

MATHESON Craig

From: MATHESON Craig
Sent: Friday, 11 July 2008 11:04 AM
To: Simon Tutt
Subject: Ballymore brief and letter

Attachments: BN487.08 Ballymore Redevelopment Brief.doc; BN4870.08 cover sheet.doc; Grant offer letter to Ken Freer.doc

Simon

As requested, please find attached:

1. copy of the briefing note and cover sheet for the Qld Rugby Union, Ballymore redevelopment grant; and
2. a proposed letter for the Minister to send to Ken Freer, for your consideration.

Let me know if you need anything further.

Regards

Craig Matheson



BN487.08 Ballymore Redevelopment... BN4870.08 cover sheet.doc (49 ... Grant offer letter to Ken Free...

CRIME & MISCONDUCT COMMISSION

No: 7/2009 Date: 25-11-09

IN THE MATTER OF: complaint of A
Spelt

Public Hearing

EXHIBIT No: 139
Alicia Velina CLERK

DSR MINISTERIAL SUBMISSION

SUBJECT: BALLYMORE REDEVELOPMENT – QUEENSLAND RUGBY UNION REQUEST FOR FUNDING

PURPOSE:

1. To seek the Minister's approval for a funding commitment of \$4.2 million (GST exclusive) over three years to the Queensland Rugby Union (QRU) to commence the redevelopment of Ballymore, subject to execution of a suitable funding agreement.

URGENCY

2. The QRU is hosting the Queensland Rail (QR) Reds Ball on Friday, 11 July 2008. An opportunity exists to announce a funding commitment at that event, should the recommendations in this brief be endorsed.

BACKGROUND:

3. The Queensland Rugby Union (QRU) is the State sporting organisation which oversees the development of rugby union in Queensland. The QRU also owns and supports the QR Reds, the Queensland rugby team which is part of the Super 14 series.
4. The majority of the Ballymore site is a Deed of Grant in Trust (DOGIT) held by the QRU as the trustee. The DOGIT specifically limits use of the site to sport and recreation purposes. All Reds matches and rugby tests are now played at Suncorp Stadium. However, there continues to be significant usage of Ballymore, with the QRU advising that the venue hosts in excess of 120 events/matches per year.
5. In 2006, the QRU commenced planning for a full scale redevelopment of the Ballymore site as a potential Australian National Rugby Academy (ANRA), focussing on the development of a range of sporting facilities (gymnasium, training area and swimming pool) plus an extensive range of commercial facilities (office accommodation, athletes village, medical centre and conference and function facilities. The cost of this redevelopment was estimated at the time as approximately \$69 million. The scale and form of the redevelopment attracted some local criticism and lead to the establishment by the QRU of a Ballymore Redevelopment Community Reference Group.
6. In July 2007, the former Federal Government committed \$25 million towards the first phase of the redevelopment. In February 2008, the current Federal Government withdrew the \$25 million funding offer.
7. Since that time, the QRU has been reconsidering and re-scoping its development plans, with less of a focus on commercial activities and a stronger emphasis on a community sporting precinct that would benefit a range of sports. Its revised (and staged) redevelopment is now focussed on supporting the future development of rugby union in Queensland and providing a community hub of sport and recreation facilities.
8. The QRU plans to submit its development application for the redevelopment of Ballymore to the Brisbane City Council by the end of July.
9. Since early this year, the Department has been consulting with the QRU to better understand its development intentions, the broader community access that the redevelopment could afford and the approach that would now be taken to staging the redevelopment. Recently, the QRU wrote to you (see **Attachment 1**) seeking special financial assistance to initiate the first stage of the redevelopment.

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ISSUES:

10. In staging its redevelopment plans, the QRU is seeking to focus initially to address three priority areas in the first phase, these being:
 - a new rugby field (estimated at \$1.5 million);
 - a new indoor heated 25 metres swimming pool (estimated at \$1.6 million); and
 - new corporate facilities in the western grandstand (estimated at \$0.9 million).
11. The cost estimate for these priority facilities as provided by the QRU is \$4 million (GST exclusive), but does not include any contingency budget.
12. Ballymore is a significant sport and recreation asset in South East Queensland and the QRU has given consideration to prioritising redevelopment of Ballymore to secure the long term future of the venue and the QRU. The Queensland Government has invested approximately \$9 million in various facility upgrades at Ballymore since 1997 and there is a strong argument which supports further investment in the facility to support its retention and viability for current and future generations. The QRU has signalled it will be borrowing funds and seeking assistance from other sources to progress other elements of the redevelopment.
13. The Department has examined the QRU proposal and considers it has merit on the basis that it provides:
 - an opportunity to reinvigorate and revitalise the Ballymore facility. Ballymore is recognised as an excellent facility which hosts State and national level rugby union and recently was utilised as the training base for the Socceroos in the lead up to their match at Suncorp Stadium. The addition of a new field and indoor pool will provide greater opportunities to attract elite level teams for training purposes and revitalise Ballymore as a venue for community sport and recreation events eg. junior rugby union and football.
 - as a facility close to the Brisbane CBD, Ballymore has a unique character and contains a significant quantity of open space. The availability of open space for sport and recreation purposes is rapidly diminishing within the urban footprint of south east Queensland and this is particularly the case in highly urbanised areas, such as those within the 5 kilometres radius of the Central Business District (CBD). The redevelopment will assist in further demonstrating the value of maximising the use of remaining open space for sport and recreation in urban areas.
 - there is a risk that if some form of redevelopment does not proceed, the site will further deteriorate, reducing its viability and that of the QRU. If this were to eventuate, the QRU could be faced with the prospect of surrendering the DOGIT and thus losing the site for sport and recreation purposes. Given the Ballymore site's strategic location (ie. creek frontage, close to the CBD, proximity to existing high value residential areas), there is a possibility the site could be lost to higher value development, particularly given the high levels of population growth in south east Queensland and escalating demand for housing.

