

~~DRAFT~~  
AS AT 1/8/07

Prepared on behalf of Queensland Racing Limited

## **Business Case Installation of Synthetic Race Tracks**

July 2007

Draft

## Executive Summary

### Background

Thoroughbred racing in Queensland is managed and regulated by Queensland Racing Limited (QRL).

A key part of Queensland Racing Limited's role is promoting the development of thoroughbred racing in Queensland. It is responsible for licensing race clubs in Queensland and has responsibility for the allocation and distribution of prize money for races.

Thoroughbred racing is the dominant form of race wagering in Queensland and Australia, accounting for over 75% of total wagering. Wagering on Queensland thoroughbred racing was approximately \$423 million in the 2005/2006 financial year, representing slight growth in a year characterised by significant disruption to the broadcasting of thoroughbred racing.

The strategic focus of Queensland Racing Limited is to facilitate development of, and improvements in, racecourse and training facilities and services. Ensuring the long term viability and growth of the horse racing industry in Queensland is a key objective of Queensland Racing Limited. Major race clubs within South East Queensland must pioneer developments and maintain their training and racing facilities to a high standard under the leadership of Queensland Racing Limited. Feature events such as the Magic Millions, the summer carnival and winter racing carnival occur at some of South East Queensland's premier tracks and attract horses and visitors from around the state, nation and the world. However, facilities at some of these tracks have fallen below the standard that is expected of world class racetracks and this is beginning to jeopardise the ability of race clubs to hold meetings and provide premier training facilities.

Issues relating to water management, jockey and horse safety and quality of racing have threatened to destabilise the horse racing industry.

Queensland is in drought conditions that have placed increasing limitations upon track curators. For example, Eagle Farm trucked in water to ensure its surface was prepared for the 2007 Winter Carnival and the Toowoomba course proper is gradually disintegrating because of weather and water restrictions.

The drought conditions and limitations on water usage have had an impact on the hardness of race tracks and training surfaces. These conditions increase the prevalence of injuries and fatal accidents for both horses and jockeys.

Adverse weather conditions can cause a race meeting or training session to be cancelled for health and safety reasons. These closures and cancellations impact on

track utilisation, productivity and attractiveness of venues. In addition such anomalies as track bias due to overuse or inclement weather are detrimental to the quality of the racing and impact adversely on the long term viability of the racing industry.

### **The synthetic track project**

Queensland Racing Limited over the last few years has continually set and achieved objectives aimed at increasing the prize money that is delivered to the thoroughbred industry. This is an important strategic goal as it ensures that the Queensland thoroughbred industry remains competitive with other states and jurisdictions. However, Queensland Racing Limited recognises that achieving competitiveness and attractiveness through prize money improvement, carries with it a requirement to have superior facilities and infrastructure. Training facilities and stabling within Queensland have become sub-optimal and Queensland Racing Limited has sought to improve these elements of infrastructure through synthetic track project. This project included investigation and evaluation of options for improving the condition of surfaces while achieving water and cost savings.

Following detailed evaluation and during 2007 Queensland Racing Limited provided information and research that assisted the Office of Racing with its submission to Government for support to install synthetic training tracks at 3 locations in South East Queensland, selected for maximum impact on the long term viability of training in the State.

On June 5, 2007 the Minister for Local Government, Planning and Sport, Andrew Fraser, announced that \$12 million would be committed to the implementation of synthetic race tracks at:

- Caloundra;
- Toowoomba; and
- either Gold Coast or Eagle Farm.

In current drought conditions the announcement highlighted the need for the synthetic surfaces due to the need to conserve water and improve the welfare of jockeys and horses. The Minister stated that, "... it currently generates significant economic activity throughout Queensland and has strong links with other industries in Queensland such as tourism and hospitality ... the upgrading of facilities will attract greater national and international interest, enhancing Queensland's reputation as a progressive racing body."

Following the announcement by the Minister for Local Government, Planning and Sport, Queensland Racing Limited and the Department of Local Government, Planning, and Sport have negotiated and accepted a funding arrangement. One of the conditions of this arrangement was that a business case be prepared.

## **Business case**

In arriving at the decision to proceed with the synthetic track project, Queensland Racing Limited conducted an extensive evaluation of the costs and benefits the project and, at the same time, examined other potential alternatives which could be implemented.

In order to ensure the robustness and reliability of the business plan a number of possible options were assessed:

- **Preserving the status quo.** This would involve no change to the way in which training tracks are currently utilised and maintained. Current levels of water use would continue and costs associated with track maintenance would remain unchanged. However, this would be at the cost of declining safety and animal welfare performance, declining quality of racing and continued poor training economics
- **Restoring current facilities to a standard that would be comparable to that offered by installation of a synthetic surface.** Measures such as increased water use and continual surface maintenance and upgrade would be required to ensure the necessary improvement. Significant capital injections would be required initially, and followed by increased operational costs in order to implement these changes.
- **Replacement of a current training tracks with a single synthetic surface.** Selected training tracks will be completely removed and replaced by a more water efficient and safer synthetic surface. In the case of Toowoomba it would be required to replace the course proper. Remaining tracks would either be maintained at lower capacity levels or phased out altogether over a period of three years.

In order to fully evaluate the benefit and costs of each option evaluation criteria aimed at ensuring a transparent and robust selection process was formulated. The criteria used to evaluate each option were:

- **Cost analysis** – this involved determining the operating and capital costs of each option, and analysing costs to identify the lowest whole of life cost as well as determining options that demonstrate the highest whole of life benefits. Cost effectiveness was used as a key criterion to ensure the best use of funds.
- **Risk analysis** – possible risks attributable to the delivery and operation of each option and their associated impacts were identified. The analysis was used to determine if any option presented unacceptable risk; and

- **Technical capability analysis** – an assessment of the ability of each option to realise the benefits required by Queensland Racing Limited's overall strategy for the industry. The necessary outcomes sought by Queensland Racing Limited include water savings, improved jockey and horse welfare, improved overall quality of racing and improved industry viability.

In evaluating the three options it was determined that the 'status quo' option would be disregarded immediately. Whilst having the lowest cost ( as measured by Net Present Cost) of all three options due to the absence of capital investment, the 'status quo' option was not sustainable in the short, medium or long term. Under this option training facilities would continue to deteriorate until finally reaching an unusable level and it is ultimately this reason that Queensland Racing Limited undertook investigations into possible alternatives.

The evaluation suggests that restoration of existing tracks to optimal condition will result in significantly higher 'whole of life' costs compared to the synthetic track 'replace' option and therefore results in a significantly higher financial burden for turf clubs, a situation that would not be sustainable.

In particular, both capital and operating costs for the synthetic turf option are significantly lower than for the restoration option. For achieving the outcomes that Queensland Racing Limited is seeking for the thoroughbred racing industry the installation of synthetic track training facilities provides the most cost effective solution.

Furthermore, because the restoration option is characterised by significant investment in rehabilitating existing racetracks with both significant capital expenditure and increased operating costs it presents risks in terms of industry viability. The option is high cost which would place additional strain on both Queensland Racing Limited and turf clubs leading to significant financial risk.

The synthetic track option is characterised by significant investment in new synthetic racing facilities. The key risks of this option centre on the ability of Queensland Racing Limited to manage the capital works budget and on the acceptance of the industry of the new surface. However, this option is lower cost which would enhance both Queensland Racing Limited and turf clubs positions leading to higher potential benefits.

Implementation of the restoration option will only partially achieve the outcomes that Queensland Racing Limited is seeking to achieve for the thoroughbred racing industry in Queensland. In particular whilst the standard of facilities will be improved through the implementation of this option it will threaten the financial viability of the clubs by increasing costs at a time when they can least afford it.

Implementation of the synthetic track option offers the opportunity for Queensland Racing Limited to achieve its objectives whilst at the same time producing a financial outcome which is more cost effective than the other alternative which can be implemented.

Queensland Racing Limited will also contribute approximately \$9m to the project. This figure represents approximately 4.1% of all capital expenditure and highlights Queensland Racing Limited's commitment to the overall success of the project.

### **Project Implementation**

A project control group will be appointed within Queensland Racing Limited to oversee the project. The project control group will consist of Bob Bentley (Board Chairman), Malcolm Tuttle (Chief Operations Manager) and a third member who will be selected two months prior to commencement of each project. This will include the selection and engagement of project managers and contractors in accordance with transparent processes, reporting to the Department and the Queensland Racing Limited Board about progress of the project and under the conditions of the Funding Agreement executed by the State and Queensland Racing Limited. This group will be individually accountable to the Queensland Racing Limited Board under their formal delegations.

Draft

---

## Contents

---

	<b>Executive Summary</b>	<b>1</b>
<b>1</b>	<b>Introduction</b>	<b>1</b>
<b>2</b>	<b>Background</b>	<b>3</b>
<b>3</b>	<b>Detailed evaluation of options</b>	<b>21</b>
<b>4</b>	<b>Project implementation</b>	<b>36</b>
<b>5</b>	<b>Appendices</b>	<b>43</b>

Draft

1

---

**Introduction**

---



## 1.1 Background

Queensland Racing Limited presents a business case to the Queensland Government to obtain funding for their synthetic track project under the terms of the Funding Agreement (the Agreement) executed by Queensland Racing Limited and the State of Queensland. Queensland Racing Limited engaged PricewaterhouseCoopers (PwC) to assist them in the formulation of a precise, rigorous and transparent business case which could be used to provide satisfactory justification for the project to proceed and satisfy the conditions subsequent of the agreement.

On engagement PwC met with Queensland Racing Limited and Queensland Government departments to gain an understanding of their expectations regarding the business case. This ensured that the business case addressed all relevant issues and there was a shared understanding of the technical requirements which needed to be fulfilled. An extensive baseline data search required to complete the business case soon followed. This data collection assisted in defining the project (e.g. technical specifications), identifying and quantifying its costs and benefits and assessing other relevant issues (e.g. project risks), along with identifying Queensland Government policies and guidance material relevant to the project.

