

**QUEENSLAND RACING
COMMISSION OF INQUIRY**

AFFIDAVIT OF NATALIE BARBER

I, Natalie Barber, of C/- Crown Law, 50 Ann Street, Brisbane, Registrar, State Penalties Enforcement Registry, Office of State Revenue, Department of Treasury and Trade in the State of Queensland state on oath:

Role

1. During the relevant period, I was the Director of the Resources and Economic Branch of the Department of Treasury (Treasury).

2. The role of the Resources and Economic Development Branch was to engage with relevant portfolio agencies to ensure that proposals provide a comprehensive assessment of financial and economic costs and benefits, articulates and evaluates all risks, outlines all options for consideration in policy development and provides advice to decision makers that is logical, complete and consistent with the Government's priorities and its fiscal and economic policies.

3. In fulfilling this role the branch prepares briefs to the Under Treasurer and/or the Treasurer on agency portfolio matters advanced to Treasury for consideration and prepares briefs to Cabinet or the Cabinet Budget Review Committee (CBRC) on any submissions that are advanced for Cabinet or CBRC consideration.

4. During the relevant period I provided advice on matters pertaining to the portfolio agencies of the then Department of Employment, Economic Development and Innovation (DEEDI), incorporating the Office of Racing, in addition to the then Department of Environment and Resources Management (DERM) and to the central agencies of government.

Page 1

Signed: *Natalie Barber*
Deponent

Affidavit of Natalie Barber



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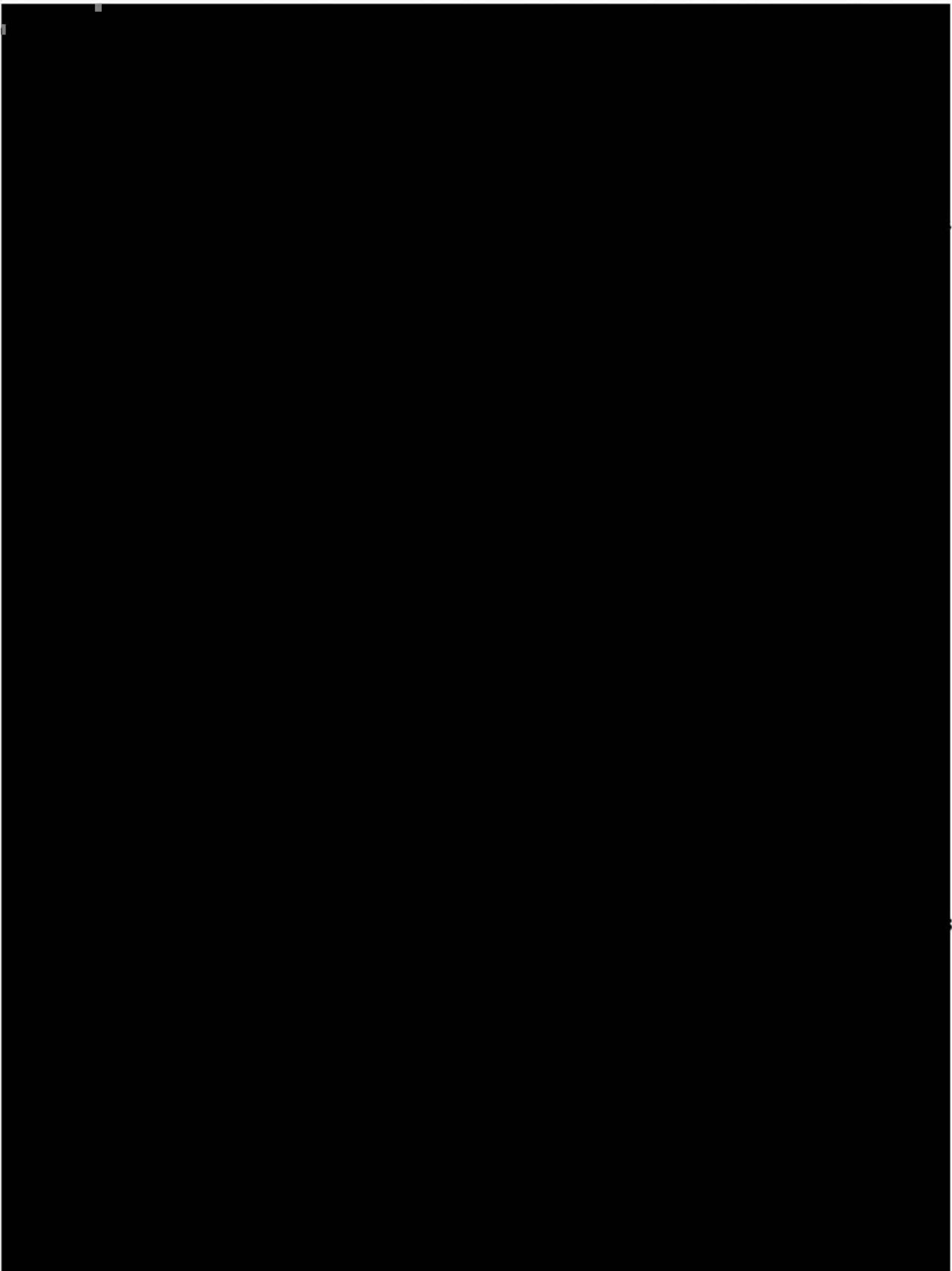
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Solicitor/Barrister/Judge of the Peace/
Commissioner for Declarations


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5. As Director I supervised (2) two Team Leaders who had responsibility for the direct supervision of the Treasury Analysts allocated to each of the portfolio agencies (DEEDI and DERM/ Central Agencies). The branch had a strong team-based approach to delivering its role. The Treasury Analyst, Team Leader and Director formed the team which dealt with a portfolio agency.
6. Matters proposed by portfolio agencies may include policy, regulation, legislation, funding, economic and financial matters. My role as Director, Resources and Economic Development Branch required me to provide advice to Treasury executive management, including the Assistant Under Treasurer (AUT) and Deputy Under Treasurer (DUT) in developing and formulating a Treasury position for the consideration and endorsement of the Under Treasurer (UT).
7. In my role as Director, I supervised the development of Treasury's position on matters and as part of that process, I supervised the drafting of briefing notes on submissions or proposals. The usual process for the development of briefing notes involves the Treasury Analyst undertaking a detailed assessment of the matter or proposal, an initial analysis of potential risk issues for consideration, initial consultation with the proposing agency to seek clarity or further information, and in consultation with the Team Leader, discussion with the Director of any issues identified. In some cases, due to the complexity or the risk profile of the matter, the team would discuss any issues raised with the AUT. As part of the analysis and development process, issues and risks would be identified, discussed, debated and a position agreed on a Treasury response or proposed action.
8. The Treasury Analyst, in consultation with the Team Leader would prepare a draft briefing note articulating the background to an issue, a Treasury position and the reasons for the Treasury position and a proposed recommendation. As Director I would review and amend the draft brief as necessary, sign off on the branch's version of the draft brief and submit the brief to the AUT for consideration and endorsement. Subject to the AUT's endorsement, the brief would be amended or submitted for consideration and endorsement by the DUT and subsequently the UT.
9. For convenience and ease of understanding, I have addressed the matters referred to in the summons in chronological order.

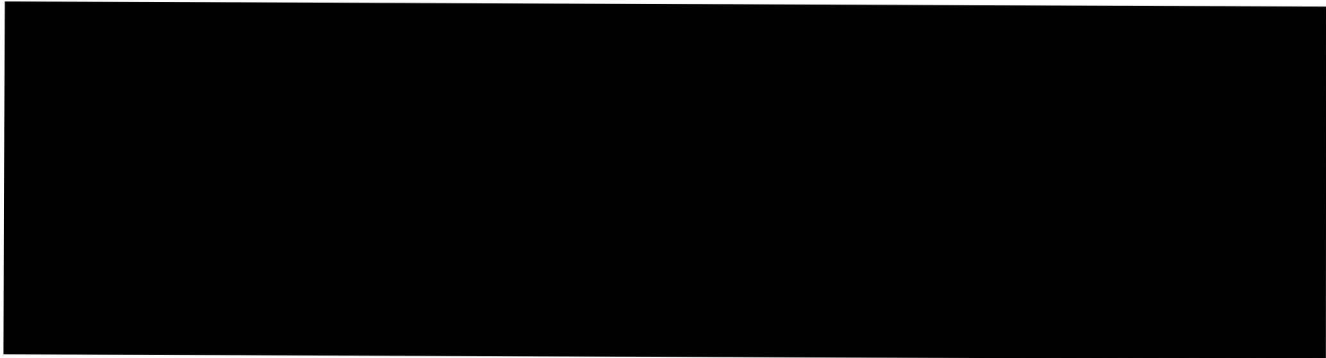
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CBRC Submission number 4210 – 7 July 2011

- 19. I understand the purpose of this submission was to:
 - a. extend the period of the wagering tax;
 - b. approve the Mackay business case;
 - c. approve a loan financing arrangement; and
 - d. to change the approval process of business cases from a decision of CBRC to a decision of the Treasurer and the relevant portfolio minister, the Minister for Agriculture, Food and Regional Economies, based on advice from their respective agencies.


- 20. I was involved in the drafting of the briefing note for the submission, and I signed off on it. Exhibit **NB2** is a copy of the briefing note.

- 21. Treasury’s position as to the submission is recorded in the briefing note. Treasury did not support the extension of the wagering tax. The reason for this was consistent with Treasury’s position on CBRC submission 3756.

- 22. At the time, the budget was in deficit and another year of hypothecation of revenue would have had negative consequences on the fiscal bottom line for the budget. It was considered the extension would have been a fiscal impost on the State, when it was in a particularly difficult fiscal position.

- 23. Treasury raised concerns about the quality of the Mackay business case, as it was not considered to have provided sufficient information to justify the total investment it sought. The information was also considered to be insufficient to determine if the investment sought on health and safety grounds was justified.

Signed: *Barber*
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24. The related CBRC decision approved the Mackay business case.
25. Treasury was opposed to the business case being approved by the Treasurer as was requested by the Office of Racing at that time. Exhibit **NB3** is a briefing note dated 4 July 2011 which sets out Treasury's position, which explained that the Mackay business case required CBRC approval under a previous CBRC decision and the Treasurer did not have CBRC's delegated authority to approve the business case.
26. The Mackay business case had several deficiencies and many of the standards expected of a business case were not met.
27. I would have discussed with the Treasury Analyst, Mr Michael Buckby what the deficiencies in a business case were. Michael or I may have discussed this with departmental DEEDI officers but I do not recall any particular conversation.
28. Either a more senior Treasury officer or an officer from the Treasurer's Ministerial Office may have discussed with Minister Mulherin or his Ministerial Office the deficiencies which are listed in the briefing note.

Briefing note to Treasurer re Racing Industry Capital Development Scheme - 1 December 2011

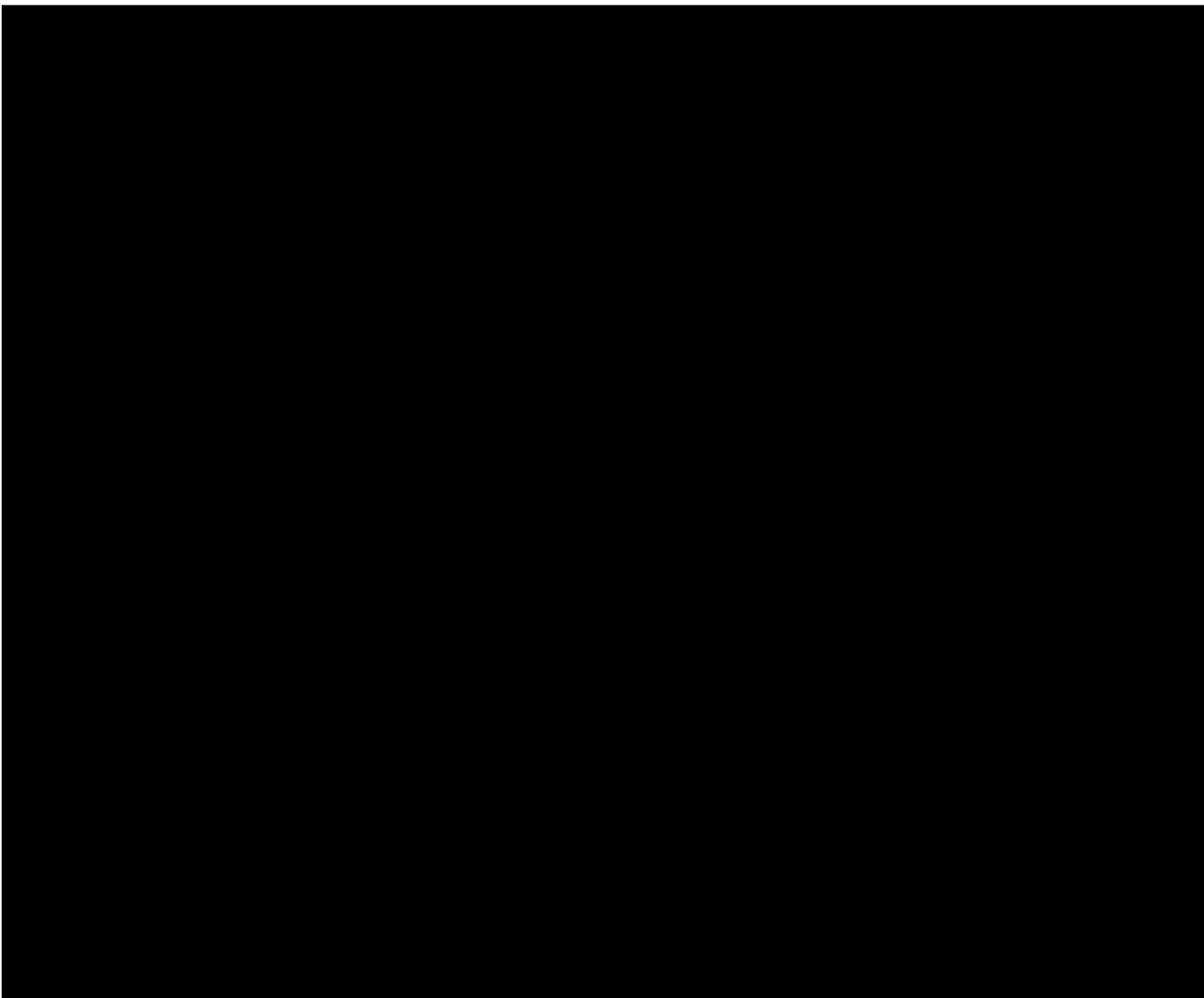
29. I recall being involved in the preparation of the briefing note and I note I have signed off on the briefing note. Exhibit **NB4** is a copy of the briefing note.
30. A number of matters relating to Racing Queensland Limited (RQL) and the Racing Industry Capital Development Scheme were discussed in the briefing note, including a request from RQL for access to the funds approved for the Racing Industry Capital Development Scheme (RICDS) to procure consultants to assist the RQL to develop the business cases required to be submitted to Treasury.
31. I was copied into email correspondence from Mr Stuart Booker to the Under Treasurer, Mr Gerard Bradley on 22 November 2011 which referenced a discussion intended to be had with Mr Robert Bentley, then Chair of RQL, in relation to funding of business cases for facility

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improvements. Exhibit **NB5** is a copy of that email. This was a matter which was under discussion in the Treasury team.

32. Taking into account the RQL's request, the funding available under the RICDS and the need to ensure that the RQL provided credible and comprehensive business cases to Treasury for consideration, the team formed the view that access to RICDS funds was appropriate to procure professional external expertise to develop the business cases, and that a relatively minor contribution to internal RQL costs was not unreasonable.



37. In practice the CBRC is the key decision-maker on all fiscal matters and establishes Government's priorities on investment in programs and initiatives as part of the budget development and management processes. Treasury would normally engage with the portfolio

Signed: *Barber*
Deponent

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agency in the development of a CBRC submission and raise any issues or risks to be addressed in the submission by the agency. During the CBRC submission development process, both Treasury and the agency would have an opportunity to consider and discuss the key assumptions and the impact of the proposal on both the fiscal position and on Government's approved policies and objectives. These issues would have been advised to the respective ministers for consideration.

38. Despite that, I understand the Cabinet made a decision to allow the matter to proceed as a matter to note and subsequently a ministerial announcement was made that the Government had approved substantial changes to the RICDS. The announcement also stated that business cases would be submitted prior to funds being released. Exhibit NB9 is a copy of the Ministerial Statement.

Business cases

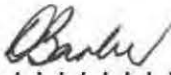
39. Treasury's position as to the Mackay business case is covered by the briefing note of 4 July 2011.
40. As I understand it, Treasury's involvement in the assessment of the business cases was to ensure the business cases:
- a. evidenced a need for and established the priority of the proposed government capital investment grant;
 - b. established the financial feasibility and economic feasibility of the project;
 - c. outlined the impact of the proposed capital investment grant on the project and how the project would improve the ongoing viability of the racing venue after the investment;
 - d. identified other sources of funds for the project to supplement the Government's capital investment grant; and
 - e. addressed the risks and issues of the project.
41. I understand Treasury's role was to test the assumptions of the business case, review and evaluate the cost and revenue projections and review whether the project aligned with the parameters approved by CBRC for the RICDS.

