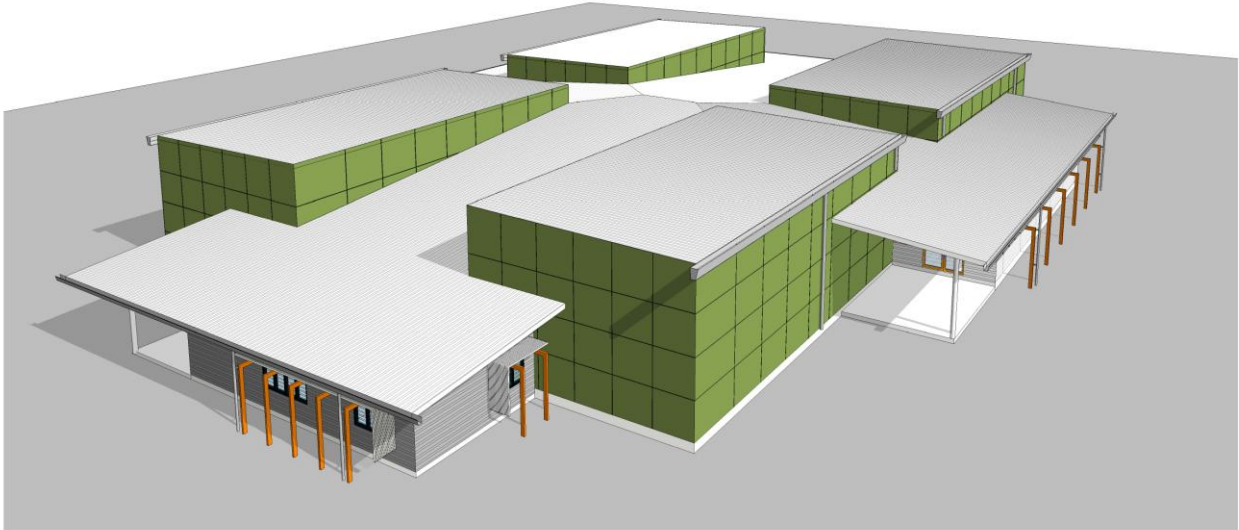
PROPOSED DARWIN SQUASH FACILITY

2935 - SK02

MAY 2010

PERSPECTIVES



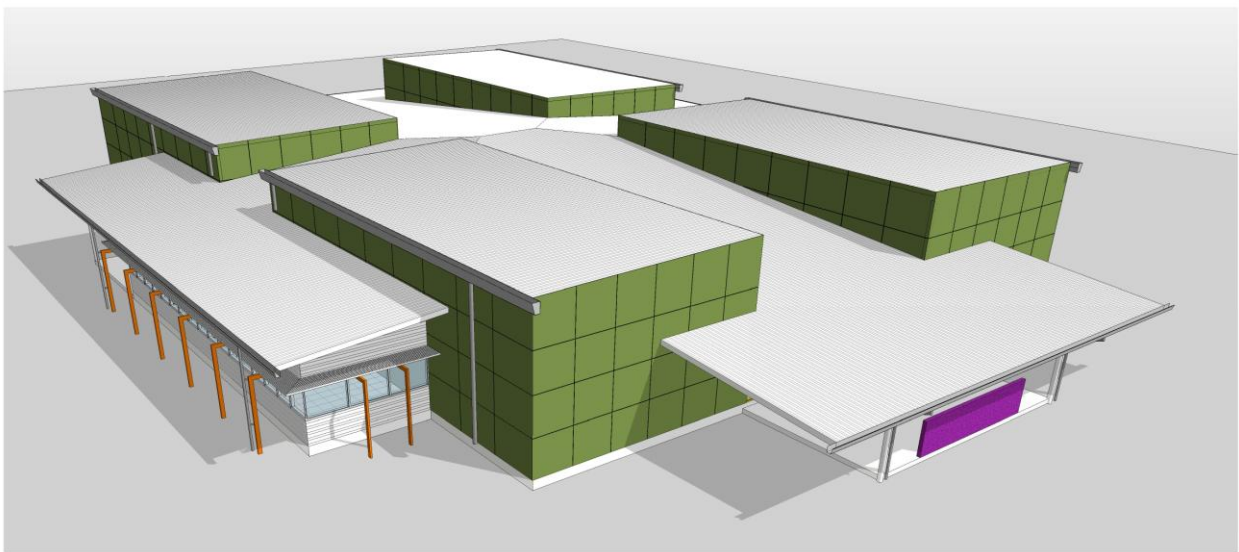


PROPOSED DARWIN SQUASH FACILITY

2935 - SK03

MAY 2010

PERSPECTIVES



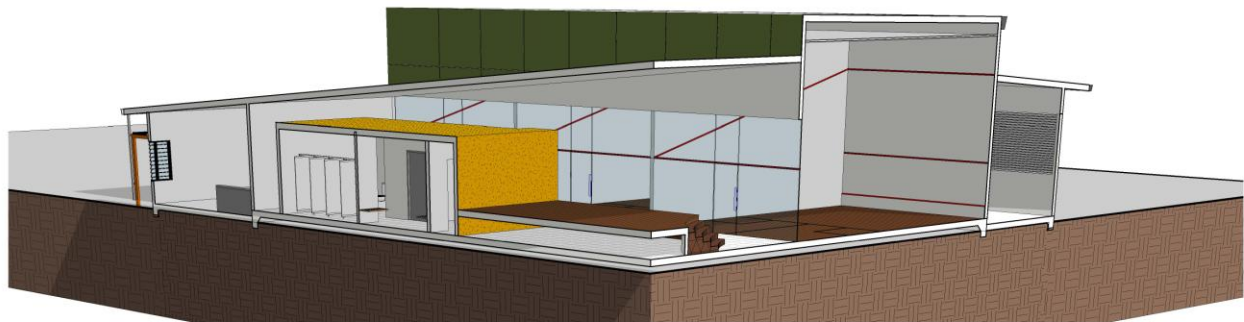
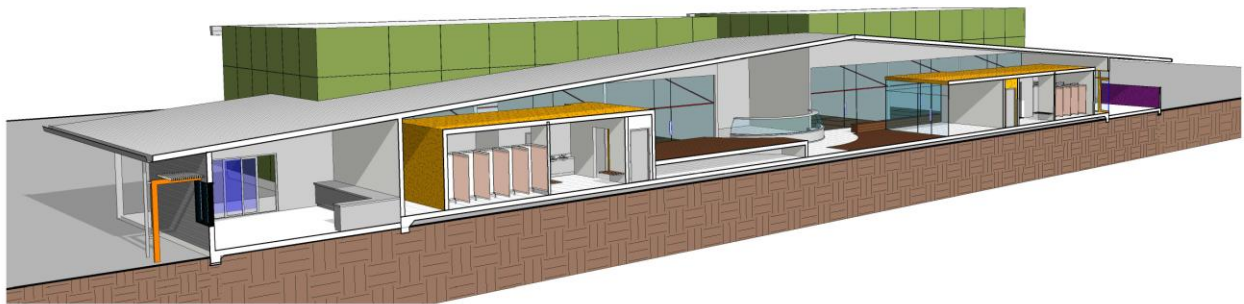
PROPOSED DARWIN SQUASH FACILITY

2935 - SK04

MAY 2010

PERSPECTIVES





PROPOSED DARWIN SQUASH FACILITY

2935 - SK05

MAY 2010

SECTIONAL PERSPECTIVES