This synthetic turf project is seen as a positive initiative by Queensland Racing Limited to address the problems currently facing Queensland Turf Clubs. As such capital costs associated with the implementation of synthetic surfaces will be exclusively borne by Queensland Racing Limited and by the Queensland Government (should the Minister for Local Government, Planning and Sport approve funding). Additional revenue and the benefits of cost reduction will be realised by the turf clubs.

## 1.2 Report structure

This business case is structured to outline the conclusions of the analysis undertaken as well as the analysis methodology applied. The subsequent sections of the business case are structured in the following manner:

- **Section 2** provides background to the business case. It contains a snapshot of the current environment which has resulted in the need for the investment in synthetic tracks.
- **Section 3** outlines the options that have been evaluated, the criteria by which they will be evaluated and their associated benefits. It provides a transparent view of the possible options and gives a better understanding of the project processes. The relative merits of each option are then evaluated which ensures a robust decision is reached in selecting the preferred option.
- **Section 4** details how the preferred option will be implemented and the governance and reporting arrangements. It ensures that a reliable implementation strategy is in place in order for the project to be successful.

Draft

---

**Background**

---

## 2.1 Industry environment

Ultimate responsibility for the regulation and oversight of thoroughbred racing in Queensland is vested in the State of Queensland, through the Office of Racing in the Department of Local Government, Planning and Sport. The governing legislation for the industry is the *Racing Act 2002*.

Thoroughbred racing in Queensland is managed and regulated by Queensland Racing Limited, a public company limited by guarantee. This company was provided with the control body licence for the Thoroughbred code of racing on 1 July 2006. This entity replaced and succeeded the previous government controlled Queensland Thoroughbred Racing Board. Thoroughbred racing is the dominant form of race wagering in Queensland and Australia, accounting for over 75% of total wagering. Wagering on Queensland thoroughbred racing was approximately \$423 million in the 2005/2006 financial year, representing slight growth in a year characterised by significant disruption to the broadcasting of thoroughbred racing.

A key part of Queensland Racing Limited's role is promoting the development of thoroughbred racing in Queensland. It is responsible for licensing race clubs in Queensland and has responsibility for the allocation and distribution of prize money for races. Due to the broader strategic focus of Queensland Racing Limited in relation to specific regional race clubs, Queensland Racing Limited also has a significant role to play in facilitating development of, and improvements in, racecourse and training facilities and services.

The objectives of Queensland Racing Limited are:

- Organisation and Operational Excellence - Queensland Racing Limited operates in a transparent, efficient and effective manner.
- Integrity and Regulatory Excellence - The Queensland thoroughbred racing industry achieves the highest levels of public confidence in its integrity.
- Industry and Product Performance - Delivery of a high quality racing product that maximises financial returns to the industry.
- Safety and Risk Management - Maintenance of a high level of safety and an active approach to risk identification and management.
- People and Technology Development - Ensure the highest standards of professionalism and expertise in Queensland Racing and the industry. Also leverage technology to achieve high levels of service delivery.
- Stakeholder Communications and Relations - Ensure effective regular two-way communication and consultation with key stakeholders.

In pursuing these objectives and ensuring the continued long term viability and growth of the horse racing industry in Queensland, major race clubs within South East Queensland must pioneer developments and maintain their training and racing facilities to a high standard. Feature events such as the Magic Millions, the summer carnival and winter racing carnival occur at some of South East Queensland's premier tracks and attract horses and visitors from around the state, nation and the world. Facilities at some of these tracks have fallen below the standard that is expected of world class racetracks and this is beginning to jeopardise the ability of race clubs to hold meetings and provide superior training facilities.

## **2.2 Thoroughbred training and racing**

In 2005/2006 the Queensland thoroughbred racing industry saw 4737 races at 719 race meetings held on 101 race tracks at 117 turf clubs. 1331 trainers and owners, 261 riders and 8 217 horses started 46 902 times competing for \$88 749 124 in prize money.

Of the top 50 races by prize money in Australia, Queensland clubs held 7 with a total prize money of \$4 838 080.

Racing in Queensland has been streamlined in recent years with a deliberate strategy to ensure the viability of the industry through the provision of a competitive and well run racing and training product:

- the number of race meetings rationalised from 989 in 1998/1999 to 719 in 2005/2006 to attract required patronage levels
- the number of races reduced from 6 369 in 1998/1999 to 4 737 in 2005/2006 to ensure an adequate number of starters for each race; and
- the number of starters streamlined increased from 9.05 per race in 1995/1996 to 9.90 per race in 2005/2005 reflecting the effectiveness of the strategy.

Wagering in Queensland in 2005/2006 on thoroughbred racing was \$ 1.697 billion an increase since 2000/2001 of 16.73%. Thoroughbred wagering was 7.2% of total wagering and gaming in Queensland and 74.8% of total wagering.

## **2.3 Current status of training and racing facilities in Queensland**

Queensland training and racing is concentrated in South East Queensland. In 2005/06, 55% of the number of races and 60% of the number of starters were in South East Queensland.

The key turf clubs for racing in South East Queensland are:

- Sunshine Coast Turf Club (Caloundra)

- Toowoomba Turf Club (Toowoomba)
- Gold Coast Turf Club (Gold Coast)
- Queensland Turf Club and Brisbane Turf Club (Brisbane)

A recent study (Analysis of Stabling Requirements for the Thoroughbred Racing Industry in South East Queensland, Prof. Wayne Bryden, University of Queensland & Prof. Nigel Perkins, AusVet Animal Health Services, November 2006) identifies these facilities as underpinning the viability of the pattern of racing in South East Queensland. Professor Bryden notes that:

"It is not necessary to maintain horse (and trainer) numbers at each racetrack at levels similar to the current day. It is necessary to maintain the total number of horse stalls (and therefore horses) servicing the central triangle to maintain the size of race fields and maximise wagering returns." (Bryden 2006 p8)

The following table represents the link between the average number of horses trained at each facility and the number of starters for Queensland racing in the 2005/2006 financial year.

Race Club	Number of starters provided to QLD races in 2005/2006	Average of horses utilising training facilities per week
Toowoomba Turf Club	6,233	675
Gold Coast Turf Club	6,023	675
Queensland Turf Club	3,851	400
Sunshine Coast Turf Club	3,819	400

Since the stabling of horses and the availability of training facilities go hand-in-hand the attractiveness and standard of the training facilities is important in maintaining the long term viability of the industry. The installation of synthetic tracks is the best way of achieving this end.

This view is supported by key industry spokespeople as trainers within Queensland are already very strong supporters of synthetic surfaces. In March 2007, Ron Maund, President of the Queensland branch of the Australian Trainers Association noted in his regular Queensland Racing Magazine column that: "The Queensland ATA reiterates its call for Queensland Racing to consider the installation of all weather race and training tracks in our State..."

### Sunshine Coast Turf Club

The Sunshine Coast Turf Club is located at Corbould Park, Caloundra, approximately one hour north of Brisbane. With a total land area of 80.45 ha this racecourse has the largest land area of any club in South East Queensland. Until recently this land had been relatively underutilised, however; plans are currently underway for future development to occur at the racecourse.

The track surfaces located at the Sunshine Coast Turf Club and their condition are set out in the Table below. (Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition). Further details of this scale are contained in Appendix 1.)

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	59 100	2 000	2
Sand track	31 680	1 000	2
Grass training track	41 850	2 000	5 (To keep track in this condition requires extensive water and maintenance)
Plough track	7 600	0	4
Other	-	152	n/a

Facilities at the Sunshine Turf Club also include a modified swimming pool for horses, 2 sand roll pits and 4 wash bays. Approximately 400 horses are currently trained at the racecourse; however, there are only twelve stables onsite.

This track represents a significant component of the industry's training capability, which contributes to the horse racing product. Queensland Racing Limited has identified the Sunshine Coast racetrack as a future training hub that will service the needs of horses on the north coast.

### Toowoomba Turf Club

The Toowoomba Turf Club is located at Clifford Park, Toowoomba, approximately two hours west of Brisbane and covers 36.63 ha. After installing lighting in the 1990s the Toowoomba Turf Club is the only Queensland provider of night racing with a weekly Saturday night twilight meeting. The Toowoomba racecourse plays an integral role to

Queensland racing by providing the highest numbers of starters to races conducted in the State.

Track surfaces located at the Toowoomba Turf Club are set out in the Table below. (Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition). Further details of this scale are contained in Appendix 1.)

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	51 000	487	1
Grass No. 2/ training	26 000	120	2
Sand track	14 250	149	4
Wood fibre	16 000	275	5
Other	-	139	n/a

Over 675 horses are trained at the track with 100 stables provided on site. It is planned that up to an additional 48 stables will be built at the racecourse.

Toowoomba is one of Queensland's largest horse training centres but the facility is in a situation of extreme drought. The current conditions pose strains on water conservation which have affected the quality of the racing and training surfaces. In order to ensure the safety of horses and jockeys, facilities at the racecourse have not been able to be utilised to their full potential.

#### **Gold Coast Turf Club**

The Gold Coast Turf Club is situated in a high-density urban area at Bundall, very close to Surfers Paradise. Land area spans 43.18 ha and is almost fully utilised for purposes associated with racing. The Gold Coast Turf Club hosts the annual Magic Millions carnival which has quickly become a premier racing and sales event.

Surfaces located at the Gold Coast Turf Club are set out in the Table below. (Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition). Further details of this scale are contained in Appendix 1.)

Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	47 250	415	5
Grass No. 2/ training	20 700	72	5
Sand track	19 200	364	4
Velvet track	15 300	420	5
Plough track	18 000	150	4
Bull ring	10 100	132	4
Equine training track	38 850	364	4
Other	-	222	n/a

Other facilities for horse training and racing located at the track include 16 wash bays and 2 sand roll pits. Approximately 675 horses are trained at the track making it the second largest provider of starters in Queensland races. There are no provisions for stables at the track. However, within the immediate surrounding area there are over 840 stables and potential demand for up to 1200.

Much like the Sunshine Coast, population growth on the Gold Coast has resulted in an increased demand for horse racing and training facilities. This combined with the success of the Magic Millions event has resulted in the need for an improvement and capacity expansion of the current facilities.