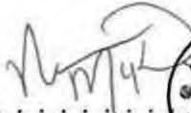

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42. Treasury would undertake a reasonableness test of the value for money aspects of the investment as described by the revenue and expenditure estimates submitted, consider the infrastructure or other assets proposed to be invested in and any proposed return on the investment. As the central agency, it is not Treasury's role, nor does Treasury have the resources to validate individual revenue and expenditure estimates or projections. Generally Treasury would look for apparent gold plating or patently unreasonable expenses and consider whether the assumptions underpinning the estimates were reasonable, given Treasury's experience and oversight across other government projects. Undertaking a more thorough and detailed analysis of the business cases was the role of the Office of Racing, given its more detailed understanding of the industry, the proposed projects and of Government's policy objectives for the portfolio.
43. Unless there is evidence to consider otherwise, Treasury would normally rely on the revenue and expenditure estimates as outlined in the business cases. It was not Treasury's role to perform an audit of these aspects of the business cases.
44. The role of the Office of Racing was to act on behalf of the government to ensure value for money and to ensure compliance with government policies and processes.
45. I would have expected the Office of Racing to have formed its own view of the business cases and provided its analysis to Treasury. I do not recall ever seeing any analysis of the business cases undertaken by the Office of Racing.
46. I understood the assessment process by Treasury to involve receiving the business case informally, that is, not under cover of a letter or other correspondence from either the Office of Racing, the Director-General of DEEDI, or the Minister as would have been the usual practice. Treasury would then review the material provided and either provide any feedback to or seek further information from the Office of Racing. Responses to Treasury's queries were developed by Queensland Racing Limited and provided to Treasury by the Office of Racing. Treasury would then formulate its assessment of the business cases and prepare a briefing note to the Treasurer advising of Treasury's assessment and recommendation.

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47. Treasury Analysts, Mr Michael Buckby and Mr Gerald Foley undertook the actual assessment of the business cases and then discussed their assessments with myself as Director and Mr Stuart Booker as the AUT.
48. The Beaudesert business case, being the first submitted to Treasury following the CBRC decision for Treasury to review all business cases, was deficient in quality. It did not sufficiently describe the need for the proposed investment and the estimates did not provide a sufficient articulation and methodology of the processes to be followed.
49. Treasury provided feedback to the Office of Racing on the quality of the Beaudesert business case and sought for it to be amended and resubmitted. I recall there were two occasions when Treasury asked for further information from the Office of Racing. I recall there was a meeting between Mr Gerald Foley and Mr Michael Buckby with officers from the Office of Racing as to the Beaudesert business case on 5 January 2012. I do not recall being personally present at that meeting, but I understand after the meeting Treasury requested further information from the Office of Racing. I am copied into email from Mr Gerald Foley to Mr Michael Kelly which seeks further information about the revised business case. Exhibit **NB10** is a copy of that email.
50. A response to Treasury's queries was prepared by the RQL and provided to Treasury by the Office of Racing.
51. I understand RQL lodged a revised business case on 24 January 2012. I do not recall seeing the amended business case.
52. Exhibit **NB11** is a bundle of emails which set out the discussions between myself, Mr Stuart Booker, Mr Gerald Foley, Mr Michael Buckby and Mr Alex Beavers about the evaluation of the business cases. I will not detail the content of those discussions as the emails speak for themselves.
53. The quality of subsequent business cases received by Treasury was improved as a result of the consultation between Treasury and the Office of Racing on the Beaudesert business case.
54. I recall that the results of all further business cases received demonstrated that the projects:

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- a. would be loss making enterprises;
 - b. could expose the government to further investment;
 - c. did not generate additional profits and that even after the government's capital investment grant, the projects would not become more financially sustainable over the medium to longer term.
55. I recall that several of the business cases (up to five) were lodged consecutively within a very short period of time, seeking urgent Treasury consideration and approval. Treasury's capacity to evaluate and assess all business cases was constrained by the short timeframes available for providing Treasury's advice and the limited resources available within the team, given the other competing priorities of the branch at that time.
56. I recall Minister Mulherin's office releasing media statements announcing the commencement of works before business cases had been approved. Exhibit **NB9** is also a copy of a media statement made by Minister Mulherin's office concerning the commencement of construction of the \$8.2 million upgrade to the Beaudesert racing club which was sent to me by automated email from the media statements office.
57. I endorsed the briefing note dated 10 February 2011 which articulated Treasury's position as to the Beaudesert, Cairns and Rockhampton business cases. I recall there was a trend emerging in the assessment of the business cases. Given the political imperative to continue to fund racing initiatives, Treasury took the view that whilst on the results of the stand-alone business cases it would have to oppose each individual business case, Treasury sought to mitigate future fiscal risk through seeking an assurance from Racing Queensland Limited that it could continue to financially support and in effect underwrite the racing clubs. Exhibit **NB12** is a copy of that briefing note.
58. The briefing note was then updated on 14 February 2011 to add in Treasury's comments about the Logan business cases. Exhibit **NB13** is a copy of that briefing note.
59. A further briefing note was provided on 17 February 2011 to advise of Treasury's position on the Gold Coast and Ipswich business cases. Exhibit **NB14** is a copy of that briefing note.

Signed: 

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60. I understand that the results outlined in the business cases lead to certain assurances being provided from Racing Queensland Limited that it possessed the capacity to underwrite racing facilities that were proposed to receive a government capital investment grant under the RICDS.
61. I do not recall Treasury having any involvement in discussions about the funding deeds for the business cases.
62. Treasury would not normally become involved in evaluating the procurement or tendering process or drafting of the funding deed. That responsibility rests with the agency under relevant financial management and procurement policies and guidelines required to be complied with by the portfolio agency. As a central agency, Treasury is far too removed from departmental internal processes to stipulate any specific procurement process.
63. Exhibit **NB15** is an email I received from Ms Carole Perrett dated 12 December 2011 about the funding deed for Mackay. I have no independent recollection of that funding deed. I do not recall providing any feedback on that funding deed or any other funding deeds.

Other relevant discussions and meetings

64. I only recall attending three meetings with members of Racing Queensland Limited.
65. The first of these was a meeting with Mr John O'Connell or Mr Stuart Booker with Mr Robert Bentley and Mr Mike Kelly. The meeting was to discuss the process by which business cases were now to be endorsed. The discussion centred on the urgent answers for the early release of the funds rather than any specific topic. I recall this meeting took place on 2 December 2011. I cannot provide any further details about the meeting.
66. The second meeting took place on 9 December 2011 and was a meet and greet so that Mr Stuart Booker who was newly appointed to the role of AUT could meet Mr Robert Bentley, then Chair of Racing Queensland Limited. I do not recall this meeting specifically. I cannot provide any further details about the meeting.

Signed: *Booker*
Deponent


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67. The third meeting was on 2 March 2012 with Mr Stuart Booker, Mr Robert Bentley and members of the Ipswich Turf Club. I made a file note of the meeting. Exhibit **NB16** is a copy of that file note.
68. Exhibit **NB17** is an invitation to attend a telephone briefing on 20 January 2012, with Mr Stuart Booker and Mr Robert Bentley amongst others. I do not recall attending this teleconference, but I mention it for the sake of completeness.

Other relevant matters

69. In preparing this statement, I have seen numerous documents which relate to my interactions with the Office of Racing and Racing Queensland Limited. The main issues which I can recall which are relevant to the Commission's terms of reference are:
- a. Flood remediation works. Exhibit **NB18** is a briefing note which relates to this matter. The document speaks for itself.
 - b. The cost of engaging external and internal consultants. Exhibit **NB4** is a briefing note which relates to this matter. I have discussed this aspect of the briefing note in matters above.
 - c. Exhibit **NB19** also includes a bundle of correspondence relating to a request from Racing Queensland Limited for ex gratia relief from stamp duty. This would have been a matter for the Commissioner of Taxation. The documents speak for themselves.
 - d. An agreement between Racing Queensland Limited and the Gold Coast Turf Club Limited. Exhibit **NB20** is a copy of the email correspondence and attachments relating to this matter. The documents speak for themselves.
70. Should the Commission have any further queries in relation to these matters, I am happy to provide further assistance.

Signed: *Robert Bentley*
Deponent

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71. All of the facts and circumstances deposed to in this affidavit are within my own knowledge and belief, except for the facts and the circumstances deposed to from information only, and my means of knowledge and source of information appear on the face of this my affidavit.

Sworn by NATALIE BARBER on 5 September 2013 at Brisbane in the presence of:


.....
Deponent


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Solicitor/Barrister/Justice of the Peace
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**QUEENSLAND RACING
COMMISSION OF INQUIRY**

INDEX OF EXHIBITS

Bound and marked NB1 - NB20 are the exhibits to the affidavit of Natalie Barber on 4 September 2013.

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NB2	Briefing Note re: CBRC submission 4210	06.07.2011	3 - 5
NB3	Briefing note re: Mackay Business Case Racing Industry Capital Development Scheme and proposed urgent Capital Works at Ooralea Park Racecourse, Mackay	30.06.2011	6 - 7
NB4	Briefing Note re: Racing Queensland Limited - Racing Industry Capital Development Scheme	01.12.2011	8 - 10
NB5	Email, Stuart Booker to Gerard Bradley re Queensland Racing/Confidential	22.11.2011	11
NB6			
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NB9	Ministerial Statement	01.02.2012	17 - 19
NB10	Gerald Foley email to Mike Kelly re: further questions on Beaudesert business case	01.02.2012	20
NB11	Bundle of correspondence re: various discussions about evaluation of the business cases	Various	21 - 25
NB12	Briefing Note re: Business Cases for Racing Industry Infrastructure Expenditure	10.02.2012	26 - 29
NB13	Briefing Note re: Business Cases for Racing Industry Infrastructure Expenditure	14.02.2012	30 - 33
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NB15	Carol Perrett email to Natalie Barber re: funding deed for Mackay	12.12.2011	37
NB16	Meeting File Note re: Business Case for Ipswich Turf Club	02.03.2012	38 - 39
NB17	Email from Michael Buckby to attend telephone briefing	18.01.2012	40

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Affidavit of Natalie Barber

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Exhibit	Document	Date	Page
NB18	Briefing Note re: Flood Remediation Works Funding for the Racing Industry	04.03.2011	41 - 48
NB19	Bundle of correspondence re: request for ex gratia relief from stamp duty	Various	49 - 50
NB20	Bundle of correspondence re: agreement with Gold Coast Turf Club	Various	51 - 63

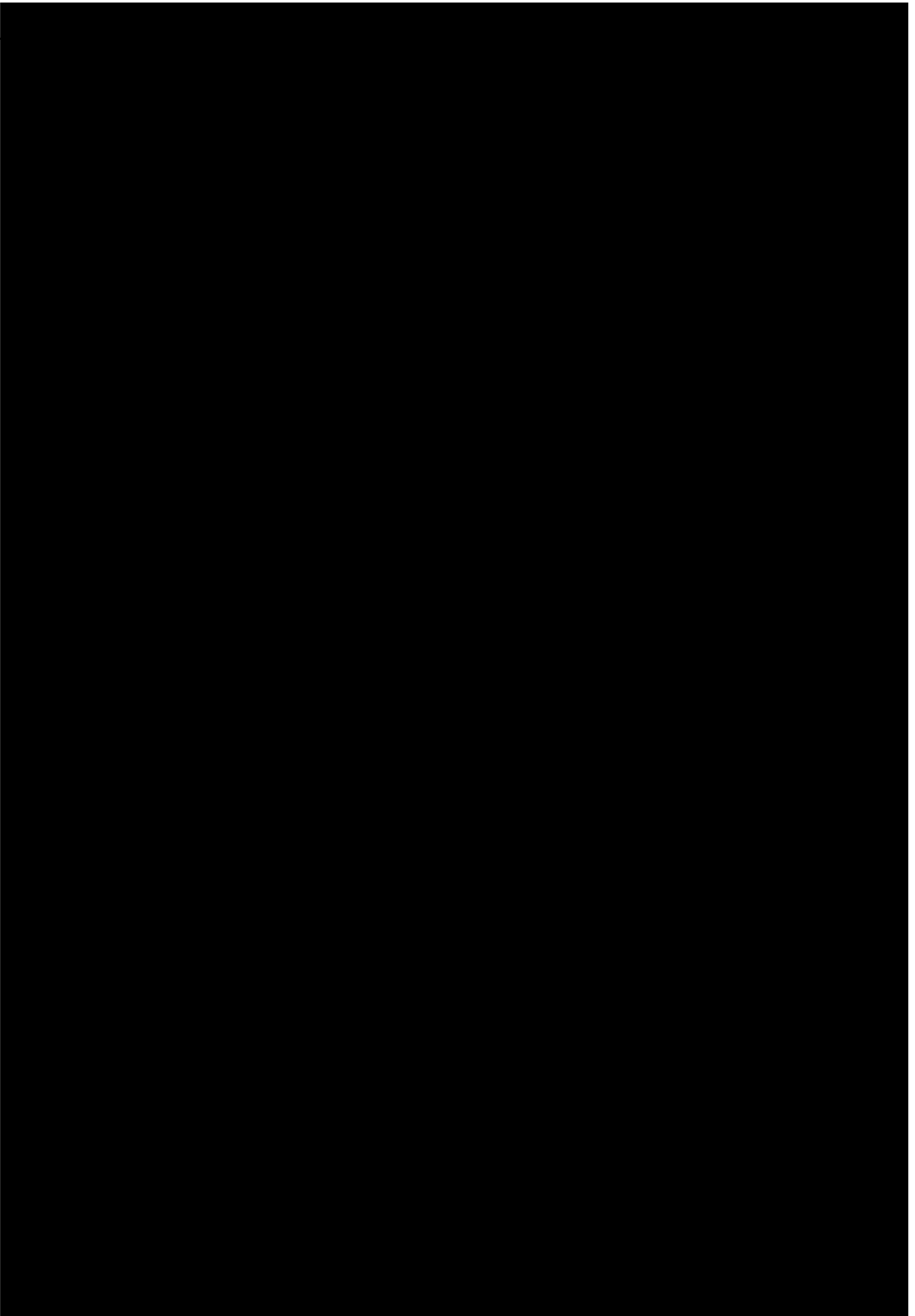
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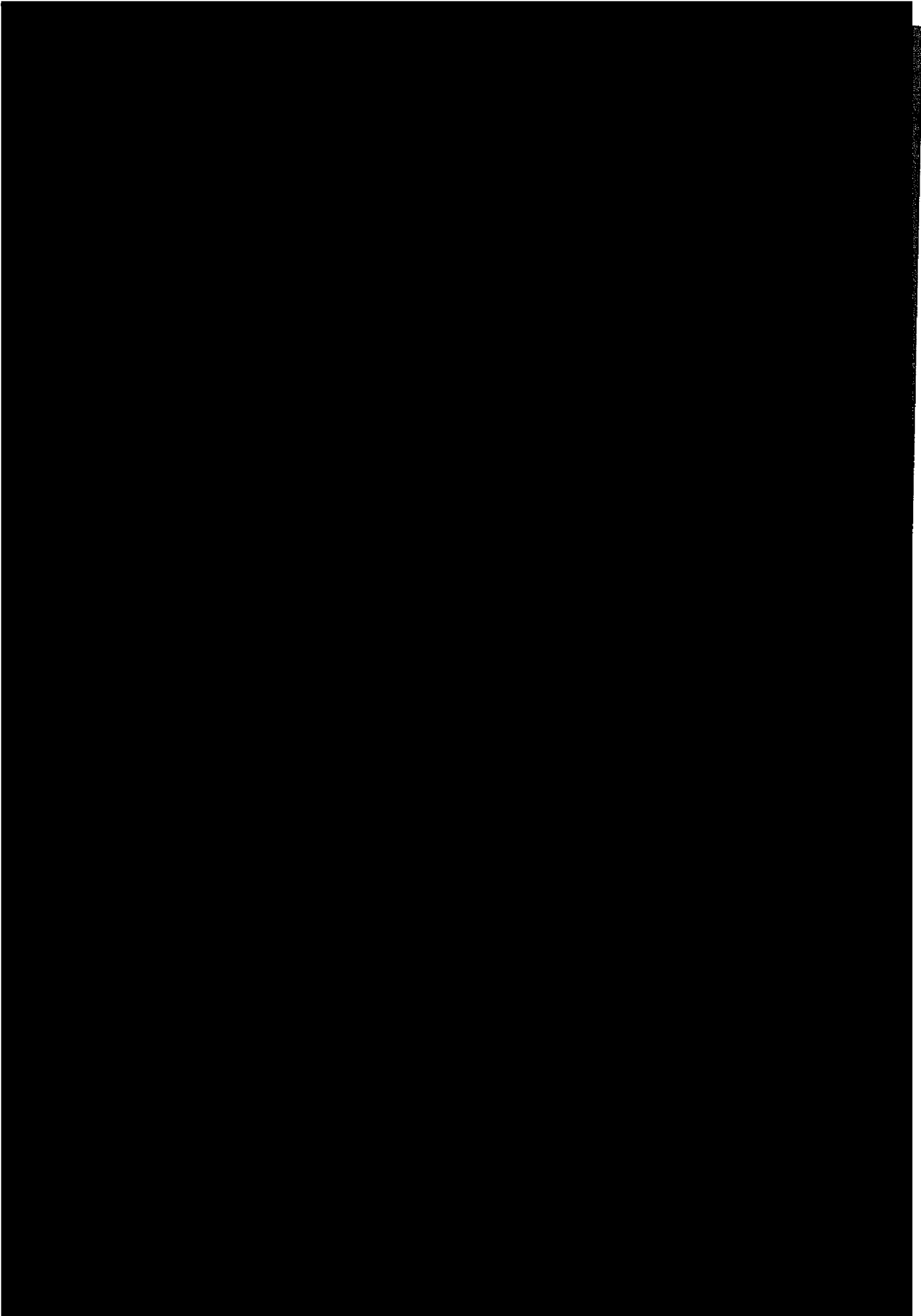
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TREASURY DEPARTMENT

CABINET BUDGET REVIEW COMMITTEE BRIEFING NOTE

Sub No: 4210 Minister: Mulherin Briefing Officer: Natalie Barber Tel: (W) (07) 322 44475
 XXXX (M) 0412 566 242

Racing Industry Capital Development Scheme (RICDS)**PURPOSE**

1. Seeks approval in principle for Racing Queensland Limited's (RQL) capital works program, and approval of a one year extension of the wagering tax sharing arrangement; an increase in the RICDS from \$85M to a maximum of \$104M; the business case for capital works at Ooralea Park Racecourse, Mackay and payment of \$4.946M from the RICDS; and \$100M borrowings for RQL.