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- the priority areas which have been nominated by the QRU (swimming pool and rugby field) will provide additional facilities for community use to support the participation needs of communities in the inner west and northern suburbs of Brisbane. The Department would work with the QRU to ensure community access and usage of these facilities is prioritised. Community use of existing sport and recreation facilities is a priority of the Queensland Government to ensure efficient use of resources particularly in the face of decreasing land availability and escalating demand in Brisbane.
- the redevelopment would potentially support the needs of other sports. In particular, the Cricket Australia Centre of Excellence (which is located at Allan Border Field at Albion, approximately 2 kilometres from Ballymore) has its own development plans for expansion. A more cost effective development for the Cricket Centre may leverage off and access complementary facilities, such as those proposed for Ballymore. If the Department provides financial support for facilities such as the pool and the rugby field, this would free up the opportunity for the QRU to focus its resources on the development of other facilities that would complement its own needs as well as those of the Cricket Centre of Excellence. This would provide an opportunity to address/resolve any potential duplication of facilities on the two sites, which would be neither viable nor sustainable in the long term. Further, the indoor pool could be utilised for State/National teams training and recovery purposes, while also being available for community needs such as learn to swim programs.
- the facilities that the Department would be funding are considered low impact in terms of concerns previously expressed by local residents and would support both improving the viability of the site as well as affording greater community access.

14. The Department believes there are some risks with the proposal – all of which are however, considered manageable. For example:

- the cost estimates for the three elements proposed by the QRU do not appear to include any project contingency (as noted above). Given the Department's experience in supporting the development of comparable facilities, it is considered the budget estimate for the swimming pool may be low. On this basis, it is proposed that any funding committed by the Department be targeted at the QRU's first two priorities (the new rugby field and the swimming pool), plus incorporation of an appropriate contingency budget. In the Department's view, a funding contribution of up to \$4.2 million should be considered to support the delivery of these two elements.
- the risk of cost overruns could also be managed through the inclusion of a condition in the funding agreement that the QRU is responsible for any cost escalation. This is a normal condition of facility funding agreements executed by the Department. Similarly, if the project is delivered within the budgeted funding, the QRU could seek the Minister's agreement to apply any project savings to its next highest priority project.
- there is a risk that the QRU may interpret any funding commitment as an endorsement of its original redevelopment proposal and seek to utilise it as leverage with the Commonwealth Government to seek to have its decision of February 2008 revisited. It has however, been made clear to the QRU that the Department has provided no

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endorsement of its original ANRA redevelopment proposal and that its only interest lies in supporting the viability of the QRU and the Ballymore site and supporting community accessible facility developments. This could be further reinforced through any announcement of a funding commitment, with an emphasis on the funding being provided to initiate the first stage of the revised redevelopment with a focus on community accessible facilities.

- given the QRU has not yet commenced the development application process and the current demand within the construction centre, the Department believes that it would likely take between 2-3 years to deliver these facilities. On this basis, the Department is of the view that any funding commitment should be apportioned over a three year period.
 - there may be some criticism from organisations which have been waiting for the release of the Major Facilities Program that the QRU was able to secure funding outside of the normal application process. There is however, precedence for committing funding to projects outside of established funding rounds. Furthermore, any organisation is able to submit a funding request to the Minister and/or the Department at any time, with each request considered on its merits and in the context of available funding.
15. The Department is of the view, that a commitment of \$4.2 million payable over three years to initiate the first stage of the Ballymore redevelopment has merit, with any project risks to be managed through the conditions of the funding agreement. Further, the Department recommends that any proposed funding commitment be targeted at supporting the development of the new rugby field and heated swimming pool. Any offer of funding would need to be subject to the execution of an appropriate funding agreement.
16. A further condition of the funding agreement would require appropriate recognition for the Queensland Government and significant signage and acknowledgement of the Queensland Government support at the Ballymore site.