#### **Queensland Turf Club**

The Queensland Turf Club is situated ten minutes from the city centre in the residential suburb of Eagle Farm. The racecourse spans 50.67 ha and is the home of Queensland's iconic race the Stradbroke Handicap. Despite its standing as arguably the most recognisable racetrack in Queensland, it provides only the third largest number of starters to races in the state.

Surfaces located at the Queensland Turf Club are set out in the Table below. (Included is an assessment of current track condition (at July 2007) by Queensland Racing Limited on a scale from 1 (worst condition) to 7 (best condition). Further details of this scale are contained in Appendix 1.)



Track	Estimated Size (square metres)	Weekly Water Use (kL)	Condition Assessment
Grass track proper	60 810	709	5
Grass No. 1/ training	23 304	271	5
Grass No. 2/ training	25 200	167	5
All Weather	27 615	1,210	6 (To keep track in this condition requires extensive water and maintenance)
Sand track	15 966	100	4
Bull ring	8 000	0	4
Other		228	n/a

Other facilities located at Eagle Farm include 16 wash bays, 4 sand roll pits and 1 swimming pool. Whilst there are approximately 400 horses trained at the site, Eagle Farm currently has no stables.

With improvements to horse transportation techniques the lucrative South East Asian market, namely Hong Kong and Japan, is continually moving closer and closer to Australia and due to its geographic position Queensland is perfectly placed to take advantage of this change. In order to act on this Queensland Racing Limited has identified that Eagle Farm must improve its facilities to a level that will ensure its remains competitive and capable of holding internationally attractive events.

#### Other Race Clubs

There are a number of race clubs of various sizes, which are scattered along Queensland's eastern seaboard and further inland. Some of the larger clubs that regularly cater for TAB meetings include Doomben, Ipswich, Rockhampton, Townsville, Mackay and Cairns. These clubs tend to have multiple tracks which allow a large number of horses to be trained annually. Whilst not hosting regular events, over 115 race clubs cater for the large numbers of country horses. Most of these

racecourse facilities are of a low standard due to the harsh environment in which they exist with racetracks regularly being comprised of either sand or dirt.

### Summary of Training Facility Condition Assessments

The four major South East Queensland training and racing facilities described in detail above have been adversely impacted by adverse climatic conditions and by the inability of clubs to economically service maintenance schedules.

The net result of these factors is facilities that are, on average, in conditions described as needing partial restoration and average working condition. The average condition assessment for each track is set out in the table below:

Track	Condition Assessment	
	Range of Condition Assessments	Average
Sunshine Coast Turf Club	2-5	3
Toowoomba Turf Club	1-5	3
Gold Coast Turf Club	4-5	4

The facilities in most need of attention are Toowoomba and Sunshine Coast as the lowest rated individual tracks and lowest average Condition Assessment is observed at these two facilities.

In addition tracks with high condition assessments have typically obtained that relatively high standard by expending significant resources of water, labour, materials and funding to obtain that result.

## 2.4 Issues with current training and racing facilities in Queensland

Horse racing plays an integral role in the Queensland economy and has strong links with other bedrock industries such as tourism and hospitality. Recently, issues relating to water management, jockey and horse safety and quality of racing have threatened to destabilise the horse racing industry.

### Water Management

Queensland is in drought conditions which has placed increasing limitations upon track curators with the current weekly water usage for the four proposed sites on all their surfaces and racing related activities being:

<b>Race Club</b>	<b>Weekly Water Use (kL)</b>	<b>Weekly Water Cost (\$)</b>
Sunshine Coast Turf Club	5 162	6 205
Queenstand Turf Club	2 686	3 266
Gold Coast Turf Club	2 139	2 860
Toowoomba Turf Club	1 236	1 929

Eagle Farm trucked in water to ensure its surface was prepared for the 2007 Winter Carnival. The Toowoomba track is gradually disintegrating because of weather and water restrictions.

#### **Horse and jockey safety**

The drought conditions and limitations on water usage impact on the hardness of race tracks and training surfaces. These conditions increase the prevalence of injuries and fatal accidents for both horses and jockeys. Costs associated with these breakdowns include:

- Personal loss through jockey and horse fatality;
- Time lost through jockey and horse rehabilitation;
- Money lost through jockey and horse rehabilitation; and
- Money lost through horse fatalities.

<b>Track</b>	<b>No. of race falls over past 5 years</b>	<b>No. of workers Compensation Claims 1 July 2006 – 31 May 2007</b>	<b>Workers compensation payouts 1 July 2006 – 1 May 2007 (\$)</b>
Gold Coast Turf Club	45	5	22,506
Sunshine Coast Turf Club	29	7	49,457
Toowoomba Turf Club	25	15	50,585
Queensland Turf Club	18	14	81,262

Over the past five years race falls to occur at the aforementioned tracks total 117. Due to the difficulty in obtaining reliable figures the large number of possible falls that may have occurred whilst training cannot be captured accurately.

Prevention is a key component to workplace health and safety management. For the 2006-2007 financial year until May 31, 41 workers compensation claims have been made, totalling over \$203,000 in payable compensation.

### **Quality of Racing**

Adverse weather conditions can cause a race meeting or training session to be cancelled for workplace health and safety reasons. These closures and cancellations impact on track utilisation, productivity and attractiveness of venues. In addition such anomalies as track bias due to overuse or inclement weather are detrimental to the quality of the racing industry.

## **2.5 Project need**

The Queensland Racing Limited board over the last few years has continually set and achieved objectives aimed at increasing the prize money that is delivered to the thoroughbred industry. This is an important strategic goal as it ensures that the Queensland thoroughbred industry remains competitive with other states and jurisdictions.

The Board quickly realised that achieving competitiveness and attractiveness through prize money increases, carries with it a requirement to have adequate facilities and infrastructure. Training facilities and stabling within Queensland has become sub-optimal and the board of Queensland Racing Limited engaged the strategic objective of improving these elements of infrastructure. It is this strategic goal that gave birth to the synthetic track project.

In 2006, the board of Queensland Racing Limited resolved to send a research working party overseas to assess the latest technology in synthetic surfaces. This research formed the basis of the product knowledge within Queensland Racing Limited which was then reinforced through information gathered during an expression of interest process for a preferred supplier.

In 2007, the Board of Queensland Racing Limited resolved to conduct further investigations into the preferred supplier of 'Cushion track' with a working party travelling to the United States to view tracks in operation. This research was to provide absolute assurance that the chosen synthetic product is a perfect strategic fit with our harsh climatic conditions.

Having satisfied these concerns, Queensland Racing Limited looks forward to adopting this synthetic technology thereby realising the strategic goal of improving industry infrastructure.

#### **Selection of Sites for Installation**

Given the benefits of synthetic tracks the Board of Queensland Racing Limited has made decisions on site locations.

##### *Sunshine Coast*

The Sunshine Coast Turf Club was chosen as a site for installation because of a number of factors. This area is and will continue to experience population growth and it is viewed of strategic significance to the sustainability of the Queensland Thoroughbred Industry. Queensland Racing Limited gained ownership of the track through a trust company, Sunshine Coast Racing Pty Ltd. The facility will go through an upgrade including improvements to stabling and adoption of the latest track technology which includes the new synthetic surface. These actions are all consistent with strategic goals of Queensland Racing Limited for the industry.

##### *Toowoomba*

The Toowoomba Turf Club was chosen as a site for installation for two reasons. This area experiences less rain than the majority of areas in Queensland. The drought has led to the Club being required to truck in water at considerable expense. The adoption of a surface that requires no watering is seen as essential by the Board of Queensland Racing Limited. This hardship has often led the course proper to be in poor condition leading to decisions of race meetings being cancelled which is harmful to the industry and local economy. The second reason for this particular decision is that Toowoomba has the largest training horse population which requires adequate training infrastructure. Horse numbers being trained are critical to the sustainability of the industry as they provide starters which provides product. The Board of Queensland Racing Limited again believes this decision was consistent with the strategic goals of sustainability of the industry, competitiveness and adoption of the latest infrastructure.

##### *Gold Coast*

The Gold Coast was selected as a site for installation based purely on its strategic value of it being one of the largest training centres. The large horse population that uses this site require supporting infrastructure. The new synthetic track will allow larger horse numbers to be used on it daily and additionally, it requires no watering which is also important given that the Gold Coast is also on water restrictions. This Board decision by Queensland Racing Limited is also consistent with strategic goals of industry sustainability, competitiveness and provision of optimal supporting infrastructure.

### *Eagle Farm*

The Queensland Turf Club was selected as the metropolitan site based on its larger size as a facility with its capabilities of becoming an international standard venue. It is also important to note that Eagle Farm is a larger training centre than Doomben. Thus Eagle Farm was chosen as an outcome of the strategic goals of Queensland Racing Limited; to provide supportive training infrastructure, this is important as Eagle Farm will be proceeding with the installation of on-course stables. Queensland Racing Limited believes this is an important decision as it will take stables out of backyards and into the race track.

## **2.6 Project Scope**

The two key elements of this project are the capital works and the subsequent operating phase at each location. The following generic descriptions will apply to all locations, selected with any minor local variation.

Note that these descriptions are based on detailed design and project planning for the redevelopment of the Sunshine Coast Turf Club facility, including the articulation of the synthetic track replacement. Similar detailed planning and design will be undertaken by Queensland Racing Limited's contractors prior to installation of the remaining two synthetic surfaces.

### **Capital Works**

The three main elements of the Capital Works element of the project are design, civil works, and synthetic surface installation. Each of these elements is further described in the table below.