BACKGROUND AND ISSUES

2. On 26 November 2009, CBRC (Decision 2863) approved the implementation of the RICDS, where 50% of the net wagering tax received is to be directed to the RICDS up to a maximum of \$85M over four years. A program of capital works was to be developed for CBRC consideration with funding on priority capital works based on the submission of business cases.
3. An amended program of capital works (program) is now submitted for CBRC approval. However the program totals \$110.7M, exceeding the RICDS limit by \$25.7M. Most of this shortfall is proposed to be met from a one year extension of the wagering tax sharing arrangement sought in this submission.
4. The program allocates \$35.5M to the Gold Coast, \$40M to Deagon to accommodate greyhounds (relocated from Parklands) and harness facilities, with the balance of \$35.2M distributed across other regional venues. Note that should the limit be held at \$85M, \$9.5M would be available for distribution amongst regional venues.
5. The submission and business case seeks \$7.443M over 2 years for Ooralea Park Racecourse (Mackay), with \$4.946M as an immediate payment. The business case advises that the venue would cease to operate as a TAB venue should the workplace health and safety issues not be addressed as a matter of urgency. Treasury has requested, but is yet to be advised, of the portion of the \$4.946M which relates to workplace health and safety associated works.

FINANCIAL CONSIDERATIONS

6. The submission's preferred Option 2 seeks a one year extension to the wagering tax sharing arrangement and an increase in the available funds from \$85M up to \$104M (an increase of \$19M). If Option 2 is approved it would result in a further \$19M in wagering tax revenue being redirected from the State's revenues to the RICDS.
7. It seeks a QTC loan of up to \$100M to be repaid from the tax revenue stream to enable funds to be drawn to meet the proposed infrastructure program. The submission does not include information on the cashflow needs of the proposed program but includes an estimate of \$6M for interest costs, presumably arising from the timing differences between drawdown of debt and the collection of tax revenues.
8. It also seeks a further \$9.852M from the balance of the State's \$10M compensation commitment arising from the closure of the Parklands Gold Coast venue (greyhounds). Funds are held in Treasury for this commitment.

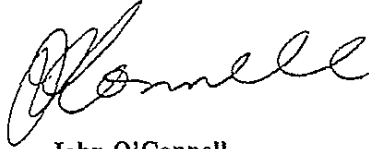
TREASURY POSITION

9. Treasury supports Option 1 which maintains the current wagering tax sharing arrangement of 4 years and up to \$85M. Treasury supports a QTC loan of up to \$85M to be repaid from the tax revenue stream to manage the cashflow needs of the program.
10. The balance of \$9.852M from the \$10M commitment to compensate for the closure of the Parklands Gold Coast (greyhounds) venue is currently held in Treasury Department and is available to be paid on agreement between DEEDI and Treasury.

11. Treasury considers that the Ooralea Park Racecourse business case only just meets the minimum standards for a business case and would benefit from the identification of the workplace health and safety related works and further details and information of the other proposed works and their costs. Treasury will work with DEEDI to discuss the minimum information it considers future business cases should include.

RECOMMENDATION

12. Treasury supports the alternate set of recommendations at Attachment A.



John O'Connell
Assistant Under Treasurer

Date: 6-7-11



Under Treasurer

Date: 6.7.11

Attachment A

1. Note the Racing Queensland's proposed capital works program, as outlined in the revised infrastructure plan (Attachment 1), noting that the total Government contribution will not exceed \$95 million;
2. Approve Option 1 as outlined in the submission being a loan of up to \$85 million from the Queensland Treasury Corporation (to be repaid through the assignment back to the State of the revenues arising from the wagering tax sharing arrangements), in addition to a previous Government commitment to provide the balance of a \$10 million grant as compensation for greyhounds vacating Parklands Gold Coast;
3. Note the business case (Attachment 2) totalling \$7.443 million for works under the Scheme at Ooralea Park, Mackay and approve:
 - funding to undertake urgent works necessary for maintaining worker and public safety, as identified in a safety audit to be undertaken by a Workplace Health and Safety Queensland approved auditor; and
 - the remaining proposed works and their costs be subject to an amended business case being provided to the Department of Employment, Economic Development and Innovation, Department of the Premier and Cabinet and the Treasury Department for approval by the Treasurer and Minister for State Development and Trade.
4. Approve Queensland Treasury Corporation lending to Racing Queensland up to \$85 million on the basis that the loan is to be repaid in full by 30 June 2014 through the assignment back to the State of revenues arising from wagering tax sharing arrangements;
5. Note that access to loan draw downs would only be available once a business case for each project has been provided to the Department of Employment, Economic Development and Innovation, Department of the Premier and Cabinet and the Treasury Department for approval by the Treasurer and Minister for State Development and Trade;
6. Note the provision of a one-off grant of \$9.852 million (the balance of the original grant of \$10 million) to Racing Queensland, subject to an approved business case, fulfilling a previous Government commitment to provide funding towards the establishment of a new greyhound racing facility as compensation for vacating the Gold Coast Parklands venue; and
7. Ratify the Treasurer's decision of 7 March 2011 to advance the allocation of \$2.35 million from the Scheme to Racing Queensland.

BRIEFING NOTE

FROM	Treasury		
FOR	Treasurer Minister for State Development and Trade		
SUBJECT	Racing Industry Capital Development Scheme and Proposed Urgent Capital Works at Ooralea Park Racecourse, Mackay.		
Contact Officer:	Natalie Barber – Director, Resources and Economic Development Branch Ph 322 44475, Mb 0412 566 242	Record No: QTO-12187	Date: 30 June 2011
Requested by:	Jonathan Scott	Date Approval Required By: 4 July 2011	

PURPOSE

1. The purpose of this submission is to seek your:
 - Approval not to advance Racing Queensland Limited (RQL) \$4.946 million from the Racing Industry Capital Development Scheme (RICDS) for urgent capital works at Ooralea Park Racecourse, Mackay; and
 - Signature on the letter to the Minister for Agriculture, Food and Regional Economies, The Honourable Tim Mulherin MP, advising your decision not to approve the requested \$4.946 million advance and requesting the preparation of a submission for consideration by CBRC.

BACKGROUND

2. On 26 November 2009, CBRC (Decision No. 2863) approved the implementation of the RICDS, where 50% of the net wagering tax received is to be directed to the RICDS up to a maximum of \$85 million over four years. These funds are to be used to rebuild racing facilities across the state. The decision stated that industry would submit business cases on priority capital works to be funded by the RICDS and that CBRC would approve the capital works program based on advice from Treasury and DEEDI on industry submissions.
3. RQL commissioned inspections of the Ooralea Park Racecourse facilities in 2010 that identified issues with the racing and public facilities which require rectification.
4. Minister Mulherin wrote to you on 22 June 2011 seeking your approval to advance RQL \$4.936 million from the RICDS so that urgent works may be undertaken to address the workplace health and safety related capital works at the Ooralea Park Racecourse and to ensure the racecourse may continue to operate as a TAB racing venue. A business case for the proposed works has been prepared by RQL and Minister Mulherin also seeks your approval of the business case.
5. In March 2011, \$2.65 million was released to RQL from the RICDS for flood remediation works (\$1.65 million) and to assist country race clubs in meeting minimum health and safety standards (\$0.7 million).

ISSUES

6. The letter from Minister Mulherin requests your approval to release \$4.946 million from the RICDS and proposes that should your approval be provided, that in accordance with CBRC's Decision 2863, CBRC's ratification of your decision will be sought.

7. Treasury notes that this request is not consistent with CBRC's Decision 2863 in that the decision provides for CBRC to approve the capital works program, rather than yourself. There is no delegated power for you to make decisions in respect of the RICDS.
8. Treasury considers that a CBRC submission should be prepared as soon as possible so the matter may be considered by CBRC at the earliest opportunity. This has been discussed with DEEDI's Office of Racing Regulation at officer level and DEEDI is now preparing a CBRC submission.
9. The business case states that the standards at Ooralea Park Racecourse are falling below that required for TAB racing and if not addressed, the racecourse will lose its TAB status. It also lists a variety of works to be undertaken, many of which appear to 'upgrades'. The CBRC submission should clearly state what works are required to bring the racecourse up to the TAB standard, what the cost of this will be and who has verified these costs.
10. Treasury considers the business case should also clearly state what works are required to bring the racecourse up to the TAB standard, the costs and the financial implications if these works are not completed.

RECOMMENDATION

11. That you:

- Do not approve the business case or the advance of \$4.946 million from the Racing Industry Capital Development Scheme for urgent capital works at Ooralea Park Racecourse, Mackay; and
- Sign the letter to the Minister for Agriculture, Food and Regional Economies, The Honourable Tim Mulherin MP, advising your decision not to approve the business case and the \$4.946 million advance. The letter also requests further information to be included in the business case and requests the preparation of a submission for consideration by CBRC.

Gerard Bradley
Under Treasurer Date / /

<input type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Treasurer Minister for State Development and Trade	Comments	
Andrew Fraser Treasurer Minister for State Development and Trade / /		

Name:	*Action Officer/Author: Michael Buckby	Director: Natalie Barber	(Initials)	ED/AUT: John O'Connell	(Initials)	OUT:	(Initials)
Branch/Division:	Resources and Economic Development	Resources and Economic Development					
Telephone:	323 79999	322 44475					
Date:	30/06/2011	30/06/2011		30/06/2011		/ /	

* This officer may be required to provide further detailed information regarding the issue

BRIEFING NOTE

NO INVOLVEMENT

FROM	Treasury		
FOR	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT	Racing Queensland Limited – Racing Industry Capital Development Scheme		
Contact Officer:	Natalie Barber – Director, Resources and Economic Development Branch Ph 3224 4475, Mb 0412 566 242	Record No: TRX-17947	Date: 01 December 2011
Requested by:	Matthew Vagne	Date Approval Required By: N/A	

PURPOSE

- The purpose of this submission is to inform you of issues raised by Racing Queensland Limited (RQ) in relation to the delivery of racing infrastructure under the Racing Industry Capital Development Scheme (RICDS) and to seek your:
 - Approval to provide up to \$2.75M to RQ under the RICDS to meet the cost of procuring external consultants assisting in the preparation of business cases; and
 - Signature on the letter to Mr Bob Bentley, Chairman RQ advising of the above.

BACKGROUND

- On 26 November 2009, CBRC (Decision 2863) approved the implementation of the RICDS, where 50% of net wagering tax received was to be directed to the RICDS, up to a maximum of \$85M over four years.
- On 7 July 2011, CBRC (Decision 3255) approved RQ's capital works program totalling \$110.7M as outlined in its Infrastructure Plan (IP). CBRC also approved a one year extension to 30 June 2015 of the wagering tax sharing arrangements under the RICDS, totalling approximately \$100M-\$104M (depending on the total wagering tax collected). A further \$9.852M was made available to RQ under the RICDS being the balance of \$10M previously committed by the State to the establishment of a new greyhound racing facility.
- Under the CBRC decision access to funds under the RICDS is subject to a business case for each project being submitted and subsequently accepted by Treasury.
- CBRC also approved Queensland Treasury Corporation (QTC) lending to RQ up to \$100M on the basis that the loan is to be repaid in full by 30 June 2015 through the assignment back to the State of revenues arising from the wagering tax sharing arrangements.
- Mr Bob Bentley, Chairman of RQ has recently raised a number of issues on the progress of delivery of racing infrastructure under the RICDS.

ISSUES

FUNDING FOR BUSINESS CASES

- RQ advises that it has progressed eight business cases but does not have the funds to complete the business cases without directing funds away from other priorities within the industry. RQ seeks a preliminary payment of approximately \$3.54M for the continued development of the business cases in advance of submitting business cases to Treasury as approved by CBRC.

8. Treasury considers that it is reasonable to provide RQ access to limited funds from the RICDS to meet the cost of procuring external consultants assisting in the preparation of the business cases where the capital improvement projects are significant and have an associated delivery risk. However Treasury does not support RICDS funds being applied towards reimbursing RQ's internal operating costs as has been requested.
9. Treasury considers up to \$2.75M (approximately 2.5% of the \$110.7M Infrastructure Program) could be made available from the RICDS to meet the cost of preparing business cases. This would mainly relate to the cost of procuring external consultants to assist in the preparation of such business cases, although it would not be unreasonable to also include the direct and indirect costs of a dedicated resource in RQ, up to \$200,000 per annum. Subject to your approval, requests from RQ for reimbursement could be submitted to DEEDI's Office of Racing at the end of each calendar quarter.

REQUIREMENT FOR COUNCIL APPROVALS

10. RQ refers to advice from Treasury that "all council approvals" would need to be in place prior to a business case being lodged and that this would create issues particularly for the proposed Deagon development. As full development funding is to be made available to RQ once the business case has been endorsed by Treasury, Treasury considers it is reasonable that a copy of the Development Approval from the relevant council be included in the business case to provide confidence that the project is able to be delivered.
11. Treasury notes that in the case of the Deagon development, the Brisbane City Council has publicly stated its opposition to the project and this is a key risk to the project's delivery. Treasury has sought to avoid a situation where full development funding is provided to RQ for a development which may not proceed.

TRANSFER DUTY

12. The matter of transfer duty on joint venture transactions has also been raised.
13. RQ advises that the payment of transfer duty has not been factored into its Infrastructure Plan and seeks ex gratia relief of approximately \$3.95M on proposed transactions involving RQ taking an equity position in the Rockhampton Jockey Club, Gold Coast Turf Club and the Townsville Turf Club. Further requests for relief are planned for similar transactions relating to racecourse assets at Cairns, Mackay and Beaudesert.
14. Ex gratia relief from the payment of transfer duty was previously approved for the Sunshine Coast Turf Club, however has not been granted for the payment of transfer duty in relation to arrangements between RQ and the Rockhampton Jockey Club.
15. The Office of State Revenue (OSR) advises that ex gratia relief was approved on the Sunshine Coast Turf Club transaction as the transfer of the racecourse to a new entity was initiated in response to the State Government's policy on the ownership of racing venues. The transaction involved the securing of facilities previously owned by the Caloundra City Council.
16. OSR however considers that the transaction at Rockhampton does not result directly from State Government policy. The transaction involves the transferring of racing assets to a company with shares owned by both the Rockhampton Jockey Club and RQ. OSR advises that ex gratia relief should not be provided as the transaction was voluntary and motivated by commercial considerations relating to RQ's investment in racing facilities and control of racecourse management.
17. DEEDI's Office of Racing advises that while it has been supportive of RQ's approach to take an equity position in the entity holding the assets in exchange for infrastructure funding, it has not advised RQ that an equity position is a pre-condition or requirement for funding.

FINANCIAL IMPLICATIONS

- 18. The provision of up to \$2.75M to RQ to meet consultancy costs incurred in the development of business cases will reduce the amount available for investment in racing infrastructure under the RICDS.
- 19. Transfer Duty for the changes proposed for Rockhampton Jockey Club, Gold Coast Turf Club and the Townsville Turf Club sought by RQ to be refunded is estimated to be \$3.95M.

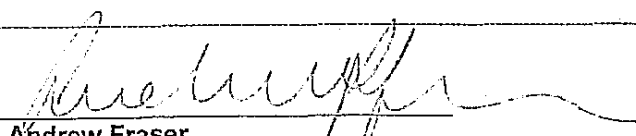
RECOMMENDATION

That you:

- Approve the provision of up to \$2.75M to Racing Queensland under the Racing Industry Capital Development Scheme to meet the cost of procuring external consultants assisting in the preparation of business cases and capped internal costs of \$200,000 per annum. Requests from RQ for reimbursement should be submitted to DEEDI's Office of Racing at the end of each calendar quarter.
- Sign the attached letter to Mr Bob Bentley, Chairman RQ advising of the above.

Gerard Bradley

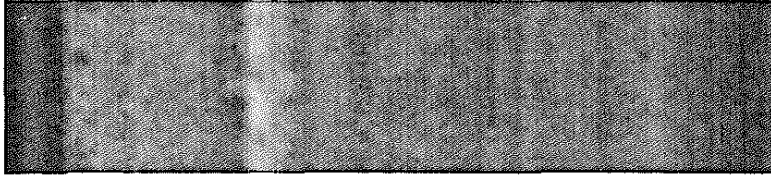
Gerard Bradley
Under Treasurer Date 2/12/11

<input type="checkbox"/> Approved Deputy Premier, Treasurer and Minister for State Development and Trade	<input type="checkbox"/> Not approved Comments	<input checked="" type="checkbox"/> Noted
		
Andrew Fraser Deputy Premier, Treasurer and Minister for State Development and Trade 5/12/11		

Doc ID: 616055	*Action Officer/Author:	Director:	(Initials)	ED/AUT:	(Initials)	OUT:	(Initials)
Name:	Michael Buckby	Natalie Barber	<i>AB</i>	Stuart Booker	<i>SB</i>		
Branch/Division:	Resources and Economic Development	Resources and Economic Development					
Telephone:	07 3237 9999	07 3224 4475		07 3238 3059			
Date:	01/12/2011	01/12/2011		1/12/2011		/ /	

Rachael Murray

From: Natalie.Barber@osr.treasury.qld.gov.au
Sent: Monday, 2 September 2013 6:01 PM



Natalie Barber
Registrar
State Penalties Enforcement Registry

Office of State Revenue/ Treasury & Trade
Rm 7.05/ 33 Charlotte St
P 321 16506 / M 0412 566 242

----- Forwarded by Natalie Barber (NBE) OOSR/OTreasury on 02/09/2013 05:51 PM -----

From: Stuart Booker/OTreasury
To: Gerard Bradley/OTreasury@OTreasury,
Cc: Alex Peavers/OTreasury@OTreasury, Sharon Humphreys <Sharon.Humphreys@ministerial.qld.gov.au>, Natalie Barber/OTreasury@OTreasury
Date: 22/11/2011 05:42 PM
Subject: Queensland Racing / Confidential

Gerard,

I have not been able to reach Bob Bentley directly this afternoon, but I left a detailed message on his voicemail, and expect to talk to him in the morning about the funding of business cases for facility improvements. I also have some ideas about how Qld Racing may prioritise and rank projects, but I will work that up internally first.