FINANCIAL CONSIDERATIONS:

17. Funding to initiate the first stage of the Ballymore redevelopment would need to be redirected from the budget for the Major Facilities Program (Majors). The budget for the next round of Majors has recently been increased to \$30 million per round. Redirecting \$1.4 million per year for three years (to make a total commitment of \$4.2 million) from the Majors to the QRU will reduce the available funds in that program to \$28.6 million per round for distribution to applicants.
18. Given the total recommended grant is \$4.2 million (GST exclusive), approval of the Governor in Council will be required prior to the execution of any funding agreement.

SUBJECT: BALLYMORE REDEVELOPMENT – QUEENSLAND RUGBY UNION REQUEST FOR FUNDING

RECOMMENDATION/S:

19. That the Minister:

- i approve grant funding of \$4.2 million (GST exclusive) payable over three years to the Queensland Rugby Union to initiate the first stage of the Ballymore redevelopment, with the funding targeted at supporting the development of the new rugby field and heated swimming pool;
- ii approve that funding for the grant to the Queensland Rugby Union be redirected from the budget for the Major Facilities Program;
- iii agree for the Executive Director, Sport and Recreation to develop and execute an appropriate funding agreement with the Queensland Rugby Union to support the grant commitment and to accommodate the risks and requirements outlined in this brief; and
- iv note that the Department of Sport and Recreation will prepare an Executive Council Minute for approval of the expenditure prior to the execution of the funding agreement.

Content of submission approved by Ben Klaassen, Director Program and Industry Development on 8 July 2008.

Tracy O'Bryan
A/Executive Director
Department of Sport and Recreation

Contact Officer:
Craig Matheson
A/Deputy Director General
Strategy and Policy
Telephone 340 43323
8 July 2008

MINISTER FOR SPORT**FOR ACTION AND RETURN TO DSR****FOR RETENTION BY MINISTER'S OFFICE**☒ Submission for Approval☐ Briefing Note for Information☐ Parliamentary Brief☐ Speaking Points☐ Response to Question on Notice☐ Ministerial Statement☐ Premier's/Governor's Brief☐ Draft Media Release☐ **Critical**☒ **Urgent**☐ **Routine****SUBJECT:**

Ballymore Redevelopment – Queensland Rugby Union request for funding

RECOMMENDATION/S:

It is recommended the Minister:

- i approve grant funding of \$4.2 million (GST exclusive) payable over three years to the Queensland Rugby Union to initiate the first stage of the Ballymore redevelopment, with the funding targeted at supporting the development of the new rugby field and heated swimming pool;
- ii approve that funding for the grant to the Queensland Rugby Union be redirected from the budget for the Major Facilities Program;
- iii agree for the Executive Director, Sport and Recreation to develop and execute an appropriate funding agreement with the Queensland Rugby Union to support the grant commitment and to accommodate the risks and requirements outlined in this brief; and
- iv note that the Department of Sport and Recreation will prepare an Executive Council Minute for approval of the expenditure prior to the execution of the funding agreement.

NOTED / SUPPORTED	/	/08
EXECUTIVE DIRECTOR (if other than DSR)		
NOTED / SUPPORTED	/	/08
DEPUTY DIRECTOR-GENERAL		
NOTED / SUPPORTED	/	/08
DIRECTOR-GENERAL		
NOTED / SUPPORTED	/	/08
EXECUTIVE DIRECTOR DSR		

NOTED / APPROVED / NOT APPROVED**Judy Spence MP**Minister for Police, Corrective Services and Sport
/ /08**MINISTER'S COMMENTS:**

Mr Ken Freer
Chief Executive Officer
Queensland Rugby Union
231 Butterfield Street
HERSTON QLD 4006

Dear Mr Freer

Thank you for your letter of 8 July 2008 outlining the Queensland Rugby Union's (QRU's) revised plans to progress the redevelopment of the Ballymore site and seeking financial assistance from the Queensland Government towards this redevelopment.

Following consideration of your proposals, I am pleased to offer the QRU a grant of \$4.2 million (GST exclusive) payable over three years to initiate the first stage of the Ballymore redevelopment, with the funding targeted at supporting the development of the new rugby field and heated swimming pool.

I believe the revised redevelopment proposal for Ballymore provides an opportunity to reinvigorate and revitalise the site. The addition of a new field and indoor pool will provide greater opportunities to attract elite level teams for training purposes and establish Ballymore as a venue for community sport and recreation events. It is my expectation that the facilities developed through the utilisation of this grant will be accessible to the broader community.

The offer of this grant is conditional on the QRU executing an appropriate funding agreement with the Department of Sport and Recreation and final approval of funding being provided by the Governor in Council.

A representative of the Department will be in contact with you in the near future to discuss the terms and conditions of the funding agreement.

May I congratulate you on the success of your submission and I look forward to working with the QRU to deliver this important project.

Yours sincerely

Judy Spence MP
Minister for Police, Corrective Services and Sport