Project Element	Description
Design	<ul style="list-style-type: none"> <li>- Preparation of detailed design drawings</li> <li>- Obtaining required approvals</li> <li>- Preparation of details bills of materials</li> <li>- Preparation of detailed project planning in consultation with civil works contractors and synthetic surface supplier</li> </ul>
Civil Works	<ul style="list-style-type: none"> <li>- Earthmoving</li> <li>- Construction of drainage works</li> <li>- Relocation of services (if required)</li> <li>- Construction of sub surface work under direction of synthetic surface supplier</li> </ul>
Synthetic Surface Installation	<ul style="list-style-type: none"> <li>- Manufacture and transport of synthetic surface material</li> <li>- Application of materials to sub surface works</li> <li>- Completion of installation works</li> </ul>
Close Out	<ul style="list-style-type: none"> <li>- Detailed chemical and materials testing of synthetic surface</li> <li>- Close out of fit for purpose certificates and facility handover</li> </ul>

The following table outlines which tracks will be effected by the implementation of a synthetic surface. The benefit associated with implementing a synthetic surface is not exclusively restricted to the track it replaces and the planned reduction in use, phasing out and immediate cessation of other tracks is also captured in this table.

	SCTC	TTC	GCTC	QTC
Course Proper	No Change	Replaced	No Change	No Change
Grass No. 1/ Training	Retained at reduced capacity	Retained at reduced capacity	Retained at reduced capacity	Retained at reduced capacity
Grass No. 2/ Training	N/A	N/A	N/A	Use ceases immediately when synthetic surface becomes operational
All Weather	N/A	N/A	N/A	Phased out
Sand	Replaced	Phased out	Replaced	Phased out
American Dirt	N/A	N/A	N/A	Replaced
Velve and Plough	No Change	N/A	Use ceases immediately when synthetic surface becomes operational	N/A
Wood Fibre	N/A	Use ceases immediately when synthetic surface becomes operational	N/A	N/A
Other	N/A	N/A	Phased out	N/A

In addition to general project planning requirements the following elements have been specified in Expression of Interest Documentation as Special Project Requirements:

**Surface:**

- Removal of existing track material to other tracks at location
- All material to be vertically drained and drainage works must reflect this requirement

**Base:**

- To be of tarmac construction with the ability to handle regional weather conditions
- All material must be capable of vertical drainage

**Edging:**

- To be of suitable standard that conforms to Queensland Workplace Health and Safety standards and requirements
- Must have the ability to erect the appropriate running rail and fixtures



**Additional Design Requirements:**

- To include a marshalling area prior to horse entering the synthetic track. This is to be made of rubber or similar material
- Design must incorporate a crossing ability to/from existing mounting enclosure to enter the synthetic track
- To incorporate a road for vehicles between course proper and the synthetic track
- Design and construction must allow for lighting cable to be incorporated
- Design to make allowance for electronic timing for both synthetic track and existing course proper, including the ability for individual sectional times
- Design and construction for track lighting covering the synthetic track installation and other tracks as required
- Design and construction of towers to make allowance for high quality video coverage of both the synthetic track and other tracks as required

**Operating Phase**

The key element of the operating phase is the execution and management of a service lease agreement between Queensland Racing Limited and the relevant turf club which obligates the turf club to diligently perform the maintenance schedule recommended by the manufacturer.

In addition Queensland Racing Limited will undertake extensive testing in conjunction with University of Southern Queensland to ensure the long term performance of the synthetic surface material and research its suitability to tracks throughout Queensland.

Finally the operating phase will see the gradual phase out of training surfaces not replaced by synthetic materials as trainers recognise the advantages of synthetic tracks and so that turf clubs can realise the operating benefits projects in this business case.

**2.7 Project progress**

During 2007 a budget submission was made by the Office of Racing, with information provided by Queensland Racing Limited, for consideration by Government for support to install synthetic training tracks at 3 locations in South East Queensland.

On June 5, 2007 the Minister for Local Government, Planning, Sport and Recreation Andrew Fraser announced that \$12 million would be committed to the implementation of synthetic racetracks at:

- Caloundra;
- Toowoomba; and
- either Gold Coast or Eagle Farm.

In current drought conditions the media release highlighted the need for the synthetic surfaces due to the need to conserve water and improve the welfare of jockeys and horses. The Minister stated that, "... it currently generates significant economic activity throughout Queensland and has strong links with other industries in Queensland such as tourism and hospitality ... the upgrading of facilities will attract greater national and international interest, enhancing Queensland's reputation as a progressive racing body."

Following the announcement by the Minister, Queensland Racing Limited and the Department of Local Government Planning Sport and Recreation have negotiated and accepted a funding arrangement (see Appendix 2) with key conditions subsequent:

- approval of a business case by the Minister
- consultation with the Department on the appointment of project managers and contractors; and
- implementation of a robust program governance, accountability and reporting regime.

In conjunction with its approach to Government, Queensland Racing Limited has worked with Sunshine Coast Racing Board to progress the redevelopment of the Corbould Park facility. After a lengthy process the Sunshine Coast Racing Board selected Arben Management to manage the overall redevelopment of Corbould Park (see Appendix 3 for outline of selection process). After careful consideration it was decided by the project control group (explained in section 4) that Martin Waters from Arben Management would also be appointed the Project Manager for the installation of the synthetic training surface at Corbould Park (see Appendix 4 for description and capability of Arben Management).

It was decided by Queensland Racing Limited that a certain order for the roll out of synthetic race tracks would occur. Due to the development occurring at Corbould Park it was determined by Queensland Racing Limited that the implementation of a synthetic race track would be best undertaken during this time. As a result the Sunshine Coast Turf Club was selected as the first race club to implement the new surface. Toowoomba is currently experiencing severe drought conditions with this having an adverse affect on the quality of the track provided. The Queensland Racing Limited board identified the need to address this problem and has since selected Toowoomba Turf Club as the second club to implement the new surface. The third club to receive funding in order to implement the surface change is yet to be decided. A short list outlining the Gold Coast Turf Club and Queensland Turf Club as the two potential race clubs to receive funding has been defined. Gold Coast was added to the

shortlist due to the booming population on the south coast and increased demand for facilities with Eagle Farm being shortlisted in order for it to remain competitive both nationally and internationally.

Queensland Racing Limited undertook an Investigative campaign aimed at discovering the most appropriate way in which to address the current problems associated with Queensland race club training tracks. Two solutions were considered after rejecting a no action option:

- restore existing facilities to the required standard; or
- replace existing facilities with new technology in the form of synthetic surfaces.

Section 3 of this business case details Queensland Racing Limited's assessment for these options.

Following detailed assessment Queensland Racing Limited ascertained that the installation of a synthetic surface was the most desirable approach. Queensland Racing Limited then undertook an extensive selection process to determine which surface would best suit Queensland conditions (see Appendix 5 for outline of selection process). Equestrian Surfaces International Ltd was selected to implement the Cushion Track synthetic surface. (see Appendix 6 for detailed evaluation of preferred supplier and see Appendix 7 for further information on Equestrian Surfaces).

Equestrian Surfaces International Ltd. will be engaged to implement the synthetic surfaces across the three racetracks. This was decided upon by the project control group as it will:

- ensure consistency of surfaces across all selected locations;
- reduce problems associated with timing as implementation on the next track will commence with completion of the proceeding track; and
- reduce project costs with economies of sale in materials preparation.

Draft

---

**Detailed evaluation of options**

---

### 3.1 Introduction

In arriving at the decision to proceed with the synthetic track project, Queensland Racing Limited conducted an extensive evaluation of the costs and benefits of the project and, at the same time, examined other potential alternatives which could be implemented.

#### Options evaluated

In order to ensure the robustness and reliability of the business plan a number of possible options were assessed:

- **Preserving the status quo.** This would involve no change to the way in which training tracks are currently utilised and maintained. Current levels of water use would continue and costs associated with track maintenance would remain unchanged. However, this would be at the cost of declining safety and animal welfare performance, declining quality of racing and continued poor training economics
- **Restoring current facilities to a standard that would be comparable to that offered by installation of a synthetic surface.** Measures such as increased water use and continual surface maintenance and upgrade would be required to ensure the necessary improvement. Significant capital injections would be required initially, and followed by increased operational costs in order to implement these changes.
- **Replacement of a current training tracks with a single synthetic surface.** A training track will be completely removed and replaced by a more water efficient and safer synthetic surface. In the case of Toowoomba it would be required to replace the course proper.

#### Evaluation criteria

In order to fully evaluate the benefit and costs of each option evaluation criteria aimed at ensuring a transparent and robust selection process was formulated. The criteria used to evaluate each option can be broadly broken into:

- **Cost analysis** – this involved determining the operating and capital costs of each option, and analysing costs to identify the lowest whole of life cost as well as determining options that demonstrate the highest whole of life benefits. Cost effectiveness was used as a key criterion to ensure the best use of funds.
- **Risk analysis** – possible risks attributable to the delivery and operation of each option and their associated impacts were identified. The analysis was used to determine if any option presented unacceptable risk; and

- **Technical capability analysis** – an assessment of the ability of each option to realise the benefits required by Queensland Racing Limited's overall strategy for the industry was made.

#### **Evaluation framework**

The evaluation framework comprised the following steps:

1. calculation of the capital costs for each of the options;
2. identification of operating revenues and costs for each of the options and calculation of the incremental changes from the status quo option;
3. calculation of the net financial benefits from combined capital costs and incremental operating revenues and costs over the life of each option. Results are presented on a net present value basis;
4. analysis of the risks associated with capital works, or realisation of revenues and costs and identify risks which may reduce the potential of the program to achieve the outcomes sought;
5. analysis of the ability of each option to qualitatively achieve the outcomes sought; and
6. ranking the options on the basis of the results of previous steps.

#### **Estimation of revenues and costs**

For the purposes of the analysis a financial model has been constructed for each of the four tracks under consideration for the construction of synthetic tracks. The model calculates the incremental revenues and costs, on a whole of life basis for each of the options.

#### *Training economics – status quo case*

Turf clubs currently run training facilities at a loss as a means of supporting the racing product.

<b>Turf Club</b>	<b>Estimated Loss for Training FY08 (\$,000)</b>	<b>Average Number of Horses Trained per Week</b>
Sunshine Coast Turf Club	(294)	400
Toowoomba Turf Club	(25)	675
Gold Coast Turf Club	(238)	675
Queensland Turf Club	(520)	400

To ensure the long term viability of the industry it is vital to improve the economics of training, particularly by reducing the operating cost of training. The key costs of providing training facilities is maintenance including labour, materials, water and fuel costs of maintenance activities.