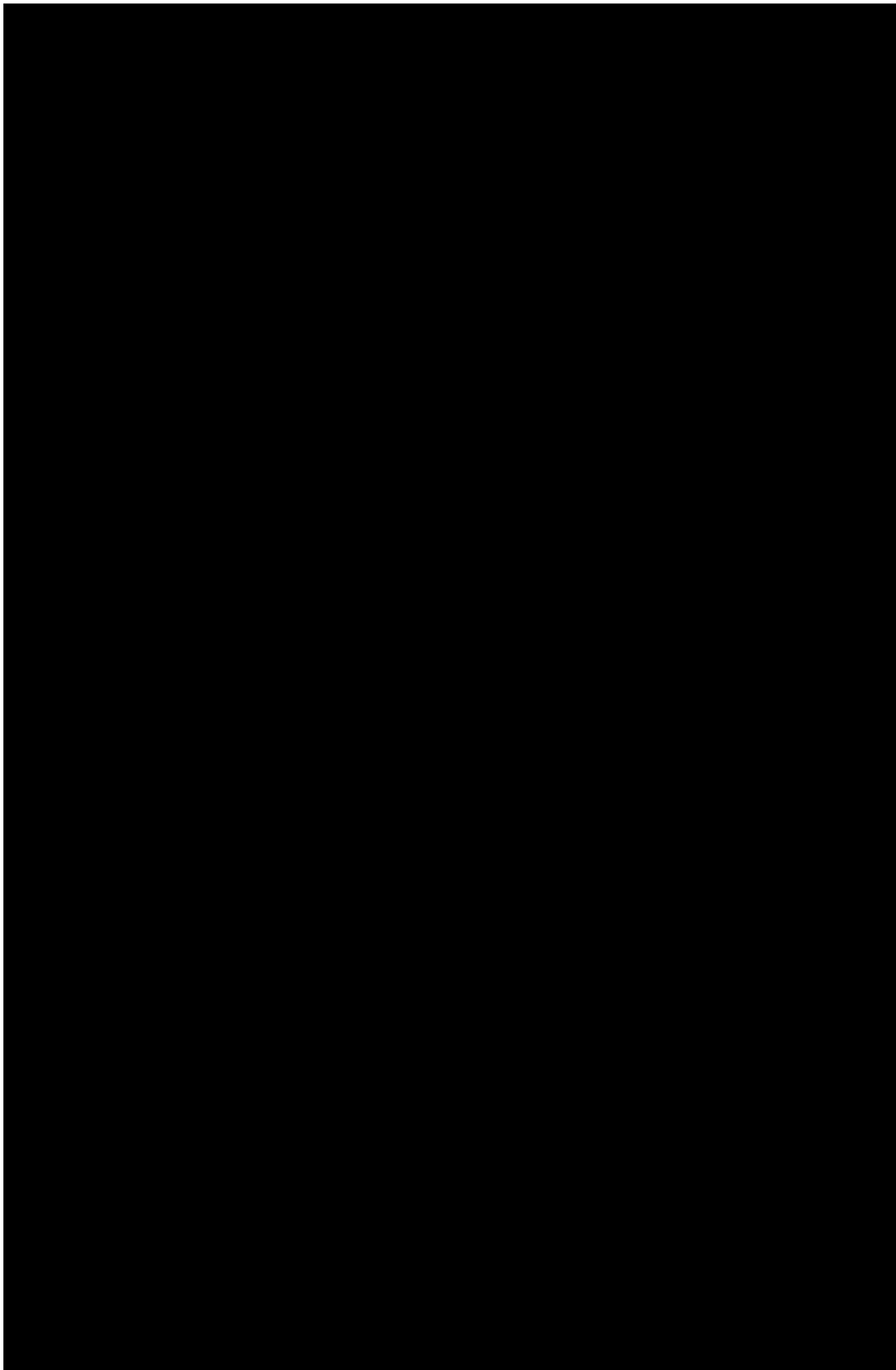
Stuart

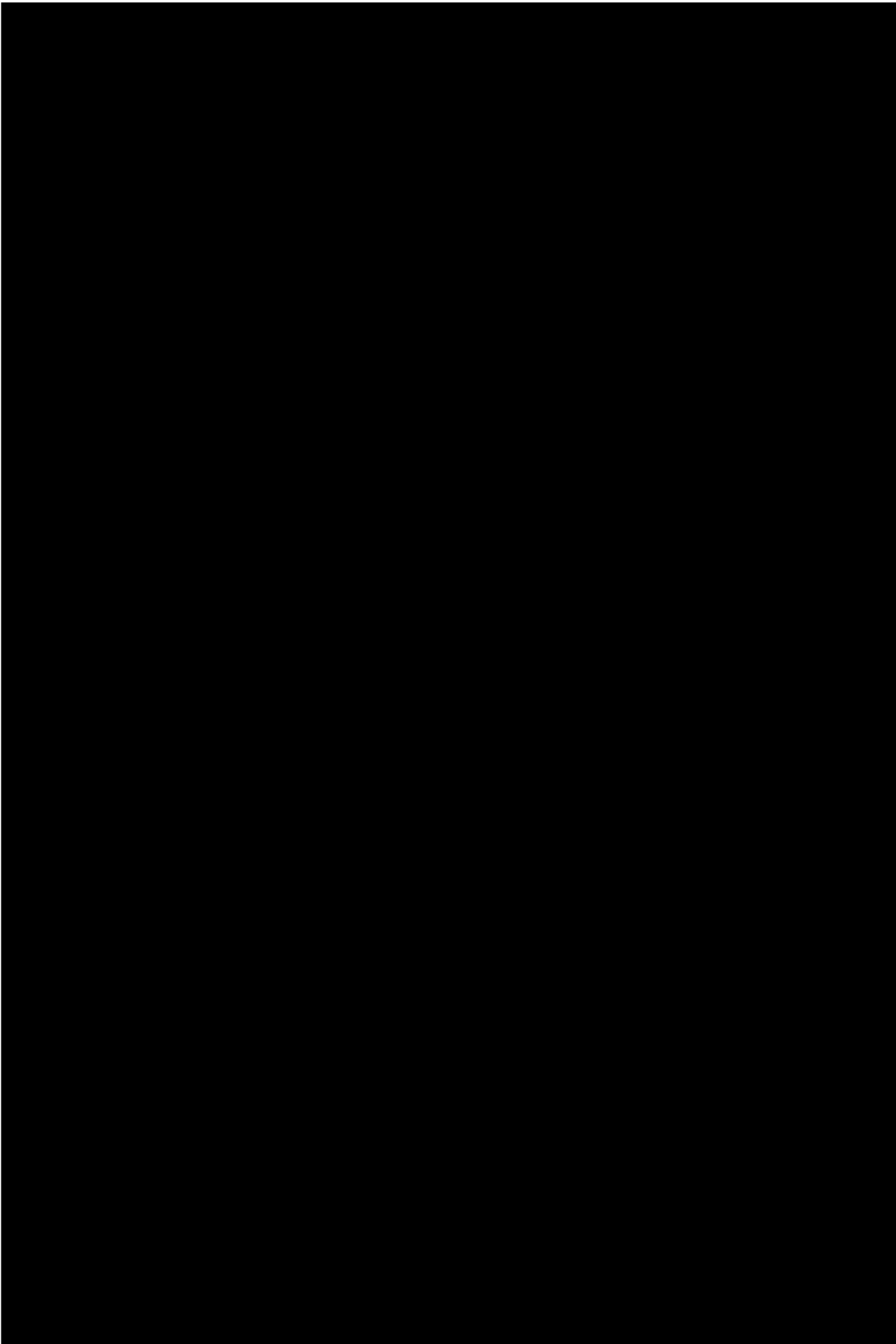
Stuart Booker
Assistant Under Treasurer
Ph: 3235 3059
M: 0418 750 507

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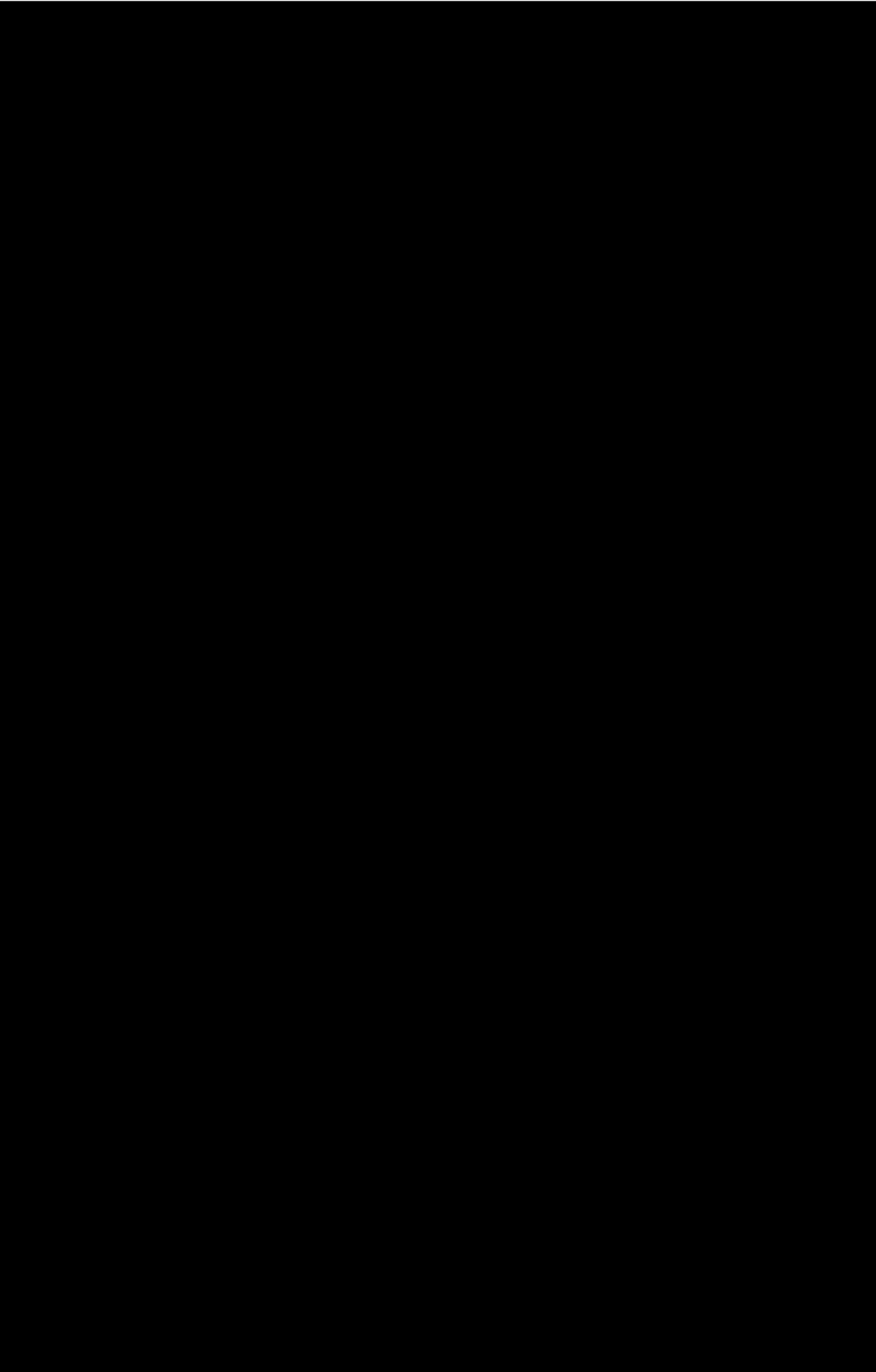
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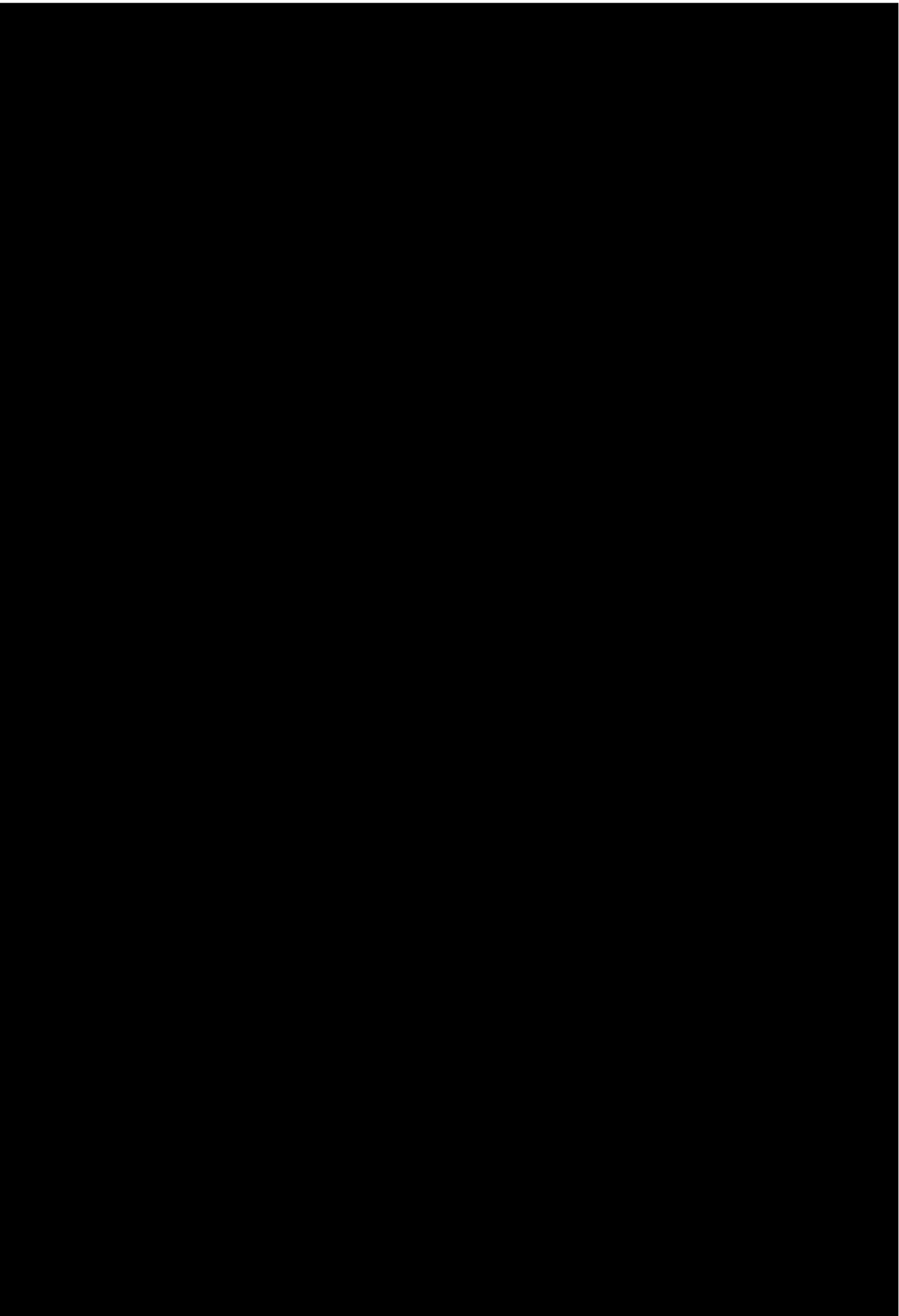
3/09/2013





5





Rachael Murray

From: Natalie.Barber@osr.treasury.qld.gov.au
Sent: Monday, 2 September 2013 6:03 PM
To: Rachael Murray
Cc: Catherine McLennan; Melinda Pugh; Natalie Barber
Subject: Exhibit NB19

Ministerial Statement

Natalie Barber
 Registrar
 State Penalties Enforcement Registry

Office of State Revenue/ Treasury & Trade
 Rm 7.05/ 33 Charlotte St
 P 321 16506 / M 0412 566 242

----- Forwarded by Natalie Barber/BNE/QOSR/QTreasury on 02/09/2013 05:30 PM -----

From: <statements@qld.gov.au>
 To: <natalie.barber@treasury.qld.gov.au>
 Date: 01/02/2012 02:31 PM
 Subject: AMENDMENTS TO THE RACING INDUSTRY INFRASTRUCTURE PLAN APPROVED

Agriculture, Food and Regional Economies
 The Honourable Tim Mulherin
 01/02/2012

AMENDMENTS TO THE RACING INDUSTRY INFRASTRUCTURE PLAN APPROVED

The Queensland Government and Racing Queensland Limited (RQL) today unveiled significant changes to the \$110 million Industry Infrastructure Plan (IIP) to deliver new and improved racing facilities across the state.

The projects are independent of the ongoing legal action surrounding the sale of Albion Park and uncertainty over any future redevelopment at Deagon.

Minister for Agriculture, Food and Regional Economies, Tim Mulherin, joined RQL Chairman, Bob Bentley, to detail the changes today.

"I'm pleased today to announce the Bligh Government has approved amendments put forward by RQL to the \$110 million Industry Infrastructure Plan," said Mr Mulherin.

"The changes have been sought by RQL to move the racing industry forward with greater certainty while still maintaining the vision to build viable facilities that are state-of-the-art and will service the industry well for decades to come.

"This process hasn't been easy. I am confident that we now have the right balance of projects that represent the diverse needs of each industry.

"Another significant change under this revised plan is that parts of the proposed Ipswich Turf Club upgrade, which were previously dependent upon the successful redevelopment of Albion Park, can now be brought forward.

3/09/2013

"The Government is fully supportive of RQL's plan to provide \$6 million to build a tunnel under the course proper that will really unlock the full potential of that site allowing for a future secondary harness and greyhound venue.

"The changes to the IIP have all been approved by the Government and funding for each project will be released upon submission of the business case by RQL - as demonstrated by the Mackay and Beaudesert upgrades," he said.

"I can also announce today that construction will start on the \$8.2 million upgrade to the Beaudesert Race Club before the end of the month following the submission of a business case by RQL to Government.

Mr Bentley said the changes to the IIP will allow RQL to move forward with certainty and fund \$110 million in works across all three codes of racing.

"There has been increasing angst, particularly within the greyhound racing industry, that the legal action surrounding the sale of Albion Park and uncertainty over the Deagon development application was delaying vital projects for simply too long," Mr Bentley said.

"Greyhound racing in South East Queensland is in desperate need of a new home. Logan will be more than a home; it will be the premier greyhound racing facility in Queensland, if not Australia.

"RQL will have the business case for Logan completed next week with construction to start before the end of financial year.

"Brisbane City Councillors made it clear they were unwilling to consider the Deagon application based on merit. We're fortunate that there is an alternate site at Logan that is ready to go and has the strong, unified support of the greyhound industry and Logan City Council."

Mr Bentley said the business case for a multi-million dollar redevelopment in Cairns has been submitted to Government and work is well underway on the cases for the Gold Coast, Logan, Townsville and Rockhampton.

Key changes to the Plan include:

- Withdrawal of the development application for a \$39.9 million new dual-code racing facility at Deagon;

- \$24 million for a new greyhound racing facility at Cronulla Park, Logan, including a one and two turn track, training facilities, grandstand and public amenities;

- Bringing forward \$6 million for the Ipswich Turf Club to construct a tunnel under the course proper, which will facilitate access to the infield for the preparation of a secondary greyhound and harness track and to maximise the potential of a development site fronting Brisbane Road;

- Investing \$6 million to relocate Townsville greyhounds from the showgrounds to Cluden Park, adjacent to the Townsville Turf Club;

- \$2 million reserved for a new master plan for the Deagon racecourse site which will incorporate continued thoroughbred training, a harness racing facility and greyhound training track. The master plan will only be developed provided the sale of Albion Park proceeds.

Mr Mulhern said the changes to the plan are sensible and thanked RQL for consulting with industry to cement the new and altered projects.

"Townsville greyhounds were facing a major crisis with the showgrounds. Their problems are now

solved and the greyhound racing industry in Townsville and surrounds has a bright and positive future," he said.

"Cronulla Park Logan will develop into an important venue on the national greyhound racing stage, which is exciting for the Logan district and South East Queensland."

Mr Bentley said RQL will continue with its plan to realise the value of Albion Park.

"Realising the potential of 'Albion Park' will do three things - remove an ageing liability for our industry, inject tens of millions of dollars to complete all the major and minor works that need to be done across the state and provide a reoccurring income stream which can be used for such things as prizemoney for years to come," he said.

\$8.2 million Beaudesert Race Club Upgrade

The Beaudesert facility will receive a new jockey and official's area, the existing drainage of the racetrack will be substantially improved and new fencing erected around the track. The tie-up area will be upgraded and there will be new public facilities. A new sand track will also be provided.

Media Contact

Minister's Office: 32396530

Racing Queensland Limited: 38699762

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Beaudesert business case

Gerald W Foley to: michael.kelly

Cc: Michael Buckby, Natalie Barber, Stuart Booker

01/02/2012 10:06 AM

Mike

As discussed this is a list of further questions on the business case:

We acknowledge that Racing Queensland Ltd (RQL) already provides funding to meet the operating funding needs of many Queensland Clubs. However the Beaudesert business case indicates that the facility, after its upgrade and based on the increased frequency of meetings per year (from 8 rising to 18), the indicated forecast subsidy from RQL rises from \$21K to \$300-\$400K p.a.

- How is it proposed for RQL to fund the Beaudesert facility in the face of reduced UNITAB allocations?
- Has the RQL considered moderating the frequency of meetings, on the basis that 18 meetings per year is not financially sustainable?
- Will the facilities which have reduced mid-week meetings (p. 18) incur operating offsetting reduced losses?
- Has RQL considered using an element of the Deagon capital (\$39.9M) as a "buffer" (eg \$10 - \$15M) to absorb such increased operating losses?
- As increased deficits also appear to be a feature of other business cases (Rockhampton and Cairns) has RQL identified where it will find the increased financial resources required to cover these deficits as well?

regards
Gerry

Gerald Foley
Principal Treasury Analyst
Resources And Economic Development / Treasury Office / Queensland Treasury

Phone: (07) 30351483
Executive Building

 **Queensland** Government



Fw: Business Case Questions

Stuart Booker to: Gerald W Foley, Michael Buckby
Cc: Natalie Barber

01/02/2012 09:23 AM

FYI

Lets finalise list of questions asap.

Stuart

Stuart Booker
Assistant Under Treasurer
Ph: 3238 3059
M: 0418 750 307

----- Forwarded by Stuart Booker/TO/QTreasury on 01/02/2012 09:22 AM -----

From: Stuart Booker/TO/QTreasury
To: Alex Beavers/TO/QTreasury@QTreasury, Natalie Barber/TO/QTreasury@QTreasury
Cc: Gerard Bradley/TO/QTreasury@QTreasury
Date: 01/02/2012 09:22 AM
Subject: Fw: Business Case Questions

Alex,

I understand.

We think QRL needs to review the activity level of its Loss Making Facilities, otherwise, without modifying some of the base parameters such as the number of (loss making) meetings per year, I don't see how we can support long term arrangements which depend on a funding source (TAB alloc) which may/will become diminished in the medium term.

Otherwise, if we were to accept the current Beaudesert business case and others like it, we are effectively being asked to endorse a partially unfunded initiative.

That said, we are currently working with the Office of Racing to see how the Beaudesert facility can be improved in is "viability" context.

I suggest we continue this and hopefully bring something more acceptable to you later today - or would you prefer to meet early today to discuss approach etc.. ?

SB

Stuart Booker
Assistant Under Treasurer
Ph: 3238 3059
M: 0418 750 307

----- Forwarded by Stuart Booker/TO/QTreasury on 01/02/2012 09:08 AM -----

From: Alex Beavers/TO/QTreasury
To: Stuart Booker/TO/QTreasury@QTreasury
Cc: Gerard Bradley/TO/QTreasury@QTreasury, Natalie Barber/TO/QTreasury@QTreasury
Date: 01/02/2012 09:02 AM
Subject: Re: Fw: Business Case Questions

Thanks Stuart

I agree with your thinking on this.

My understanding though is that Government today will announce the revised infrastructure plan allocations - which went to Cabinet on Monday as a matter to note. The Tsr understands our views and concerns, but on balance feels the announcement can proceed.

Perhaps we should have a round table on this later today and work out the way forward as to we approach these business cases.

Alex

Alex Beavers
Deputy Under Treasurer
Queensland Treasury
(07) 3224 2566
email: alex.beavers@treasury.qld.gov.au

Stuart Booker

Alex, We will look at the business model for B...

31/01/2012 06:03:05 PM

From: Stuart Booker/TO/QTreasury
To: Alex Beavers/TO/QTreasury@QTreasury
Cc: Gerard Bradley/TO/QTreasury@QTreasury, Sharon Humphreys
<Sharon.Humphreys@ministerial.qld.gov.au>, Natalie Barber/TO/QTreasury@QTreasury
Date: 31/01/2012 06:03 PM
Subject: Fw: Business Casa Questions

Alex,

We will look at the business model for Beaudesert with Racing Qld and quickly explore ways to moderate the operating subsidies (including a focus on the cash operating needs as well as accounting expenses). The subsidies look like increasing by a factor of 15+ for Beaudesert, as it is currently planned. ie \$20,000 growing to \$300,000 - \$400,000.

As I briefly mentioned, I would also like to test whether an element of the \$39.9 M which was earmarked for the Deagon facility, now not proceeding, could be reserved to fund the operating deficits.


A reserve fund of say \$20 M would be very useful in terms of shielding CF from calls to supplement Racing sourced revenue, which may decrease substantially over the next decade, due to emerging structural changes in the industry. In order to obtain this reserve fund, we would need to limit the reallocation of Deagon's \$39.9 M capital allocation - which RQL already have plans to redistribute to other facility improvements.

Stuart

Stuart Booker
Assistant Under Treasurer
Ph: 3238 3059
M: 0418 750 307

----- Forwarded by Stuart Booker/TO/QTreasury on 31/01/2012 05:52 PM -----



Re: Fw: relocation of greyhound track 
Natalie Barber to: Stuart Booker
Cc: Gerald W Foley, Michael Buckby

13/02/2012 01:29 PM

Stuart

This is one of the many business cases we have recently received for consideration from Office of Racing. We received this one about a week ago.

We are working through Treasury's evaluation of the business case, but on face value it has the same characteristics as the three business cases we have already reviewed which are the subject of our current brief to the Treasurer ie. forecast operating loss. We would most likely form the same conclusion as for the others - ie. cannot support without an assurance from RQL to meet future operating deficits of clubs.

Given the Matter to Note on the RICDS recently sent to Cabinet, I'm no longer sure what Govt considers to be the approval process, but Treasury would not endorse release of the funds prior to formally briefing the Treasurer and, as per our current brief, before receiving the letter of comfort from the RQL.

Thanks,
Natalie

Natalie Barber
Director

Resources & Economic Development Branch / Treasury
Phone 322 44475 / Rm 10.20 Executive Building

Stuart Booker Natalie - I thought this had gone through CBR... 13/02/2012 01:05:37 PM

From: Stuart Booker/TO/QTreasury
To: Natalie Barber/TO/QTreasury@QTreasury, Gerald W Foley/TO/QTreasury@QTreasury,
 Michael Buckby/TO/QTreasury@QTreasury
Date: 13/02/2012 01:05 PM
Subject: Fw: relocation of greyhound track

Natalie - I thought this had gone through CBRC ???

Stuart Booker
Assistant Under Treasurer
Ph: 3035 1860
M: 0418 750 307

----- Forwarded by Stuart Booker/TO/QTreasury on 13/02/2012 01:04 PM -----

From: "Jonathan Scott" <Jonathan.Scott@ministerial.qld.gov.au>
To: <stuart.booker@treasury.qld.gov.au>
Date: 13/02/2012 01:01 PM
Subject: relocation of greyhound track

Hi Stuart

I've been advised the Treasurer has been asked to sign off the release of some \$24m in relation to the relocation of the Greyhound Track from Deagon to Logan. I assume this is from within the RICDS.

Is this something that's sitting with Treasury now or is this for Mulherin to approve?

Cheers
Jon

Jonathan Scott | Policy Advisor - State Development

Office of the Hon Andrew Fraser MP
Deputy Premier and Treasurer of Queensland
Minister for State Development and Trade
☎ +61 7 3225 1701 / 0428 038 658
☎ +61 7 3229 0642
✉ Jonathan.scott@ministerial.qld.gov.au

♻️ Please consider the environment before printing this email



RQL Assurance / Confidential

Stuart Booker to: Natalie Barber

Cc: Gerald W Foley, Michael Buckby, Jamie Overton, Kassia Rouw

14/02/2012 09:13 AM

Confidential

Hi Natalie,

I spoke to GB this morning about the Assurance issue with RQL, and subsequently briefed Gerry and Michael.

We need to extend the letter to include a reference about Logan - I don't think we should indicate a "blanket" release of all funds to all projects - just the four, based on an unequivocal assurance that all projects which proceed should rely on the Assurance from RQL that it will meet future deficits arising through the facilities etc.

I said we would follow up with an amended letter urgently and the UT agrees we need to obtain closure on the assurance asap.

Stuart

Stuart Booker
Assistant Under Treasurer
Ph: 3035 1860
M: 0418 750 307

edocs 824899

BRIEFING NOTE

FROM	Treasury		
FOR	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT	Business Cases for Racing Industry Infrastructure Expenditure		
Control Officer:	Najelle Barber – Director, Resources and Economic Development Branch Tel: 3035 1414, Mob: 0412 666 242	Record No: TRX-18469	Date: 10 February 2012
Requested by:	N/A	Date Approval Required By:	N/A

PURPOSE

- The purpose of this submission is to:
 - inform you of the results of Treasury's review of the business cases for infrastructure expenditure at Beaudesert, Cairns and Rockhampton race courses under the Racing Industry Capital Development Scheme (RICDS); and
 - seek your signature on a letter to the Honourable Minister Mulherin MP, Minister for Agriculture, Food and Regional Economies, informing him of Treasury's conclusions.

BACKGROUND

- On 7 July 2011 CBRC approved the \$110 million Industry Infrastructure Plan (IIP) which comprised 11 projects with funds allocated under the RICDS. Funding for the IIP also included \$10 million previously committed by the Government for the closure of the greyhound racing complex at Parklands. CBRC determined that a business case for each project was required to be submitted to Treasury and accepted prior to funding being made available.
- On 16 December 2011 a business case was provided to Treasury requesting the release of \$7,271,512 held under the RICDS for infrastructure expenditure at Beaudesert race course.
- On 5 January 2012 Treasury provided written feedback to DEEDI's Office of Racing requesting further information. A revised business case for Beaudesert race course was provided to Treasury on 24 January 2012 with business cases for Cairns and Rockhampton race courses provided on 31 January 2012.
- On 30 January 2012 Cabinet noted a revised IIP which redirected \$37.9 million in funding from the Deagon development to new greyhound racing facilities at Logan (\$24 million) and Townsville (\$6 million), works at Ipswich Turf Club (\$8 million), project variations at Beaudesert (\$0.84 million), new works at Brisbane Race Club (\$0.75 million) and increases in cost estimates at Cairns, Mackay, and Rockhampton race courses.

ISSUES

- Proposed expenditure on infrastructure projects at Beaudesert (\$8.2 million), Cairns (\$2.2 million) and Rockhampton (\$1.8 million) race courses total \$12.2 million of the \$110 million IIP, or 11 per cent of the overall program.
- The business cases demonstrate that, following completion of the infrastructure works at Beaudesert, Cairns and Rockhampton race courses, all three clubs will continue to report an operating deficit throughout the forecast period 2012-16. This in effect demonstrates that in each case, the club is forecast to be commercially unviable without some level of subsidy.

8. As substantial public funds are proposed to be invested in capital projects at these clubs, it is important from a stewardship perspective, that the business cases demonstrate that the clubs have the financial capacity to operate the new facilities to be funded by the State and that the clubs are viable in the medium to longer term. In each business case Treasury has reviewed, this position has not been demonstrated.
9. It is apparent that there is a generally accepted view by the industry that racing clubs are not financially viable businesses. Indeed the business cases advise that "no TAB race club in Queensland is financially viable without financial support from Racing Queensland" and that RQL has subsidised the costs of racing at every race club in Queensland.
10. The business cases indicate that the cumulative subsidies required from RQL to meet the deficits of the three race courses would increase from \$0.177 million for 2010-11 to \$0.806 million for 2013-14 (refer graph at Attachment 1).

FINANCIAL IMPLICATIONS

11. Treasury's review of the three business cases has identified that there is a consistent trend towards an increasing gap between revenues forecast to be generated by clubs and their costs of operating. On the basis of the current business cases under review, Treasury considers there is a strong likelihood that this position will be replicated across the whole IIP.
12. RQL contends that it has the necessary financial resources to continue to fund the operation of race clubs Queensland-wide.
13. It further contends that the deficits are largely on account of depreciation. However, this is only the case for Cairns, which has a more modest operating loss of some \$117,000. RQL's forecast financials for Beaudesert indicates that operating (cash) costs increase significantly from \$355,000 to \$913,000 with depreciation listed separately at \$186,000. Similarly, the projections for Rockhampton include a relatively modest depreciation charge. For both Beaudesert and Rockhampton, the projected racing operations are profoundly non profitable.
14. RQL's revenue is largely comprised of its share of wagering revenue from UNITAB in accordance with the agreement by the Government to issue UnNITAB with an exclusive wagering licence. It is noted that RQL's wagering revenue has fallen from \$140 million in 2008-09 to \$134 million in 2010-11. It is likely that wagering revenues will decline in the future because of the impacts of recent legal challenges to exclusive wagering licences in other jurisdictions, and also due to the impact of technology enabling access by non state-based wagering operators.
15. RQL's 2011 Annual Report shows that it had receipts of \$159 million. It provided prize money and other distributions of \$105 million, and on face value it appears would have some capacity to support clubs. However, it is unclear what impact the increased deficits will have across the whole program, and to what extent existing commitments can be realigned.
16. Given that the business cases are being progressed individually, Treasury is unable to form a view as to whether RQL has the capacity to subsidise increasing operating deficits for clubs across the whole program. Without a transparent disclosure of RQL's strategy for underwriting the deficits, it is not possible to be assured that the capital program is sustainable in the longer term.
17. Treasury therefore considers the risk of an increasing subsidisation requirement from RQL is a financial risk to the Government also, as it not unreasonable to expect that RQL may have difficulty meeting these deficits in the longer term and could call upon the Government for financial assistance.

- 3 -

18. Following an analysis of the business cases for Beaudesert, Cairns and Rockhampton, Treasury has concluded that as the clubs are not viable in the medium to longer term, funds should not be advanced from the RICDS towards the capital projects identified for those clubs.
19. However, should RQL be able to demonstrate that it has in place an overall rationalisation strategy which supports an increase in subsidies for some clubs with at least an offsetting decrease in other less profitable clubs, Treasury considers that may be an acceptable position. To this end, Treasury recommends that a letter of comfort be sought from RQL which provides an outline of RQL's program strategy and risk management approach across the whole of the IIP and which clearly outlines RQL's commitment to support the IIP and any emerging subsidies across the program.
20. Furthermore, Treasury recommends that it would be prudent as a risk mitigation strategy for RQL to set aside a portion of wagering revenue to be held in reserve and to act as a buffer against rising expenses and potentially reducing wagering revenue. This could be reviewed annually, based on an assessment of RQL's ability to continue funding the operating deficits, and an improved understanding of the operating position of the improved facilities.