The evaluation framework assesses each option's ability to reduce the cost of these resources and therefore restoring the viability of providing training facilities.

#### *Estimation of capital costs*

Capital costs estimates for the upgrade of existing tracks were developed from an evaluation of the condition of existing tracks using the following information:

- demolition and replacement of all surfaces was required due to insufficient preventative maintenance over the life of these tracks and the apparent insufficient drainage in all cases;
- civil works at same cost as civil works for synthetic surface; and
- surface replacement costs were based on current market rates for surface materials.

Capital costs for synthetic track installation were developed from the capital works program estimates prepared for the upgrade of the Sunshine Coast Turf Club:

- surface and civil works were projected using the surface area of the Sunshine Coast Track and applying the area cost to the surface area of other locations; and
- timings between elements of the program were assumed to be similar to the work schedule for Sunshine Coast Turf Club.

#### *Estimation of operating costs*

Operating cost estimates for the status quo option were built up from Queensland Racing Limited's analysis of current operating costs of each of the four facilities under consideration:

- labour based on hours required for maintenance at each track;
- materials based on Queensland Racing Limited's experience with fertiliser, sand use, dirt use and other materials used for each track type in each location;
- water consumption estimates based on Queensland Racing Limited experience with current climatic conditions for status quo option; and

- fuel expenses were based on Queensland Racing Limited experience with vehicle use required in maintenance for each track in each location.

Operating cost estimates for the upgrade option were estimated based on the following assumptions:

- 25% more labour, materials and fuel required to bring tracks to level required to match synthetic track standard. This estimate was based on Queensland Racing Limited analysis of experience in ensuring the course proper is up to standard race conditions at various locations in current climatic conditions and the requirement to bring all existing tracks up to the required standard to match the performance of the synthetic tracks; and
- Water consumption estimated at 2.5 times current use based on Queensland Racing Limited analysis of experience of the bringing course proper up in each location to race standard in current climatic conditions.

Operating expenditure for synthetic replacement option was estimated on the basis of the following assumptions

- 25% of labour, materials and fuel cost of status quo option:
  - labour based on reduced hours required for maintenance;
  - materials based on manufacturers recommendations for material replacement; and
  - fuel cost based on required hours of rolling or manufacturers recommendations.
- Water is not required for synthetic tracks during maintenance. Water is required during construction and the cost of this consumption is included in capital cost estimates.
- Note that tracks not replaced by synthetic surfaces are assumed to phase down. A grass training track at each location is estimated to continue at 50% utilisation (assumed to be 50% associated cost). Other tracks not replaced are estimated to reduce utilisation by 40% in the first year after commencement of operation of the synthetic track, by 80% in the second year and totally eliminated in the third year as trainers alter their training programs after gaining familiarity with synthetic surfacing over time and as turf clubs seek to realise operating benefits by restricting and closing access to more costly surfaces. It is assumed that cost reductions are proportional to reduction in usage.



### *Revenue estimates*

Revenue estimates for all options were built up from key constraints at each facility and estimated demand for training:

- number of hours trained each week for status quo option reflects current situation estimated and kept constant (no growth) during the evaluation period;
- number of horses trained each week for upgrade and replacement options estimated to increase each year up to a ceiling set by the locally available stabling capacity and track capacity; and
- prices for training for each option are assumed to be the same. This is a conservative assumption since turf clubs will be at liberty to raise prices and will likely do so as a result of a more attractive training environment.

### *Other assumptions*

Escalation and discount rate assumptions were as follows:

- 2% revenue escalation based on price increases expected by turf clubs;
- 5% water expense escalation based on price increases expected by turf clubs;
- 3% expense escalation based on increases in materials, fuel and labour;
- 10% capital cost escalation based on current experience in the Queensland construction industry; and
- a pre tax nominal discount rate of 8% was used for present cost calculations.

## **3.2 Evaluation results**

### **Cost effectiveness**

Following the methodology described above, capital costs, operating revenues and operating costs were modelled in both nominal cost and present value terms for each option.

The Tables below set out the net present value revenue, capital cost and operating cost impacts for each of the Turf Clubs under each option. It represents a whole of life incremental impact – that is the incremental changes in revenue, capital cost and operating compared to the current operations at each location. The detailed financial results are contained in Appendix 8.

### Sunshine Coast Turf Club

The results of the evaluation of options for the Sunshine Turf Club are outlined in the Table below.

	Restore Track (\$,000)	Synthetic Track (\$,000)
Revenue	1,850	1,850
Capital Costs	(7,840)	(6,016)
Operating Costs	(969)	2,375
<b>Net Present Value</b>	<b>(6,958)</b>	<b>(1,791)</b>

Queensland Racing Limited has decided that in view of the redevelopment of the Sunshine Coast Turf Club that either restoration of the current training facilities or installation of synthetic facilities will occur first at the Sunshine Coast facility. It is anticipated that works would be completed in the current financial year (FY2008).

In the case of the restoration option, capital costs for restoring the grass, sand and plough training tracks have been estimated to be approximately \$8.5m (or \$7.8m in present value terms).

The capital costs for the synthetic track option have been estimated to be lower at \$6.5m (or \$6m in present value terms). This estimate includes all material, civil works and project management costs.

An increase in revenue has been estimated for both options (\$1.9m in present value terms over a ten year period). Currently, approximately 400 horses train at the facility, however, Queensland Racing Limited has estimated that if facilities are restored or replaced with synthetic track, numbers can increase to approximately 800.

The most significant distinction between the options is in terms of training costs. Currently, the training facilities at the Sunshine Coast cost around \$450 000 per annum. Approximately 43% of those costs are in relation to water and 35% of total costs are labour costs. Under the restoration option there is a significant increase in these costs. In the case of water, the Turf Club currently spends approximately \$200 000 each year. Over the next ten years this is forecast to rise to over \$330,000 per annum.

Conversely under the synthetic turf option, only water related expenses attributable to the remaining grass training track will be realised resulting in a large drop, approximately \$1.2m over 10 years in present value terms, in water use. When compared to the restoration option a saving of just over \$2m is realised. Labour and maintenance costs will also be significantly reduced. Therefore, the

synthetic turf option is significantly less expensive than the restoration option. (For operating expenditure cash flows see Appendix 8)

*Toowoomba Turf Club*

	Restore Track (\$,000)	Synthetic Track (\$,000)
Revenue	542	542
Capital Costs	(9,878)	(6,839)
Operating Costs	(636)	3,464
<b>Net Present Value</b>	<b>(9,973)</b>	<b>(2,833)</b>

The results of the analysis for the Toowoomba Turf Club are similar to that of Sunshine Coast. Queensland Racing Limited has determined that the Toowoomba facilities will be replaced after the completion of the redevelopment of Sunshine Coast.

The capital costs of restoration have been estimated at approximately \$11.5m (\$9.9m in present value terms) with the project started and completed in FY2009. Nearly 50% of the estimated capital expenditure would be spent on restoring the course proper. Once again the costs of constructing the synthetic tracks will be lower (estimated at \$6.8m in present value terms).

A modest increase in revenue is forecast under both options as the number of horses being trained at the facility is only likely to increase from the current 675 horses to 800.

Again, in terms of operating costs, savings in labour and water costs means that the synthetic track option enjoys a cost advantage over the restoration option. In present value terms over 10 years labour cost savings against the status quo option and restoration option are approximately \$1.2m. Water cost savings against the status quo option are just under \$600,000 and against the restoration option are approximately \$1m. (For operating expenditure cash flows see Appendix 8)

*Gold Coast Turf Club*

	Restore Track (\$,000)	Synthetic Track (\$,000)
Revenue	303	303
Capital Costs	(10,990)	(6,378)
Operating Costs	(519)	4,174
<b>Net Present Value</b>	<b>(11,206)</b>	<b>(1,901)</b>

Queensland Racing Limited is currently evaluating a potential relocation of the facilities at the Bundall site. Hence, a decision will need to be made between constructing new facilities at the Gold Coast or at Eagle Farm. For the purposes of the evaluation, should the Gold Coast be selected as the third site, it has been assumed that options will be developed at the existing Bundall facilities.

Of the four sites being evaluated, Queensland Racing Limited considers that the greatest potential to increase the number of horses in training is at the Gold Coast. Currently, there are approximately 675 horses training at the Bundall facilities. Queensland Racing Limited has forecast that demand for the number of horses to be trained in the Gold Coast region could increase to approximately 1 200 horses if facilities were improved. However, due to the limited capacity at Bundall for the purposes of this evaluation an increase from 600 to 750 horses was used to determine potential revenue increases. Hence, it has been estimated that the additional revenue, in present value terms, that could be generated over a ten year period would be approximately \$3m.

An upgrade of facilities at the Gold Coast would commence in FY2009 and be completed by FY2010. The restoration of the training facilities would cost approximately \$13.4m (\$11.0m in present value terms). Synthetic facilities would cost less at \$6.4m in present value terms.

Unlike the Sunshine Coast and Toowoomba Turf Clubs the Gold Coast Turf Club proportion of water related costs as a proportion of total training costs is relatively small (approximately 14%). Nonetheless savings in water costs still represent a significant cost saving under the synthetic track option. (For operating expenditure see Appendix 8)

*Queensland Turf Club*

	Restore Track (\$,000)	Synthetic Track (\$,000)
Revenue	1,224	1,224
Capital Costs	(9,036)	(6,378)
Operating Costs	(1,579)	2,523
<b>Net Present Value</b>	<b>(9,391)</b>	<b>(2,638)</b>

Queensland Racing Limited anticipates that if redevelopment of the facilities at the Queensland Turf Club does occur it would be in the period FY2009 to FY2010.

Queensland Racing Limited has forecast that an improvement in facilities would increase the number of horses training at the facility from the current 400 horses to 650 horses. This would lead to a modest increase in revenue over the evaluation period.

The capital cost for restoring the QTC training facilities is estimated to be \$11.0m (\$9.0m in present value terms). Synthetic track facilities would cost \$7.7m (\$6.4m in present value terms).

Labour and water costs currently comprise approximately 95% of training costs. The installation of synthetic tracks would allow significant cost savings over the current situation.