RECOMMENDATION

21. It is recommended that you:

- o Note that Treasury has reviewed the business cases for Beaudesert, Cairns and Rockhampton Racing Clubs and has concluded that the business cases do not demonstrate the ongoing viability of those clubs without some level of subsidy, and that this precludes Treasury from endorsing the release of public funds to those clubs in the absence of an assurance from Racing Queensland Ltd that it is committed and has the resources to meet any ongoing operating deficits;
- o Approve that you request Minister Mulhern to seek a letter of comfort from Racing Queensland Ltd to provide an assurance to Government that Racing Queensland Ltd has the capacity to fund the ongoing operating deficits (including depreciation) of Queensland race clubs, following the investment of State funds in racing club assets; and
- o Subject to your approval, sign the attached letter to Minister Mulhern which has been prepared on this basis.
- o Note that subject to receiving the letter of comfort from RQL, Treasury will review subsequent business cases under the IIP and advise Government of its assessment, but that the advancement of funds would not be precluded, should the business cases demonstrate future viability issues for the relevant racing club.

G.B. Bradley
 Gerard Bradley
 Under Treasurer Date 10/2/12

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Deputy Premier, Treasurer and Minister for State Development and Trade	Comments	
<p><i>Andrew Fraser</i> Andrew Fraser Deputy Premier, Treasurer and Minister for State Development and Trade 15/2/12</p>		

Name:	Action Officer/Author:	Director:	ED/AUT:	OUT:
Michael Buckley	Michael Buckley	Natalie Barber	Shant Boctor	
Resources and Economic Development	Resources and Economic Development	Resources and Economic Development	Resources and Economic Development	
07 5036 7423	07 5036 7423	07 5036 1414	07 5036 1860	
10/02/12	10/02/12	10/02/12	10/02/12	

eDocs: 025231

BRIEFING NOTE

FROM	Treasury		
FOR	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT	Business Cases for Racing Industry Infrastructure Expenditure		
Contact Officer:	Neville Barber - Director, Resources and Economic Development Branch Tel: 3035 1414, Mh: 0412 669 242	Record No: TRX-10459	Date: 14 February 2012
Requested by:	N/A	Date Approval Required By:	N/A

PURPOSE

- The purpose of this submission is to:
 - Inform you of the results of Treasury's review of the business cases for infrastructure expenditure at Beaudesert, Cairns, Rockhampton and Logan race courses under the Racing Industry Capital Development Scheme (RICDS); and
 - seek your signature on a letter to the Honourable Minister Mulheir MP, Minister for Agriculture, Food and Regional Economies, informing him of Treasury's conclusions.

BACKGROUND

- On 7 July 2011 CBRC approved the \$110 million Industry Infrastructure Plan (IIP) which comprised 11 projects with funds allocated under the RICDS. Funding for the IIP also included \$10 million previously committed by the Government for the closure of the greyhound racing complex at Parklands. CBRC determined that a business case for each project was required to be submitted to Treasury and accepted prior to funding being made available.
- On 16 December 2011 a business case was provided to Treasury requesting the release of \$7,271,512 held under the RICDS for infrastructure expenditure at Beaudesert race course.
- On 5 January 2012 Treasury provided written feedback to DEEDI's Office of Racing requesting further information. A revised business case for Beaudesert race course was provided to Treasury on 24 January 2012 with business cases for Cairns and Rockhampton race courses provided on 31 January 2012. On 8 February 2012 a further business case for the establishment of greyhound racing venue at Cronulla Park Logan was received.
- On 30 January 2012 Cabinet noted a revised IIP which redirected \$37.9 million in funding from the Deagon development to new greyhound racing facilities at Logan (\$24 million) and Townsville (\$6 million), works at Ipswich Turf Club (\$6 million), project variations at Beaudesert (\$0.94 million), new works at Brisbane Race Club (\$0.75 million) and increases in cost estimates at Cairns, Mackay, and Rockhampton race courses.

ISSUES

- Proposed expenditure on infrastructure projects at Beaudesert (\$8.2 million), Cairns (\$2.2 million), Rockhampton (\$1.8 million) and Logan (\$24 million) race courses total \$36.2 million of the \$110 million IIP, or 33 per cent of the overall program.

7. The business cases demonstrate that, following completion of the infrastructure works at Beaudesert, Cairns and Rockhampton race courses, all three clubs will continue to report an operating deficit throughout the forecast period 2012-16. This in effect demonstrates that in each case, the club is forecast to be commercially unviable without some level of subsidy. The Logan facility is forecast to achieve profitability in 2016-17, however this is achieved with a substantial subsidy (over \$1 million annually) from Racing Queensland Limited (RQL).
8. As substantial public funds are proposed to be invested in capital projects at these clubs, it is important from a stewardship perspective, that the business cases demonstrate that the clubs have the financial capacity to operate the new facilities to be funded by the State and that the clubs are viable in the medium to longer term. In each business case Treasury has reviewed, this position has not been demonstrated.
9. It is apparent that there is a generally accepted view by the industry that racing clubs are not financially viable businesses. Indeed the business cases advise that "no TAB race club in Queensland is financially viable without financial support from Racing Queensland" and that RQL has subsidised the costs of racing at every race club in Queensland.
10. The business cases indicate that the cumulative subsidies required from RQL to meet the deficits of the three race courses would increase from \$0.177 million for 2010-11 to \$0.806 million for 2013-14 (refer graph at Attachment 1). The position is less clear for the greyhound racing venue at Logan which may in the long term act as a substitute for existing venues.

FINANCIAL IMPLICATIONS


11. Treasury's review of the three business cases for the horse racing venues has identified that there is a consistent trend towards an increasing gap between revenues forecast to be generated by clubs and their costs of operating. On the basis of the current business cases under review, Treasury considers there is a strong likelihood that this position will be replicated across the whole IIP. The business case for the Logan greyhound racing venue forecasts a relatively stable operating deficit requiring funding from RQL. This is an entirely new facility and therefore the forecasts are not based on historical data.
12. RQL contends that it has the necessary financial resources to continue to fund the operation of race clubs Queensland-wide.
13. It further contends that the deficits are largely on account of depreciation. However, this is only the case for Cairns, which has a more modest operating loss of some \$17,000. RQL's forecast financials for Beaudesert indicates that operating (cash) costs increase significantly from \$355,000 to \$913,000 with depreciation listed separately at \$186,000. Similarly, the projections for Rockhampton include a relatively modest depreciation charge. For both Beaudesert and Rockhampton, the projected racing operations are profoundly non profitable. As previously noted the new venue at Logan will require an operating subsidy of over \$1 million per annum to achieve break even.
14. RQL's revenue is largely comprised of its share of wagering revenue from UNITAB in accordance with the agreement by the Government to issue UNITAB with an exclusive wagering licence. It is noted that RQL's wagering revenue has fallen from \$140 million in 2008-09 to \$134 million in 2010-11. It is likely that wagering revenues will decline in the future because of the impacts of recent legal challenges to exclusive wagering licences in other jurisdictions, and also due to the impact of technology enabling access by non state-based wagering operators.
15. RQL's 2011 Annual Report shows that it had receipts of \$169 million. It provided prize money and other distributions of \$106 million, and on face value it appears would have some capacity to support clubs. However, it is unclear what impact the increased deficits will have across the whole program, and to what extent existing commitments can be realigned.

16. Given that the business cases are being progressed individually, Treasury is unable to form a view as to whether RQL has the capacity to subsidise increasing operating deficits for clubs across the whole program). Without a transparent disclosure of RQL's strategy for underwriting the deficits, it is not possible to be assured that the capital program is sustainable in the longer term.
17. Treasury therefore considers the risk of an increasing subsidisation requirement from RQL is a financial risk to the Government also, as it not unreasonable to expect that RQL may have difficulty meeting these deficits in the longer term and could call upon the Government for financial assistance.
18. Following an analysis of the business cases for Beaudesert, Cairns and Rockhampton, Treasury has concluded that as the clubs are not viable in the medium to longer term, funds should not be advanced from the RICDS towards the capital projects identified for those clubs. The new Logan venue also requires substantial ongoing support from RQL to remain viable.
19. However, should RQL be able to demonstrate that it has in place an overall rationalisation strategy which supports an increase in subsidies for some clubs with at least an offsetting decrease in other less profitable clubs, Treasury considers that may be an acceptable position. To this end, Treasury recommends that a letter of comfort be sought from RQL which provides an outline of RQL's program strategy and risk management approach across the whole of the IIP and which clearly outlines RQL's commitment to support the IIP and any emerging subsidies across the program.
20. Furthermore, Treasury recommends that it would be prudent as a risk mitigation strategy for RQL to set aside a portion of wagering revenue to be held in reserve and to act as a buffer against rising expenses and potentially reducing wagering revenue. This could be reviewed annually, based on an assessment of RQL's ability to continue funding the operating deficits, and an improved understanding of the operating position of the improved facilities.

RECOMMENDATION

21. It is recommended that you:

- o Note that Treasury has reviewed the business cases for Beaudesert, Calms and Rockhampton Racing Clubs and the new Logan venue, and has concluded that the business cases do not demonstrate the ongoing viability of those clubs without some level of subsidy, and that this precludes Treasury from endorsing the release of public funds to those clubs in the absence of an assurance from Racing Queensland Ltd that it is committed and has the resources to meet any ongoing operating deficits;
- o Approve that you request Minister Mulherin to seek a letter of comfort from Racing Queensland Ltd to provide an assurance to Government that Racing Queensland Ltd has the capacity to fund the ongoing operating deficits (including depreciation) of Queensland race clubs, following the investment of State funds in racing club assets; and
- o Subject to your approval, sign the attached letter to Minister Mulherin which has been prepared on this basis.
- o Note that subject to receiving the letter of comfort from RQL, Treasury will review subsequent business cases under the IIP and advise Government of its assessment, but that the advancement of funds would not be precluded, should the business cases demonstrate future viability issues for the relevant racing club.


 Gerard Bradley
 Under Treasurer Date 14/2/12

<input type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Deputy Premier, Treasurer and Minister for State Development and Trade	Comments	
Andrew Fraser Deputy Premier, Treasurer and Minister for State Development and Trade 1 1		

Name:	Action Officer/Author:	Director:	Initials:	EDALU:	Initials:	OUT:	(tick)
Breach/Division:	Michael Buchby	Natalie Barber	MB	Sheryl Booker	SB		
Telephone:	Resources and Economic Development	Resources and Economic Development		Resources and Economic Development			
Date:	07 3035 1423	07 3035 1414		07 3035 1660			
Docc:	14/02/2012						

edocs 824921

BRIEFING NOTE

FROM:	Treasury		
FOR:	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT:	Business Cases for Racing Industry Infrastructure Expenditure - Gold Coast and Ipswich		
Contact Officer:	Natalie Barber - Director, Resources and Economic Development Branch Tel: 3035 1414, Mo: 0412 656 242	Record No: TRX-18557	Date: 17 February 2012
Requested by:	N/A	Date Approval Required By:	N/A

PURPOSE

1. The purpose of this submission is to:
 - Inform you of the results of Treasury's review of the business cases for infrastructure expenditure at Gold Coast and Ipswich racecourses under the Racing Industry Capital Development Scheme (RICDS); and
 - seek your signature on a letter to the Honourable Minister Mulhern MP, Minister for Agriculture, Food and Regional Economics, informing him of Treasury's conclusions.

BACKGROUND

2. On 7 July 2011 CBRC approved the \$110 million Industry Infrastructure Plan (IIP) which comprised 11 projects with funds allocated under the RICDS. Funding for the IIP also included \$10 million previously committed by the Government for the closure of the greyhound racing complex at Parklands. CBRC determined that a business case for each project was required to be submitted to Treasury and accepted prior to funding being made available.
3. On 30 January 2012 Cabinet noted a revised IIP which redirected \$37.8 million in funding from the Deagon development to new greyhound racing facilities at Logan (\$24 million) and Townsville (\$6 million), works at Ipswich Turf Club (\$6 million), project variations at Beaudesert (\$0.94 million), new works at Brisbane Race Club (\$0.75 million) and increases in cost estimates at Cairns, Mackay, and Rockhampton racecourses.
4. Business cases for Beaudesert, Cairns, Rockhampton and Logan racecourses have recently been reviewed by Treasury (refer TRX-18459). As the business cases for the projects did not demonstrate the ongoing viability of those clubs without some level of subsidy, Treasury was precluded from endorsing the release of public funds and recommended that a letter of assurance be sought from Racing Queensland to underwrite the forecast losses.
5. On 14 February 2012 Racing Queensland Limited (RQL) provided a written financial assurance to Government that RQL has the capacity to underwrite the operation of the new and upgraded facilities and their maintenance into the future. Following receipt of this assurance you approved the release of funds for the capital works proposed at Beaudesert, Cairns, Rockhampton and Logan racecourses. The funds total \$36.2 million which represents 33% of the \$110 million IIP.

ISSUES

6. Proposed expenditure on capital works at the Gold Coast (\$36.48 million) and Ipswich (\$5 million) racecourses total \$41.48 million or a further 38% of the \$110 million IIP.
7. Business cases for capital works at the Gold Coast and Ipswich racecourses were received by Treasury on 15 and 18 February 2012 respectively. Given the limited time available to review the documentation, Treasury has examined the key aspects of the business cases and has formed its conclusions within a restricted framework.

Gold Coast Turf Club (GCTC)

8. The business case for the GCTC indicates that, following the reconstruction works, the club will report continuing operating deficits of around \$0.4 million per annum after including a \$1 million subsidy from RQL. The RQL subsidy is not forecast to change from its current level. The operating deficits can be attributed to non-cash expenses, with depreciation of approximately \$1.9 million per annum, therefore the club should achieve a positive cashflow. However the inability to cover depreciation costs may indicate that in the long term, further government assistance could be sought, as there would be insufficient provision to replace the assets if the deficit position was sustained. This is consistent with the other business cases submitted.
9. In the limited time available, Treasury has not conducted a thorough analysis of the underlying assumptions of the business case. However it is noted that the business case contains limited analysis of the financial risks faced by the GCTC once works have been completed and insufficient analysis of how these risks may be mitigated.
10. Treasury is therefore not assured that the club will remain viable in the longer term without further assistance. The letter from RQL provides an important assurance that RQL has the capacity to provide any further assistance necessary to the GCTC.

Ipswich Turf Club

11. The business case for the Ipswich Turf Club (ITC) at Bundamba indicates that the proposed capital expenditure will not enhance the ability of the club to conduct meetings, nor will it provide any direct benefit to the racing industry in general or to RQL. Instead, the expenditure will enable the ITC to take advantage of the relocation of facilities in order to enter into a commercial development on a vacated portion of the facility.
12. The business case assumes that the club will become profitable in 2015-16 due to income received from the proposed commercial development. Treasury considers that the relocation of facilities should be a cost to the proposed commercial project, which Treasury understands to be a prospective joint arrangement between the ITC and a commercial developer.
13. Treasury considers that providing RICDS funding for this project would not be in accordance with the aims of the RICDS.

FINANCIAL IMPLICATIONS

14. Treasury notes that RQL has provided a letter to the Minister for Racing undertaking to support the racing clubs as necessary, and advising that it has financial capacity to fulfil these obligations. Nevertheless Treasury considers that the risk of an increasing subsidisation requirement from RQL and falling wagering tax revenues is a financial risk to the Government, as it not unreasonable to expect that RQL may have difficulty meeting these deficits in the longer term and could call upon the Government for financial assistance, despite the written financial assurance provided by RQL.

15. Furthermore, Treasury reiterates its previous recommendation that it would be prudent as a risk mitigation strategy for RQL to set aside a portion of wagering revenue to be held in reserve and to act as a buffer against rising expenses and potentially reducing wagering revenue. This could be reviewed annually, based on an assessment of RQL's ability to continue funding the operating deficits, and an improved understanding of the operating position of the improved facilities.

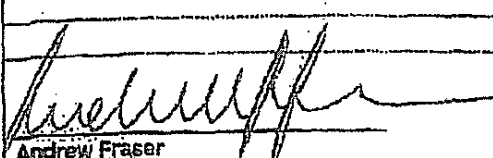
16. **RECOMMENDATION**

17. It is recommended that you note that Treasury has reviewed the business cases for the Gold Coast Turf Club and the Ipswich Turf Club and:

- Treasury does not endorse the business case for the Gold Coast Turf Club due to the forecast operating deficits, however does not object to the release of funds to the project under the RICDS on the basis of the assurance received from Racing Queensland Limited on 14 February 2012; and
- Treasury does not approve the business case for the Ipswich Turf Club and does not recommend the release of funds under the RICDS as the project is not considered to have met the objectives of the scheme.

The attached letter to Minister Mulherin has been prepared on this basis for your consideration.


 Gerard Bradley
 Under Treasurer Date 17/1/12

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Deputy Premier, Treasurer and Minister for State Development and Trade		Comments
 Andrew Fraser Deputy Premier, Treasurer and Minister for State Development and Trade 17/1/12		

Name	Action Officer/Author	Director	EDMUT:	OUT:
	Michael Buckley	Nicola Barber	Stuart Bonker	
Branch/Division	Resources and Economic Development	Resources and Economic Development	Resources and Economic Development	
Telephone	07 5355 1423	07 3036 1434	07 3335 1050	
Date	17/02/2012			

DocRef: L44650

PERRETT Carol

From: Perrett, Carol
Sent: Monday, 12 December 2011 3:28 PM
To: 'natalie.barber@treasury.qld.gov.au'
Cc: 'michael.buckby@treasury.qld.gov.au'; Kelly, Michael - Racing
Subject: Funding Deeds

Natalie

As we discussed last week, attached is a copy of the funding deed for Mackay. Also attached are instructions for DEEDI Legal to draft a deed for Beaudesert. You will note that we are looking to tighten up the tendering/project management process.

Any suggestions that you have for the Beaudesert funding deed and for future funding deeds would be appreciated.

Regards Carol



Final funding deed for Macka...



Attachment 1 to Request for Le...

MEETING FILE NOTE

Date Friday, 2 March 2012

Attendees

Ipswich Turf Club	Mr Wayne Patch	Chairman
	Mr Brett Kitching	General Manager
Racing Queensland Ltd	Mr Bob Bentley	Chairman
Office of Racing (DEEDI)	Mr Mike Kelly	
	Ms Carol Perrett	
Treasury	Mr Stuart Booker	
	Mrs Natalie Barber	

Subject Business Case for Ipswich Turf Club

- Meeting arranged at the request of Minister Nolan
- Treasury outlined the protocols under the Caretaker Conventions which limit the discussion of current and future decisions of Government
- However Treasury offered to discuss the evaluation process for business cases
- Treasury outlined the principle for application of public funds to projects of broad community benefit on core racing assets
- Treasury identified the problem with the Ipswich business case as being the apparent linking of the purpose of the public funds with a proposed commercial project to develop a shopping centre
- This was disputed by ITC, RQL (the parties) and the Office of Racing
- The parties outlined a different proposal which does not link the facilities sought to be funded under the RICDS with the proposed commercial development
- Discussion centred around the status of the Due Diligence Report attached to the business case on which Treasury relied (amongst other things) to form its conclusions
- The parties indicated the Due Diligence Report was out-dated and did not reflect the current project proposal
- Treasury stressed the limited time available (1 day) to review the Ipswich business case prior to the commencement of the Caretaker Period and therefore the lack of opportunity to consult
- Treasury also stressed the business case material submitted, including its attachments was all that was (and could be) relied upon to form Treasury's conclusions
- The parties considered Treasury's interpretation to be flawed, and advised that the tunnel and other assets sought to be relocated in the business case were distinct and separate from the proposed commercial development project
- However based on the material at hand, Treasury is unable to form an alternate view, particularly given the clear statement in the Manix due diligence report, which were not subject to interpretation
- The parties sought to have Treasury reconsider its position and make a further recommendation to Government during the Caretaker Period

- Treasury indicated it had sought legal advice, and it was unable to do so under the caretaker government requirements

From: <stuart.booker@treasury.qld.gov.au>
Date: Wednesday, 18 January 2012 4:29 PM
To: "Michael Buckby/TO/QTreasury" <michael.buckby@treasury.qld.gov.au>; "Kelly, Michael - Racing" <michael.kelly@racing.qld.gov.au>; "Natalie Barber/TO/QTreasury" <natalie.barber@treasury.qld.gov.au>
Attach: ATT00001_.htm; c162930.ics
Subject: Invitation: Phone Briefing from Office of Racing (19 Jan 02:30 PM ZE 10 in Stuart's Office)

Description

Hi Kassia,
 As discussed, would you please note in Stuart's diary that Mike Kelly will brief him tomorrow on discussions that have taken place in recent days between Mike, Bob Bentley, Minister Mulherin and the Treasurer. 2:30 would suit. Mike's email address is michael.kelly@deedi.qld.gov.au
 Please include Natalie Barber and myself in the invitation.
 Thank you
 Michael Buckby
 Senior Treasury Analyst
 Resources & Economic Development/Queensland Treasury
 Level 10, 100 George Street, Brisbane
 Phone: 3237 9999
 Email: michael.buckby@treasury.qld.gov.au

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16/07/2013

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2009/32574

BRIEFING NOTE

FROM	Treasury		
FOR	Treasurer Minister for State Development and Trade		
SUBJECT	Flood Remediation Works Funding for the Racing Industry		
Contact Officer:	Natalie Barber, Director, Resources and Economic Development Branch	Record No: QTO-11622	Date: 04/03/2011
Requested by:	Jonathan Scott	Date Approval Required By: 4/3/11	

PURPOSE

1. The purpose of this submission is to seek your approval to advance Racing Queensland (RQ) funds of \$2.35M from the Racing Industry Capital Development Scheme (RICDS) for urgent flood remediation works, and your signature on the attached letter to The Honourable Tim Mulherin MP, Minister for Agriculture, Food and Regional Economies (Minister Mulherin).

BACKGROUND

2. The former Minister for Tourism and Fair Trading, the Honourable Peter Lawlor MP, wrote to you on 18 February 2011 seeking your approval to advance RQ \$2.35M of funding from the RICDS. The funding has been sought to undertake flood remediation works (\$1.65M) and to help country race clubs achieve minimum health and safety standards (\$0.7M).
3. Minister Mulherin wrote to you on 25 February 2011, seeking urgent consideration of this matter.

ISSUES

4. CBRC approved (Dec. No. 2863) the implementation of the RICDS, with the stipulation that RQ was to provide CBRC with a business case for any capital works, prior to funds being released to RQ.
5. The capital works are required to undertake flood remediation at a number of key racecourses and to enable the country clubs to meet health and safety standards. Treasury supports funding of \$2.35M being released to RQ as an advance against the \$85M scheme.
6. In view of the urgent nature of the funding need, it is recommended that the CBRC requirement for a business case be relaxed in this instance.
7. RQ is also seeking \$1.51M for costs incurred in developing the racing industry infrastructure plan, which was undertaken at the Government's request. Former Minister Lawlor suggested that this matter be considered when the infrastructure plan is formally considered by Government.
8. DEEDI's forward estimates include \$20M appropriation funding in 2010-11 to be advanced to RQ. Therefore there is sufficient capacity to advance the \$2.35M from existing allocations.

FINANCIAL IMPLICATIONS

9. CBRC approved (Dec. No. 2863) that 50% of the net wagering tax be directed into the RICDS (\$85M over four years) to help rebuild racing facilities across the state. RQ is required to provide CBRC with a business plan for each capital project.

RECOMMENDATION

10. That you approve an advance of \$2.35M from the \$85M Racing Industry Capital Development Scheme to Racing Queensland for flood remediation works and to undertake urgent health and safety works at country race clubs, and that you sign the attached letter to The Honourable Tim Mulherin MP, Minister for Agriculture, Food and Regional Economies.

Gerard Bradley

Gerard Bradley
Under Treasurer Date 7/3/11.

<input type="checkbox"/> Approved Treasurer Minister for State Development and Trade	<input type="checkbox"/> Not approved Comments	<input type="checkbox"/> Noted
Andrew Fraser Treasurer Minister for State Development and Trade / /		

Letter attached to CWS to send. Budget not required to be signed.

Name:	*Action Officer/Author:	Director:	(Initials)	ED/AUT:	(Initials)	UT/DUT:	(Initials)
	Samuel Blake	Natalie Barber		John O'Connell	JOL	Alex Beavers	
Branch/Division:	Resources & Economic Development Branch	Resources & Economic Development Branch					
Telephone:	(07) 3224 4801	(07) 3224 4475		(07) 3225 1665		322 42565	
Date:	03/03/2011	/ /		7/3/11		/ /	

* This officer may be required to provide further detailed information regarding the issue



RICDS - business case funding

Gerald W Foley to: Michael.Kelly

Cc: Carol Perrett, Stuart Booker, Michael Buckby, Natalie Barber

20/12/2011 12:03 PM

Mike

As discussed today, we have received a copy of correspondence from Queensland Racing (QR) to the Treasurer in response to the Treasurer's letter of 5 December. The QR letter leaves some uncertainty as to the understanding of the funding arrangements agreed by the Treasurer.

To provide clarity in discussions you have with Queensland Racing, we confirm that:

- Your office is the primary Government point of contact for Queensland Racing.
- Funding for business case development is limited to two components, being \$2.75M for the cost of engaging external consultants, and \$200,000 per annum for QR internal costs.
- The \$200,000 per annum can be considered to begin at the same time as the commencement of the Racing Industry Capital Development Scheme (RICDS), and should be determined on a financial year basis.
- Both components of the funding (ie \$2.75M and \$200,000 per annum) are to be sourced from the RICDS funds, and are capped at those amounts.
- Should QR incur expenses beyond these amounts for business case development, they will need to fund these expenses from other sources.

regards

Gerald Foley
Principal Treasury Analyst
Resources and Economic Development / Treasury Office / Queensland Treasury
Phone: (07) 34056055
Executive Building

 **Queensland** Government

Fw: Reimbursement of RQL's costs
Michael Buckby to: Stuart Booker
Cc: Natalie Barber, Gerald W Foley

21/02/2012 05:03 PM

Hi Stuart,

Below is a suggested response to Mike Kelly.

Thank you for your email requesting the release of funds for costs incurred by Racing Queensland Limited (RQL) in the preparation of business cases.

Treasury has reviewed the information provided and approves that the requested \$2,596,290.58 (engaging external consultants) and \$200,000 (RQL internal costs) be released to RQL.

Yuan Wang 3035 3327 and Sharon Ryan 3035 3328 in our finance area have been advised to expect a request from the Office of Racing via your DEEDI finance colleagues.

Regards
Michael
51423

----- Forwarded by Michael Buckby/TO/QTreasury on 21/02/2012 04:31 PM -----

From: "Kelly, Michael - Racing" <Michael.Kelly@racing.qld.gov.au>
To: "Booker (stuart.booker@treasury.qld.gov.au)" <stuart.booker@treasury.qld.gov.au>
Cc: "michael.buckby@treasury.qld.gov.au" <michael.buckby@treasury.qld.gov.au>, "Gerry.Foley@treasury.qld.gov.au" <Gerry.Foley@treasury.qld.gov.au>, "Setter, Robert" <Robert.Setter@deedi.qld.gov.au>, "Hamish Williams" <Hamish.Williams@ministerial.qld.gov.au>, "Perrett, Carol" <Carol.Perrett@racing.qld.gov.au>
Date: 16/02/2012 10:21 AM
Subject: Reimbursement of RQL's costs

Stuart

I refer to telephone conversations between Carol Perrett and Michael Buckby and wish to confirm that having regard to the Treasurer's letter of 5 December 2011 to Racing Queensland and Racing Queensland's letter of 2 February 2012 to me that Treasury is agreeable to the release of funds to pay Racing Queensland the sum of \$2,796,290.58, which consists of \$2,596,290.58 for the costs incurred by Racing Queensland in engaging external consultants in the preparation of business cases and \$200,000 for Racing Queensland's cost of internal resources for 2010-2011.

A copy of the relevant documents are attached.

Regard Carol

Only an individual or entity who is intended to be a recipient of this e-mail may access or use the information contained in this e-mail or any of its attachments. Opinions contained in this e-mail or any of its attachments do not necessarily reflect the opinions of Queensland Treasury.

The contents of this e-mail and any attachments are confidential and may be legally privileged and the subject of

From: <stuart.booker@treasury.qld.gov.au>
Date: Thursday, 23 February 2012 5:22 PM
To: "Kelly, Michael - Racing" <michael.kelly@racing.qld.gov.au>
Cc: <michael.buckby@treasury.qld.gov.au>; <natalie.barber@treasury.qld.gov.au>
Attach: Signed letter from Treasurer to RQL 5.12.11.doc; Letter from RQL to Office of Racing 2.02.12.pdf
Subject: Reimbursement of RQL's costs

.Hi Michael,

Thank you for your email requesting the release of funds for costs incurred by Racing Queensland Limited (RQL) in the preparation of business cases.

We had discussed this internally earlier this week, and I had wrongly thought that I had already replied to you !

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Yuan Wang 3035 3327 and Sharon Ryan 3035 3328 in our finance area have been advised to expect a request from the Office of Racing via your DEEDI finance colleagues.

best regards,
Stuart

Stuart Booker
Assistant Under Treasurer
Ph: 3035 1860
M: 0418 750 307

Cc: "michael.buckby@treasury.qld.gov.au"
<michael.buckby@treasury.qld.gov.au>,
"Gerry.Foley@treasury.qld.gov.au"
<Gerry.Foley@treasury.qld.gov.au>, "Setter, Robert"
<Robert.Setter@deedi.qld.gov.au>, "Hamish Williams"
<Hamish.Williams@ministerial.qld.gov.au>, "Perrett, Carol"
<Carol.Perrett@racing.qld.gov.au>
Date: 16/02/2012 10:21 AM
Subject: Reimbursement of RQL's costs

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16/07/2013

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(See attached file: Signed letter from Treasurer to RQL 5.12.11.doc)(See attached file: Letter from RQL to Office of Racing 2.02.12.pdf)

16/07/2013

Perrett, Carol

From: Kelly, Michael - Racing
Sent: Friday, 24 February 2012 9:34 AM
To: 'stuart.booker@treasury.qld.gov.au'; Perrett, Carol
Cc: michael.buckby@treasury.qld.gov.au; Natalie.Barber@treasury.qld.gov.au
Subject: RE: Reimbursement of RQL's costs

Stuart

Thanks for the advice.

I appreciate the effort you and your team have devoted to this issue. Pls pass on my thanks to them.

I will advise RQL accordingly and that should finalise the matter.

Regards

MK

Carol - Pls progress reimbursement payment.

MK

-----Original Message-----

From: stuart.booker@treasury.qld.gov.au [mailto:stuart.booker@treasury.qld.gov.au]
Sent: Thursday, 23 February 2012 5:22 PM
To: Kelly, Michael - Racing
Cc: michael.buckby@treasury.qld.gov.au; Natalie.Barber@treasury.qld.gov.au
Subject: Reimbursement of RQL's costs

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We had discussed this internally earlier this week, and I had wrongly thought that I had already replied to you !

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best regards,
Stuart

Stuart Booker
Assistant Under Treasurer
Ph: 3035 1860
M: 0418 750 307

.
Cc: "'michael.buckby@treasury.qld.gov.au'"
<michael.buckby@treasury.qld.gov.au>,
"'Gerry.Foley@treasury.qld.gov.au'"
<Gerry.Foley@treasury.qld.gov.au>, "Setter, Robert"
<Robert.Setter@deedi.qld.gov.au>, "'Hamish Williams'"
<Hamish.Williams@ministerial.qld.gov.au>, "Perrett, Carol"
<Carol.Perrett@racing.qld.gov.au>

Date: 16/02/2012 10:21 AM
Subject: Reimbursement of RQL's costs

Stuart

I refer to telephone conversations between Carol Perrett and Michael Buckby and wish to confirm that having regard to the Treasurer's letter of 5 December 2011 to Racing Queensland and Racing Queensland's letter of 2 February 2012 to me that Treasury is agreeable to the release of funds to pay Racing Queensland the sum of \$2,796,290.58, which consists of \$2,596,290.58 for the costs incurred by Racing Queensland in engaging external consultants in the preparation of business cases and \$200,000 for Racing Queensland's cost of internal resources for 2010-2011.

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Regard Carol

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(See attached file: Signed letter from Treasurer to RQL 5.12.11.doc) (See attached file: Letter from RQL to Office of Racing 2.02.12.pdf)

BRIEFING NOTE

FROM	Treasury		
FOR	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT	Racing Queensland Limited – Request for ex gratia relief from transfer duty.		
Contact Officer:	Natalie Barber – Director, Resources and Economic Development Branch Tel: 3035 1414, Mb: 0412 566 242	Record No: TRX-18353;	Date: 30 January 2012
Requested by:	N/A	Date Approval Required By: N/A	

PURPOSE

1. The purpose of this briefing note is to:
 - Inform you of advice from the Office of State Revenue (OSR) regarding requests for ex gratia relief from transfer duty for transactions associated with the delivery of the Industry Infrastructure Plan (IIP) and current developments regarding the request; and
 - Seek your signature on a letter to the chairman of Racing Queensland Limited (RQ).

BACKGROUND

2. Refer Office of State Revenue (OSR) brief to the Treasurer (QTO-12601) regarding a request by RQ for exemption from duty on all transactions to implement the IIP.
3. OSR advises that there is no duty exemption provided in the *Duties Act 2001* for the types of transactions being undertaken by RQ. While noting that ex gratia relief has been provided to the racing industry in some limited circumstances, OSR advises that in each case, ex gratia relief was provided consistent with the principle that duty should not apply to transactions undertaken in accordance with, and driven by, government policy.
4. OSR also advises that providing ex gratia relief to RQ may establish precedents for clubs and commercial operations outside of the racing industry.

ISSUES

5. The Chief Executive Officer of RQ, Mr Malcolm Tuttle, has subsequently advised at officer level that RQ no longer seeks ex gratia relief from transfer duty for all transactions that occur as a result of the implementation of the IIP. However, as negotiations with race clubs are ongoing, RED considers that it is advisable to inform RQ of Treasury's view on the question of ex gratia relief from transfer duty.
6. Treasury also understands that duty relief for Rockhampton Racing Pty Ltd is a current issue for RQ. Treasury has previously considered the request for duty relief for the Rockhampton matter and determined that it is not eligible for relief, as it is a commercial transaction unrelated to a Government policy decision. A letter informing RQ of this decision was sent on 3 August 2011.

FINANCIAL IMPLICATIONS

- 7. RQ has estimated that transfer duty payable under the IIP to be in the order of \$5.79 million. It should be noted that this estimate includes \$3.50 million for the Gold Coast Turf Club which did not accept RQ's equity model.


RESULTS OF CONSULTATION

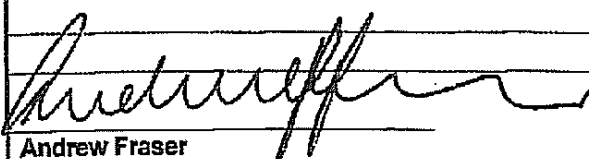
- 8. The Office of Racing has been consulted.

RECOMMENDATION

That you:

- Note the advice from OSR; and
- Sign the attached letter to the chairman of Racing Queensland Limited.


 Gerard Bradley
 Under Treasurer Date 1/2/12

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Deputy Premier, Treasurer and Minister for State Development and Trade	Comments	
		
Andrew Fraser Deputy Premier, Treasurer and Minister for State Development and Trade 1/2/12		

Name	Department	Director	(Initials)	Date	(Initials)
Michael Buckby	Resources and Economic Development	Natalie Barber	MB	30/01/2012	
Stuart Booker	Resources and Economic Development		SB	30/01/2012	

Fw: Gold Coast Heads of Agreement
Natalie Barber to: Gerald Foley, Stuart Booker

06/12/2011 11:59 AM

1 attachment



Heads of Agreement.pdf

Fyi

----- Original Message -----

From: "Wilesmith, Roger" [Roger.Wilesmith@racing.qld.gov.au]
Sent: 06/12/2011 11:45 AM ZE10
To: Natalie Barber
Cc: Michael Kelly; Michael Duff
Subject: FW: Gold Coast Heads of Agreement

Natalie

HOA document attached as per Mike's email below.