As can be seen from the Table below, the evaluation suggests that the restore option will result in significantly higher 'whole of life' costs compared to the synthetic track 'replace' option and therefore results in a significantly higher financial burden for turf clubs, a situation that would not be sustainable.

In particular, both capital and operating costs for the synthetic turf option are significantly lower than for the restoration option. In present value terms over ten years, when compared to the restoration option, water cost savings associated with the synthetic option are over \$700,000. In terms of achieving the outcomes that Queensland Racing Limited is seeking for the thoroughbred racing industry the installation of synthetic track training facilities provides the most cost effective solution. (For operating expenditure see Appendix 8)

Turf Club	Restore Track (\$,000)	Synthetic Track (\$,000)
Sunshine Coast Turf Club	(6,958)	(1,791)
Toowoomba Turf Club	(9,973)	(2,833)
Gold Coast Turf Club	(11,206)	(1,901)
Queensland Turf Club	(9,391)	(2,638)

## Risk analysis

### *Restoration of existing facilities*

The restoration option is characterised by significant investment in rehabilitating existing facilities to achieve long term strategic outcomes by bringing these facilities to a level similar to the synthetic track standard. The key risks of this option centre on the impact on industry viability of both significant capital expenditure with increased operating costs and limits on the ability of turf clubs to charge more for existing facilities.

This option is high cost which would place additional strain on both Queensland Racing Limited and turf clubs leading to significant financial risk.

Risk	Description	Consequence	Likelihood	Who Bears the Risk
Decreased viability of turf clubs	Increased operating expenses and capped revenue puts turf clubs under pressure to maintain training facilities.	Reduced availability of training	Moderate	Industry Participants and Turf Clubs

*Replacement of existing facilities with synthetic surface*

The replacement option is characterised by significant investment in new synthetic racing facilities. The key risks of this option centre on the ability of Queensland Racing Limited to manage the capital works budget and on the acceptance of the industry of the new surface.

This option is lower cost which would enhance both Queensland Racing Limited and turf clubs positions leading to higher potential benefits.

Risk	Description	Consequence	Likelihood	Who Bears the Risk
Capital Budget Control	Escalating capital costs and deficient capital cost controls lead to budget blowouts for the capital cost.	QRL is required to borrow funds or reduce the scope to complete the program	Moderate	QRL
Acceptance by key stakeholders of the new surfaces	Key stakeholders such as race goers, trainers and owners reduce demand for training or relocate training to other facilities	Reduced starters for races with reduced training and reduced racing interest leading to declining revenues	Moderate	QRL and Turf Clubs

**Ability to achieve outcomes sought for each option**

*Restoration of existing facilities*

Set out in the Table below are the key technical issues associated with the restoration of existing facilities.

<b>Outcome sought</b>	<b>Technical Criteria</b>	<b>Assessment</b>
Improve Water Management without reducing standard of training facilities	Water Savings in operation	Increased water use approximately 2.5 times above status quo to maintain standard of facilities
Improve Jockey safety and animal welfare by increasing the standard of training facilities in the face of adverse climatic conditions	Reduction in surface hardness	Reduction in surface hardness to high standard
Improve the quality of racing by increasing the throughput of horses trained to increase race starts and give the industry the ability to race in all weather conditions	Potential increase in training numbers due to increased attractiveness of facilities	Probable increase in training numbers since surfaces at a high standard
Improve industry viability by reducing operating costs for training at turf clubs	Operating cost reductions	Increased operating costs due to increased maintenance, materials use and water use required to keep existing facilities at a high standard

Implementation of the restoration option will only partially achieve the outcomes that Queensland Racing Limited is seeking to achieve for the thoroughbred racing industry in Queensland. In particular whilst the standard of facilities will be improved through the implementation of this option it will threaten the financial viability of the clubs by increasing costs at a time when they can least afford it.



*Replacement of existing facilities with synthetic surface*

Set out in the Table below are the key technical issues associated with the replacement of existing facilities associated with synthetic turf.

<b>Outcome sought</b>	<b>Technical Criteria</b>	<b>Assessment</b>
Improve Water Management without reducing standard of training facilities	Water Savings in operation	No water use for maintenance leading to high likely water savings
Improve Jockey safety and animal welfare by increasing the standard of training facilities in the face of adverse climatic conditions	Reduction in surface hardness	High quality, consistent surface with hardness eliminated
Improve the quality of racing by increasing the throughput of horses trained to increase race starts and give the industry the ability to race in all weather conditions	Potential increase in training numbers due to increased attractiveness of facilities	Probable increase in training numbers since surfaces at a high standard
Improve industry viability by reducing operating costs for training at turf clubs	Operating cost reductions	Decreased operating costs due to reduced requirement for maintenance and water use

Implementation of the synthetic track option offers the opportunity for Queensland Racing Limited to achieve its objectives whilst at the same time producing a financial outcome which is more cost effective than the other alternative which can be implemented.

One of the key technical outcomes sought is the savings in water utilisation. The following table outlines the amount of water in kL that will be used on training tracks should a synthetic surface be introduced. Current levels of water use are given by FY07 and levels of water use after installation and phasing out of other tracks is given by FY14.

	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14
Sunshine Coast Turf Club	156,000	86,667	52,000	52,000	52,000	52,000	52,000	52,000
Toowoomba Turf Club	57,018	57,018	23,829	6,466	4,021	3,120	3,120	3,120
Gold Coast Turf Club	78,104	78,104	65,962	22,426	11,329	4,021	1,872	1,872
Queensland Turf Club	90,923	90,923	73,438	40,819	39,089	19,783	14,105	14,105

### Overall ranking of options

In evaluating the three options it was determined that the 'status quo' option would be disregarded immediately. Whilst having the lowest Net Present Value of all three options due to the absence of capital investment, the 'status quo' option was not sustainable in the short, medium or long term.

The options evaluated above have been ranked for each of the criteria in the following table:

Criteria	Upgrade	Replacement	Preferred Option
Cost Effectiveness	2	1	Replacement
Risk	2	1	Replacement
Ability to achieve outcomes sought	2	1	Replacement
Overall Assessment	2	1	Replacement

The key criteria for assessment of the relative merits of each option is the ability to achieve the outcomes sought. The second ranked criteria is to achieve the outcomes at best value for money while minimising the risks to which participants are exposed.

Both the status quo and upgrade options do not allow Queensland Racing Limited to achieve the industry outcomes sought. While the absence of investment in the Status Quo option implies the best Net Present Value Result it will likely result in declining financial outcomes for clubs if climatic conditions worsen or do not improve. From this analysis the replacement option is the option most likely to achieve the Industry outcomes sought by Queensland Racing Limited at a value for money investment cost.

Draft

---

**Project implementation**

---

## **4.1 Introduction**

Approval for partial funding of the program was provided by the Queensland Government in June 2007 and funds were provided to Queensland Racing Limited, subject to strict conditions subsequent, an execution of a funding arrangement between Queensland Racing Limited and the Department of Local Government Planning Sport and Recreation.

Broadly, accountability for acquittal of funds rests with Queensland Racing Limited, with the Department acting in an oversight capacity. Queensland Racing Limited is responsible for expenditure and is subject to a comprehensive reporting and audit regime.

Key deliverables of the project are:

- submission of a detailed business case to the Minister for Local Government, Planning, Sport and Recreation;
- installation of a synthetic racing and training track at Corbould Park at Caloundra;
- installation of a synthetic racing and training track at Clifford park at Toowoomba;
- submission for consideration by the Minister for Local Government, Planning, Sport and Recreation of a proposal for the location of a third synthetic racing and training track; and
- installation of a synthetic racing and training track at a location satisfactory to the Minister for Local Government, Planning, Sport and Recreation.

Modelling of funding requirements indicates that the program will be funded 39% by Queensland Racing Limited and 61% by Queensland Government funding.

A project control group has been formed to ensure that key program, risks, benefits, operational changes and quality issues are appropriately managed during implementation of the program.

## **4.2 Project governance**

Queensland Racing Limited is the peak regulatory body for racing within Queensland. It is formally accountable to the Minister for Local Government, Planning and Sport, Mr. Andrew Fraser, and is responsible for ensuring the ongoing viability and integrity of thoroughbred operations in this Queensland.

A project control group will be appointed within Queensland Racing Limited to oversight the project. The project control group will consist of Bob Bentley (Board Chairman), Malcolm Tuttle (Chief Operations Manager) and a third member which will

be selected two months prior to commencement of each project. For the development at the Sunshine Coast Turf Club Mr. Don Moffat has been elected as the third member of this group. The role of this group will be to:

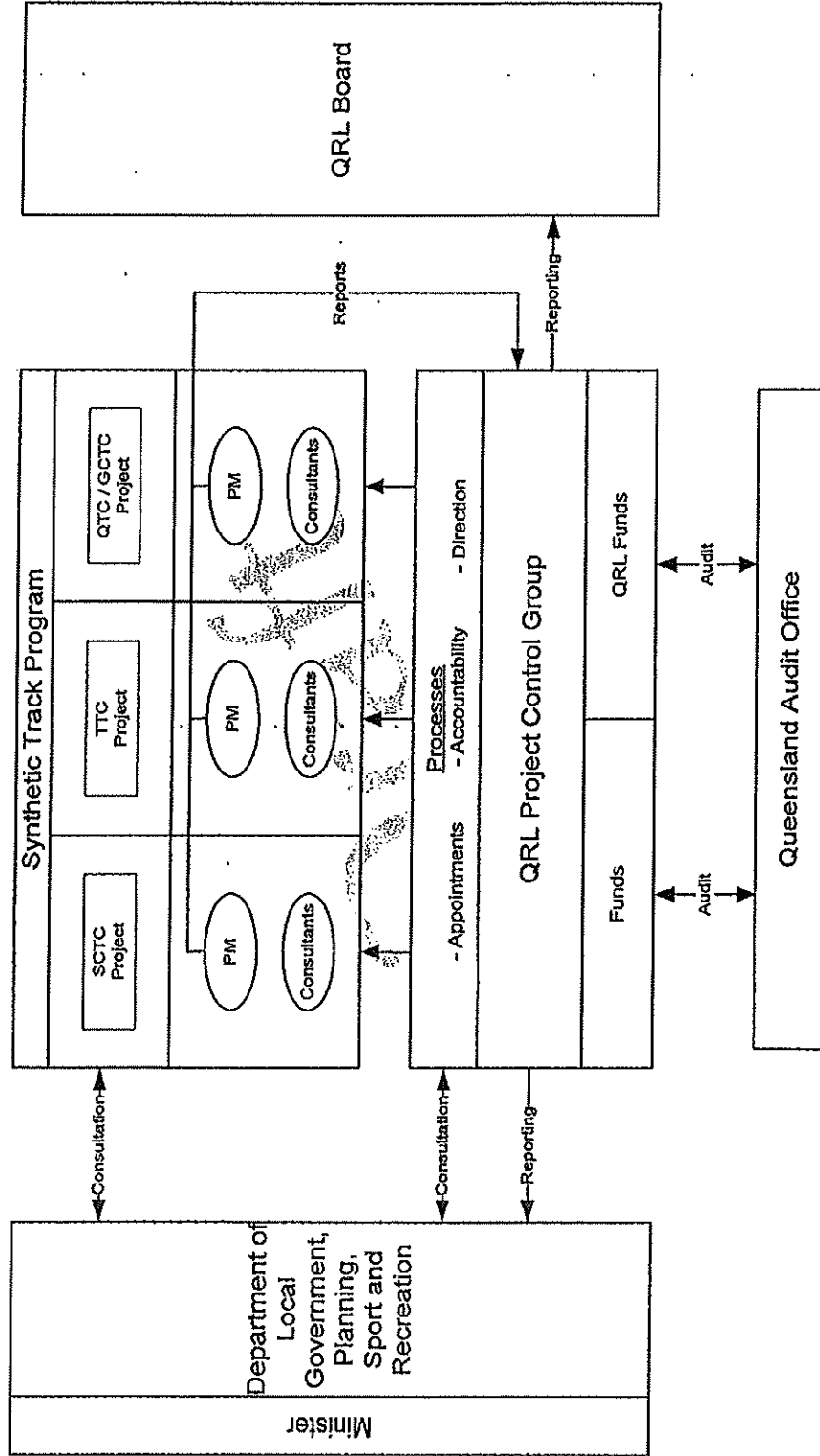
- Provide project management oversight;
- To exercise accountable approval processes for project expenditure including appointment of contractors and synthetic product suppliers;
- Investigate issues that may impact on the projects ability to deliver on stated outcomes;
- Manage compliance with the conditions of the Funding Agreement with the Queensland Government.
- Manage the project reporting processes inclusive of mandatory project reporting to the Queensland Government; and
- Monitor post implementation quality assurance.

For a detailed overview of the project control group refer to the group's terms of reference contained in Appendix 9.

The Department of Local Government, Planning and Sport will ensure the oversight of the entire project and as such are formally accountable to the Minister, Mr. Andrew Fraser.

The Queensland Audit Office (QAO) supports the role of the Auditor-General in providing Parliament with an independent assessment of the financial management-related activities of public sector entities. Their role will be to provide independent audit services and reports to Parliament to enhance the accountability of the synthetic surface installation project. QAO will also provide assurance services around the commitment of funds to the project.

The following diagram summarises the roles and accountabilities of each participant in the governance structure.



Project reporting arrangements will be as follows:

Report	Timeframe	Reporting Line
Monthly Progress Report	1 week after end of month	Project Manager to Project Control Group
Quarterly Report	2 weeks after end of quarter	Project Control Group to QRL Board and the Government
Annual Audit and Acquittal Report	3 months after end of year	QRL Board to the Department
Milestone Report	At completion of a milestone	QRL Board to the Department
Program Completion Report	At completion of Program	QRL Board to the Department

### 4.3 Program milestones

The following table is a summary of a detailed project plan contained at Appendix 10.

Project Milestone	Date
Commencement of Installation at Sunshine Coast Turf Club	June 2007
Submission of Business Case	August 2007
Completion of installation at Sunshine Coast Turf Club	February 2008
Selection of third installation site	July 2008
Commencement of installation at Toowoomba Turf Club	July 2008
Completion of installation at Toowoomba Turf Club	January 2009
Commencement of installation at 3 <sup>rd</sup> Turf Club	March 2009
Program completion	November 2009

#### **4.4 Management framework**

Within the Program Assurance Framework it is outlined that strategies must be in place that address:

- Risk management;
- Benefits management;
- Change management; and
- Quality management.

With input from appropriate stakeholders an extensive list of strategies that address these four areas has been created (Contained in Appendix 11).

It must be noted that whilst risk management issues were discussed in section 3, these refer only to individual projects. Strategies contained within Appendix 11 are associated with the implementation of the program as a whole.

#### **4.5 Funding framework**

The synthetic racing and training tracks project is classified as a net cash outflow project from the above financial analysis of project cash flows. In addition to this analysis it is important to note that Queensland Racing Limited and the State are making an investment in industry sustainability the benefits of which are realised by the Turf clubs and the Industry participants.

These cash outflows will be sourced from Queensland Racing Limited and the Department as follows (Note that cashflows may vary slightly depending on the selection of the third track):



	Undiscounted Costs	QRL Funding	Government funding
Q108	(2,046,758)	2,046,758	-
Q208	(3,776,444)	1,132,933	2,643,511
Q308	(674,528)	202,358	472,170
Q408	-	-	-
<b>FY08</b>	<b>(6,497,730)</b>	<b>3,382,049</b>	<b>3,115,680</b>
Q109	(2,168,256)	650,477	1,517,779
Q209	(3,216,518)	964,956	2,251,563
Q309	(2,802,468)	840,740	1,961,728
Q409	(4,130,908)	1,239,272	2,891,636
<b>FY09</b>	<b>(12,318,151)</b>	<b>3,695,445</b>	<b>8,622,706</b>
Q110	(3,333,900)	1,912,286	1,421,614
Q210	(11,985)	11,985	-
Q310	-	-	-
Q410	-	-	-
<b>FY10</b>	<b>(3,345,885)</b>	<b>1,924,271</b>	<b>1,421,614</b>
Q111	-	-	-
Q211	-	-	-
Q311	-	-	-
Q411	-	-	-
<b>FY11</b>	<b>-</b>	<b>-</b>	<b>-</b>
Q112	-	-	-
Q212	-	-	-
Q312	-	-	-
Q412	-	-	-
<b>FY12</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>(22,161,766)</b>	<b>9,001,765</b>	<b>13,160,000</b>

The total Government funding requirement of \$13,160,000 is greater than the \$12,000,000 committed by the Queensland Government since, as required by the funding arrangement, interest earned from the funds (invested by QTC) will be used for eligible expenditure on the program.

---

## Appendices

---

## Appendix 1

### Condition Assessment Ratings Scale

- |   |   |                            |
|---|---|----------------------------|
| 1 | - | Needs complete replacement |
| 2 | - | Needs complete restoration |
| 3 | - | Needs partial restoration  |
| 4 | - | Average workable condition |
| 5 | - | Good workable condition    |
| 6 | - | Excellent condition        |
| 7 | - | Optimum condition          |

Draft

**FUNDING AGREEMENT**

**Between**

**THE STATE OF QUEENSLAND**  
acting through the Department of Local Government,  
Planning, Sport and Recreation ABN: 61 331 950 314

**and**

**QUEENSLAND RACING LIMITED**  
ABN 93 116 735 374



**Queensland Government**

Department of Local Government, Planning,  
Sport and Recreation

# FUNDING AGREEMENT

THIS AGREEMENT is made ..... day of ..... 2007

## BETWEEN:

THE STATE OF QUEENSLAND acting through the Department of Local Government, Planning, Sport and Recreation of 41 George Street, Brisbane, QLD ('State')

## AND:

QUEENSLAND RACING LIMITED of Racecourse Road, Deagon, QLD ("Recipient").

## RECITALS:

- A. The Recipient has requested Funding from the State for the purpose of funding the establishment of three synthetic race tracks in Queensland (the 'Program').
- B. The State wishes to provide Funding to the Recipient for the Program, subject to the terms and conditions as set out in this Agreement.
- C. The State is required to ensure the accountability of Funding and accordingly, the Recipient is required to be accountable for all Funding it receives from the State pursuant to this Agreement.

## AGREEMENT:

### 1 INTERPRETATION

#### 1.1 Definitions

In this Agreement, the following terms have the following meanings, unless the context otherwise requires:

"Agreement" means this agreement and includes all Schedules and attachments.

"Business Case" means business cases prepared by the Recipient with respect to the Program, such business cases must include:

- (a) full details of the scope of the work involved in the Program;
- (b) a technical appraisal of the work involved with respect to the Program;
- (c) an estimate of the costs to carry out and complete the Program;
- (d) an assessment of the cost savings projected to be achieved by the relevant race clubs as a result of the Program;
- (e) a statement of the funding which the Recipient proposes to input into the Program;
- (f) the proposed Project timeframes; and
- (g) an assessment of the water savings projected to be achieved by the relevant race clubs as a result of the Program.

"Business Day" means a weekday on which banks are open for business in Brisbane.

**"Commencement Date"** means the date upon which this Agreement is executed by the Parties or if the Parties execute the Agreement on different days, the date upon which the last Party executes the Agreement.

**"Confidential Information"** includes all trade secrets and know-how, financial information and other commercially valuable information of whatever description and in whatever form this information is communicated (whether by electronic means, in an electronic storage device, in writing or orally) and includes the interpretation, analysis and application of general information in the public domain.

**"Eligible Expenditure"** means those costs directly attributable to:

- (a) design and technical advice relevant to the Program;
- (b) excavation works necessary for the Program;
- (c) construction and installation of the racetracks;
- (d) all associated works necessary for the Program, including the realignment of existing drainage, electrical works, lighting works and barrier works; and
- (e) third party project management fees; and
- (f) and such other costs agreed to by the State from time to time.

1. **"Force Majeure"** means any event or circumstance that is not within the control of a Party and which could not have been overcome, prevented or remedied by the exercise of reasonable care on the Party's part and includes, but is not limited to:

2.