Regards

Roger Wilesmith
Principal Compliance Officer
Office of Racing Regulation
Ph: 323 41404

-----Original Message-----

From: Kelly, Michael - Racing
Sent: Tuesday, 6 December 2011 11:38 AM
To: Wilesmith, Roger
Subject: Fw: Gold Coast Heads of Agreement

----- Original Message -----

From: Kelly, Michael - Racing
Sent: Tuesday, December 06, 2011 11:34 AM
To: Duff, Michael
Cc: 'natalie.barber@treasury.qld.gov.au'
<natalie.barber@treasury.qld.gov.au>
Subject: Gold Coast Heads of Agreement

Natalie

Attached is the HOA negotiated b/w RQL and GCTC re the IIP aspect of the redevelopment.

Key issue is that RQL is not seeking any equity share as condition (). This, as I understand it, reflects outcome of Bentley's discussion with the Treasurer.

The HOA will form a key part of the RQL business case so I wanted to give this to you early so if you see any issues of concern we can address as required.

Mike - can you scan and send HOA to natalie pls

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HEADS OF AGREEMENT

Racing Queensland Limited ABN 52 142 786 874

("Racing Queensland")

AND

Gold Coast Turf Club Limited ABN 29 102 941 980

("GCTC")

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DATED this 1st day of December 2011.

BETWEEN: Racing Queensland Limited of Racecourse Road, Deagon in the State of Queensland

("Racing Queensland")

AND: Gold Coast Turf Club Limited of Racecourse Drive, Surfers Paradise in the State of Queensland

("GCTC")

BACKGROUND

- A. Racing Queensland, a public company limited by guarantee, is the control body for thoroughbred, harness and greyhound codes of racing in the State of Queensland.
- B. GCTC, a public company limited by guarantee, is the host club of thoroughbred racing at the Gold Coast in the State of Queensland.
- C. Racing Queensland and the GCTC have expressed their intention to ensure:
 - i. The provision of improved facilities for racing and training on the Gold Coast.
 - ii. That the Gold Coast Budget is distributed between Tracks and Training Facilities on the Gold Coast, Public and Member Facilities and the procurement of the Traintech Facility.
 - iii. Implementation of strategies to ensure all upgraded facilities are appropriately maintained into the future.
 - iv. Ensure the scope of works at the Facility is aligned to the objectives of the IIP, and
 - v. Ensure the Gold Coast Project is undertaken within the approved Gold Coast Budget.
- D. Racing Queensland and the GCTC desire to enter into this Agreement for the purposes to ensure the ongoing viability of the GCTC, the Facility and the Traintech Facility through the use of funds allocated to Racing Queensland by the Government.

AGREED TERMS

1. Definitions and Interpretation

1.1 Definitions

Unless the context otherwise requires:

Business Plan means a plan to Government outlining the following:

- I. Background to Project

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- ii. Rationale & Development Overview
- iii. Current Facility Issues
- iv. Stakeholder Management
- v. Scope of Works
- vi. Works Delivery Program
- vii. Cash Flow and Budgets
- viii. Risk Assessment
- ix. Financial & Economic.
- x. Cultural Heritage
- xi. Statutory Approvals
- xii. Procurement Planning Process, and
- xiii. Probity Management Strategy.

Commencement means the date when this document commences being the date when the last party executes this Agreement.

Facility means the Gold Coast Racecourse located at Racecourse Drive, Gold Coast in the State of Queensland.

GCTC means Gold Coast Turf Club Limited (ACN 102 941 980).

Gold Coast Budget means \$35.4M.

Gold Coast Project means the upgrade of the Racing and Training Facilities, the Member and Public Facilities, and the procurement and upgrade of the Traintech Facility by Racing Queensland.

Government means the Queensland State Government.

IIP means the Industry Infrastructure Plan.

Infrastructure means Racing and Training Facilities and Member and Public Facilities.

Investment means \$31.4M.

Land means the land described as:

- (a) Lot 1 on RP 800004, County of Ward, Parish of Nerang, title reference 17503020. Vacant land on the corner of Upton and Cromble Streets need to be excluded from assets
- (b) Lot 11 on RP 860804, County of Ward, Parish of Nerang, title reference 18660017.
- (c) Lot 12 on RP 860804, County of Ward, Parish of Nerang, title reference 18660018.
- (d) Lot 13 on RP 860804, County of Ward, Parish of Nerang, title reference 18660019.
- (e) Lot 3 on RP 817782, County of Ward, Parish of Nerang, title reference 18660225.
- (f) Lot 3 on CP 894827, County of Ward, Parish of Nerang, title reference 50133491.
- (g) Lot 4 on CP894827, County of Ward, Parish of Nerang, title reference 50133507.

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Lend Lease means Lend Lease Project Management & Construction (Australia) Pty Limited (ABN 97 000 098 162).

Local Authority means the Gold Coast City Council.

Members and Public Facilities means those facilities utilised by the GCTC for its members and general public on race days and non-race day events.

Party/Parties means Racing Queensland and the GCTC.

Public Announcement/s means press releases and/or public comment.

Racing Queensland means Racing Queensland Limited (ACN 142 786 874).

Requirements means compliance with Racing Queensland's Internal Purchasing Policy and the Government's State Procurement Policy.

SLA means Service Level Agreement.

Tracks and Training Facilities means those facilities required to facilitate the conduct of racing and training activities.

Traintech means Traintech 2000 Pty Ltd (ACN 061 979 726) - *what is relationship with GCTC?*

Traintech Facility means the Traintech Infrastructure situated at Lot 26, Racecourse Rd, Bundall in the State of Queensland.

Traintech Land means Lot 26 Racecourse Road, Bundall in the State of Queensland, subject to lease from the Local Authority.

1.2 Interpretation

In the Heads of Agreement, unless the contrary intention appears:

- (a) the singular includes the plural, and the plural includes the singular;
- (b) reference to a gender includes any other gender;
- (c) other forms of defined words have corresponding meanings;
- (d) if an obligation is imposed on two (2) or more parties, each party is liable for the obligation individually and together with each other person;
- (e) reference to a person includes any other entity or association;
- (f) reference to a party includes that party's personal representative, successors and assigns;
- (g) reference to a document includes any variation or replacement of it;
- (h) reference to something which comprises more than one part or aspect includes a reference to each or any part or aspect;
- (i) reference to a group of persons includes a reference to all of them collectively, any two or more of them collectively, and each of them individually;
- (j) headings are for convenience only and do not effect interpretation;
- (k) reference to any legislation or to any provision of any legislation include any modification or re-enactment or any legislative provision substituted

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for, and all legislation and statutory instruments issued under the legislation;

- (l) reference to "include" or "includes" means "including but not limited to";
- (m) references to a day includes a Saturday, Sunday or public holiday; and
- (n) all schedules to this heads of agreement form part of this heads of agreement.

2. Binding Nature of Heads of Agreement

- 2.1 Clause 10 is intended to be legally binding on the Parties. Otherwise, the Parties will not be subject to any legally binding obligations as a result of this document unless and until formal transaction documents are entered into by the Parties.

3. Proposal

3.1 Venue and Infrastructure Ownership

- (a) Subject to the GCTC executing this Heads of Agreement, Racing Queensland will recommend to the Government that the GCTC retains ownership over the Facility and all current infrastructure, as well as any areas of Racing Queensland expenditure within the confines of GCTC Land as part of this Gold Coast Project.
- (b) Should the Government's approval for this Gold Coast Project be received, Racing Queensland confirms that it will grant the upgraded infrastructure upon completion, which resides on GCTC Land, to the GCTC.
- (c) The GCTC confirms that it will be responsible for the ongoing maintenance and depreciation of any infrastructure granted to the GCTC by Racing Queensland, as part of this Gold Coast Project.

*how do we think
worth?
what was WIP?*

3.2 IIP Expenditure

- (a) Racing Queensland to recommend to the Government that the allocations of funds within the Gold Coast Project be distributed as follows:
 - 1. \$24M – upgrade to the Racing and Training Facilities
 - 2. \$7.4M – upgrade to the Member and Public Facilities, and
 - 3. \$4M – Racing Queensland to procure and upgrade the Traintech Facility.
- (b) Subject to the Government's approval to allow Racing Queensland to treat its investment in infrastructure on GCTC Land as a grant to the GCTC, the GCTC is to capitalize the investment and subsequently maintain and depreciate the improvements delivered by the Gold Coast Project.

why?

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what if Traintech refuses??

(c) The GCTC acknowledges that Racing Queensland will continue to negotiate with Traintech regarding the procurement of its facilities and transfer of lease to Racing Queensland, which will ensure the current Traintech Infrastructure remains available to Gold Coast stakeholders into the future and to assist Racing Queensland with the enhancement of its industry training and recruitment strategies.

??

(d) The GCTC acknowledges that \$4M of the Gold Coast Budget will be utilised by Racing Queensland to procure the Traintech Facility and upgrade the Traintech Infrastructure, which will ensure the Traintech Facility is positioned to provide long term benefits to Gold Coast stakeholders.

(e) The GCTC acknowledges that should Racing Queensland be positioned to successfully negotiate this arrangement with Traintech, that Racing Queensland would enter into the lease with the Local Authority over the Traintech Land and that Racing Queensland would own and maintain the Infrastructure of the Traintech Facility.

(f) The GCTC to confirm that it will address the lack of adequate toilet facilities in the Magic Millions marquee area of the Facility, within the scope of works in the Member and Public Facilities.

Should this be part of a grant agreement?

Make Kelly

(g) The GCTC to provide advice to Racing Queensland as to whether these toilet facilities can be finalized prior to the 2012 Magic Millions, which is to be held on 14 January 2012.

(h) Should the GCTC be positioned to satisfy Racing Queensland that the toilet facilities can be finalized prior to the 2012 Magic Millions and that an appropriate tender process has been undertaken for this work, Racing Queensland agrees to seek the Government approval for the GCTC to commence works on the toilet facilities as a matter of urgency.

(i) The GCTC acknowledge that the granting of Infrastructure to the GCTC will not form part of any bonus payments to the Executive or Committee of the GCTC.

(j) The GCTC agrees to write off any assets that currently have a net book value, which will be demolished as part of the works at the Facility.

why necessary as a cost standard?

(k) The GCTC agrees to write off these assets in the same year as the granting of the Infrastructure by Racing Queensland to the GCTC. Auditors appointed by Racing Queensland and the GCTC to clarify the accounting treatment of the above transactions.

4. Implementation

4.1 This Agreement is to be executed by the GCTC and Racing Queensland prior to any works being undertaken on the Business Plan.

4.2 Racing Queensland to seek approval from the Government to access funds to finalise the detailed Business Plan prior to its submission to Government.

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Is this referring to funding of infrastructure? Would be read as if RQ funds maintenance & deprec.

- 4.3 Racing Queensland and the GCTC to agree on the contents of a SLA outlining the ongoing maintenance and depreciation requirements of all infrastructure at the Facility, funded by Racing Queensland.
- 4.4 Racing Queensland to submit a Business Plan to the Government
- 4.5 The GCTC to provide Racing Queensland information concerning the financial & economic analysis of the \$7.4M expenditure on Member and Public Facilities.
- 4.6 Racing Queensland and the GCTC to commit that there will be no Public Announcement in relation to this Agreement until the Government approval of the Business Plan is received.
- 4.7 Any Public Announcement/s and its timing are to be agreed between the Parties and the Government.
- 4.8 Racing Queensland retains the right to terminate this Agreement should the Government's approval of the Business Plan for the Facility not be approved.

Why have a SLA? But it is the interest of GCTC to maintain? Depreciation is an accounting requirement why in SLA?

5. Scope of Works and Proposed Timelines

5.1 Racing and Training Infrastructure

Scope of Works:

- (a) New course proper surface, subsoil and drainage
- (b) New synthetic track in place of existing velvet track and sand track
- (c) New vehicular road between course proper and synthetic track
- (d) New plastic running rail
- (e) Upgrade to irrigation system
- (f) New fibre optic and communication network connecting camera and stewards towers to control room
- (g) Installation of conduit to future proof the venue for lights on the synthetic track, should night racing become a viable option into the future, and
- (h) Major storm water upgrade.

Proposed timelines:

- (a) Synthetic track installation - August to December 2012, and
- (b) New course proper - May to November 2013.

Racing Queensland acknowledges the GCTC's requirement that racing continues at the Facility during the construction works.

Racing Queensland agrees to develop a schedule that minimises the impact on racing and training activities at the Facility.

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5.2 Member and Public Facilities

- (a) The GCTC to continue to work with Lend Lease to develop the proposed scope of works within the \$7.4M budget.
- (b) Awarding of the engagement of contractors must satisfy all Requirements of Racing Queensland and the Government. *Looks like ACTC order??*
- (c) The GCTC to provide Racing Queensland with the final scope of works for the \$7.4M expenditure and a business case outlining the benefits of this investment to the long term sustainability of the GCTC. This will be included within the Business Case to be submitted to the Government.
- (d) Once approved by the Government, Racing Queensland, as per the Requirements, will be responsible for managing this expenditure and will be required to ensure an appropriate tender process is adhered to prior to the engagement of contractors.
- (e) Racing Queensland will consult with the GCTC prior to the engagement of contractors.
- (f) The commencement date for works will be contingent upon the timing of the Government approval for the Business Case.

*Will not be signing off
to sign/confirm or are they
expecting this to be signed
as part of business case
sign off?*

*who issues tender?
who are gages contractors?*

6. Agreement Effective on Exchange

- 6.1 This Heads of Agreement may be signed in any number of counterparts.
- 6.2 All counterparts taken together will be taken to constitute one Heads of Agreement.
- 6.3 Exchange may be affected by a party or a solicitor delivering the original signed counterpart or a facsimile to the other party or its solicitor.

7. Jurisdiction

- 7.1 This Heads of Agreement is subject to the laws of the State of Queensland.
- 7.2 The Parties submit to the exclusive jurisdiction of the courts of that place and the Federal Court of Australia.

8. Costs

- 8.1 Racing Queensland agrees to develop this Heads of Agreement between the GCTC and Racing Queensland, with the costs associated with the development of this Agreement to be funded from within the Gold Coast Budget.

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8.2 The GCTC will be responsible for the costs it incurs in reviewing this Agreement and providing feedback to Racing Queensland.

8.3 To finalise the Business Case, it will be a requirement that the Government releases funds from the Gold Coast Budget to enable the development of a comprehensive Business Plan.

8.4 Racing Queensland will be responsible for the project management of all expenditure associated with this Gold Coast Project, with these costs to be absorbed within the Gold Coast Budget and to come at no direct cost to the GCTC or Racing Queensland.

8.5 The GCTC acknowledge that all costs incurred by Racing Queensland in the preparation of plans, the development of the Business Case and management of the Gold Coast Project will be refunded from the Gold Coast Budget.

8.6 The apportionment of historical and ongoing costs required to manage the Gold Coast Project will be divided between the Members and Public Facilities and the Tracks and Training Facilities allocated funding, in accordance with where the fees emanated. Fees attributable to the Members and Public Facilities will be sourced from the \$7.4M budget, whilst fees attributable to the Tracks and Training Facilities will be sourced from the \$28M budget.

It's up to Ra to manage these costs within the \$0.75M provided for this type of cost.

ie. FROM RICDS?

*Who owns the WIP??
Unclear who signs off the tender site*

9. Assignment

9.1 This Heads of Agreement is personal between the Parties and no party may assign any right under this Heads of Agreement except with, and in strict compliance with any conditions of, the prior written consent of each of the other Parties.

10. Confidentiality and Public Announcements

10.1 Subject to clause 10.2, each party shall treat as strictly confidential and shall not disclose, the terms of this Heads of Agreement (Confidential Information).

10.2 A party may disclose Confidential Information if and only to the extent:

- (a) required by the law of any jurisdiction to which the party is subject, provided that it has taken all practicable legal steps to prevent such disclosure, or
- (b) required by any regulatory or governmental body to which such party is subject, or
- (c) disclosed to any of its employees, professional advisers, auditors, bankers, financiers who have a need to know that Confidential Information in connection with progressing the proposal, or
- (d) the other Parties have given prior written approval to such disclosure.

Private & Confidential

10.3 Each party:

(a) may use Confidential Information of the other party only for the purpose of undertaking Due Diligence and negotiating the formal transaction documents, and

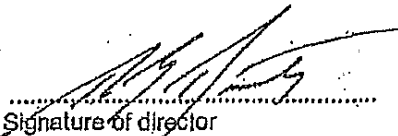
(b) must return to the other party, or destroy, any documents (including documents stored electronically) containing or embodying Confidential Information of the other party, immediately, if this Heads of Agreement is terminated or the parties do not sign the Contract (for any reason).

10.4 The Parties acknowledge that their obligations of confidentiality under this clause 10 are continuing obligations and will survive any termination of this Heads of Agreement.

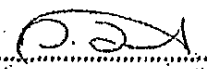
10.5 Without limitation to clause 4.5, no Public Announcement is to be made without the written consent of the other party.

Private & Confidential

EXECUTED by RACING)
QUEENSLAND LIMITED in)
accordance with section 127(1) of)
the Corporations Act 2001 (Cwlth))
by authority of its directors:)

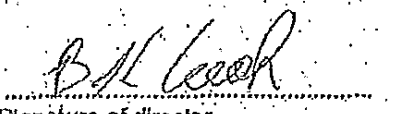

.....
Signature of director

ROBERT GEOFFREY BENTLEY
Name of director (block letters)

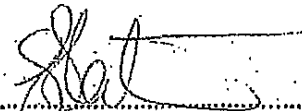

.....
Signature of director/company
secretary*
*delete whichever is not applicable

SHARA LOUISE REID
Name of director/company
secretary* (block letters)
*delete whichever is not applicable

EXECUTED by GOLD COAST)
TURF CLUB LIMITED in)
accordance with section 127(1) of)
the Corporations Act 2001 (Cwlth))
by authority of its directors:)


.....
Signature of director

BRETT COOR
Name of director (block letters)


.....
Signature of director/company
secretary*
*delete whichever is not applicable

GRANT SHEATHER
Name of director/company
secretary* (block letters)
*delete whichever is not applicable