- (a) war, whether declared or undeclared, revolution or act of public enemies;
- (b) riot or civil commotion;
- (c) strike, stoppage, ban, limitation on work or restraint of labour;
- (d) act of God;
- (e) fire, explosion, flood, storm, tempest, landslide or washaway;
- (f) act of restraint of any governmental or semi-governmental or other public or statutory authority; or
- (g) an order of any Court.

**"Funding"** or **"Funds"** means the sum of \$12,000,000 (GST exclusive) to be provided by the State to the Recipient during the Funding Period for the sole purpose of the Program.

**"Funding Period"** means the period from the Commencement Date to the expiry of the Agreement.

**"Goods and Services Tax"** or **"GST"** means an amount of GST payable under the *A New Tax System (Goods and Services Tax) Act 1999* and *A New Tax System (Goods and Services Tax Imposition - General) Act 1999* or otherwise imposed by the Commonwealth Government.

**"GST Amount"** means the amount calculated by multiplying the GST exclusive amount of the financial assistance as a taxable supply, payable under the terms of this Agreement, by the rate of GST applicable from time to time.

**"Ineligible Expenditure"** means those costs which are not Eligible Expenditure, notably, Recipient administration and management costs, procurement costs and financial and Program reporting costs.

"Intellectual Property" includes all copyright (including any future copyright), moral rights, all rights in relation to inventions (including patent rights), plant varieties, registered and unregistered trade marks (including service marks), registered designs, confidential information (including trade secrets and know-how), circuit layouts and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields as a result of the use of the Funds in the Program.

"Minister" means the Minister responsible for administering the *Racing Act 2002*.

"Party" means a party to this Agreement.

"Program" means the construction of three synthetic racetracks to be located in Toowoomba, Caloundra and a third site, being either Brisbane or the Gold Coast as nominated by the Recipient and approved by the Minister.

Draft

**1.2** In this Agreement:

- (a) a reference to this Agreement or other instrument includes any variation or replacement of any of them;
- (b) a reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them;
- (c) the singular includes the plural and vice versa;
- (d) the word "person" includes a firm, body corporate, an unincorporated association or an authority;
- (e) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including persons taking by novation) and assigns;
- (f) a reference to an accounting term is to be interpreted in accordance with approved accounting standards under the *Corporations Act 2001* and, where not inconsistent with those accounting standards, generally accepted principles and practices in Australia consistently applied by an incorporated body or as between incorporated bodies and over time;
- (g) a reference to anything (including any amount) is a reference to the whole and each part of it and a reference to a group of persons is a reference to all of them collectively, to any 2 or more of them collectively and to each of them individually;
- (h) a reference to the State or any other government department or entity ("**Existing Entity**") includes a reference to any department or other government entity ("**New Entity**") established or constituted in lieu of the Existing Entity, and with (as nearly as possible) the powers and responsibilities of the Existing Entity;

- (i) If an act prescribed under this Agreement, to be done by a party on or by a given day, is done after 5.00pm on that day, the act is deemed to be done on the following day;
- (j) the monetary amounts stated in this Agreement are exclusive of GST;
- (k) reference to "\$" or "dollars" means Australian dollars; and
- (l) headings do not affect the interpretation of this Agreement.

## **2 TERM**

- 2.1** This Agreement commences on the Commencement Date and terminates upon completion of the Program, unless otherwise agreed between the parties.

## **3 OBLIGATIONS OF THE STATE**

- 3.1** Subject to the terms and conditions of this Agreement, the State will provide the Recipient with the Funds to be expended by the Recipient on the Program only.
- 3.2** The State will provide the Funds in a lump-sum to the Recipient on a date nominated by the State, but before 30 June 2007.
- 3.3** Payment of the Funds under section 3.2 is conditional upon the State receiving the following from the Recipient in a timely manner:
  - (a) a signed copy of this Agreement;
  - (b) an electronic funds transfer form; and
  - (c) a recipient created tax invoice Agreement.

## **4 OBLIGATIONS OF THE RECIPIENT**

### **Funding Disbursement**

- 4.1** The Recipient acknowledges that receipt and retainment of the Funds is conditional upon the Recipient:
  - (a) using the Funds on the Program only;
  - (b) providing reports and other information, which are accurate and not misleading;
  - (c) not being in breach of any other funding arrangement with the State of Queensland; and
  - (d) complying with all clauses of this Agreement.
- 4.2** The Recipient must not distribute any of the Funds until the State has notified the Recipient in writing that the Minister has endorsed the Business Case.
- 4.3** The Recipient must distribute Funds only:



- (a) In accordance with the scope of works approved by the Minister in the Business Case;
- (b) based on actual expenses incurred as part of the Program; and
- (c) in respect of Eligible Expenditure (Funds must not be spent on Ineligible Expenditure).

- 4.4 The Recipient must ensure that any interest earned on the Funds is disbursed to the Program.
- 4.5 Ownership of the synthetic racetracks, as constructed, will vest in the relevant race club and or a unit trust, as applicable. Any other equipment or materials purchased or constructed with the Funds shall vest in the Recipient.
- 4.6 The Recipient must return to the State within sixty (60) days of the end of the Funding Period any part of the Funding not fully expended on the Program.
- 4.7 The Recipient must return to the State any Funds uncommitted within three years of the Commencement Date unless otherwise agreed by the Parties.
- 4.8 The State is not liable to contribute any further money beyond the Funds provided in accordance with the terms of this Agreement. Where the Funds are insufficient to meet full costs associated with the Program, the Recipient must provide the further funds required.
- 4.9 The Recipient must ensure that, in collecting and dealing with Personal Information for the purposes of the Agreement, it complies in all respects with the Information Privacy Principles set out in Queensland Government Information Standard 42.

#### **Program Requirements**

##### *Preparation of the Business Case*

- 4.10 In consideration for receiving the Funds, the Recipient must prepare a Business Case for endorsement by the Minister, in his absolute discretion. The Business Case for the Caloundra and Toowoomba racetracks must be provided to the Minister by 30 September 2007 or on a date otherwise agreed between the parties, with the Business Case for the third racetrack to be provided to the State by a date nominated by the State.
- 4.11 The Business Case must contain those matters referred to in section 1.1 of this Agreement and such other matters as advised by the State to the Recipient in writing.
- 4.12 The Business Case must comply with relevant provisions of the Project Assurance Framework which can be accessed at [www.treasury.qld.gov.au/office/knowledge/docs/project.assurance.framework/index.shtml](http://www.treasury.qld.gov.au/office/knowledge/docs/project.assurance.framework/index.shtml).

##### *Construction of the Synthetic Racetracks*

- 4.13 In consideration for receiving the Funds, the Recipient is responsible for taking all steps necessary to procure the construction of three synthetic racetracks at:

- (a) Toowoomba Race Club;
  - (b) Caloundra Race Club; and
  - (c) A third race club to be proposed by the Recipient for endorsement by the State within three years of the Commencement Date.
- 4.14 The racetracks must be completed in the timeframes specified in the Business Case, or as otherwise agreed between the parties from time to time.
- 4.15 The Recipient is responsible for undertaking all steps necessary to procure the construction of the three synthetic racetracks, including:
- (a) entering into construction contracts with third parties where necessary;
  - (b) obtaining all required consents, permits and approvals required for construction of the racetracks, including access consents from the relevant race clubs; and
  - (c) ensuring the racetracks are adequately insured, either by a policy held by the Recipient or the race clubs.

*Appointment of Project Manager*

- 4.16 The Recipient will appoint a suitably qualified Project Manager with the relevant skills and experience and professional indemnity and public liability insurances appropriate to undertake management of the Program.
- 4.17 The Recipient must allow the State and its agents access to the project sites and access to the contracted or nominated Project Manager on three (3) Business Days notice, and render all reasonable and necessary assistance to enable those persons to:
- (a) undertake project monitoring;
  - (b) oversee the progress of construction and development on a monthly basis; and
  - (c) assess and forecast, with input from the Project Manager, the value of the work in ground.

*Appointment of construction contractor*

- 4.18 The Recipient must undertake open tender processes to appoint contractors to supply and lay the racetracks, whereby the achievement of a value for money price can be demonstrated, to the satisfaction of the State.
- 4.19 If requested, the Recipient must provide a copy of its tender assessment to the State, within five (5) Business Days of receiving the State's request.
- 4.20 The Recipient must, upon request, supply a copy of the successful tender and associated contract documentation for the Program to the State.

- 4.21 Where relevant, the Recipient must enter into an agreement for the construction of the racetracks with an appropriately licensed contractor. Where a head contractor is appointed, the Recipient must request written confirmation that all sub-contractors to be engaged on the Program are also licensed, and that proof of current licensing status has been provided.
- 4.22 The Recipient must engage contractors pursuant to recognised *General Conditions of Contract* and must use the appropriate conditions of contract for the various construction methods and values as nominated under 'Construction Contracts' on the Department of Public Works (DPW) Web Site at [www.publicworks.qld.gov.au](http://www.publicworks.qld.gov.au).

## 5 REPORTING

- 5.1 The Recipient must provide the State with quarterly summary progress reports evidencing progress towards construction of the racetracks and disbursement of the Funds. The format and timing of these quarterly reports are to be agreed between the parties.
- 5.2 Following completion of each racetrack, the Recipient must provide appropriate reporting to the State to fully acquit the Funding spent on each racetrack. The format of this acquittal report is to be advised to the Recipient by the State.
- 5.3 The Recipient must provide audited financial statements relevant to the Funding to the State annually.
- 5.4 If the Recipient submits a report or acquittal which the State deems to be unsatisfactory, the State will provide the Recipient with a written notice within 14 days of receipt of the report or acquittal, advising the Recipient of the:
- (a) additional information which the Recipient must supply to the State in order for the Recipient to deliver a satisfactory report or acquittal to the State ("Resubmitted Report"); and
  - (b) due date by which the Recipient must provide the Resubmitted Report.
- 5.5 The Recipient must include details and information on the operation of the Program within its Annual Report.
- 5.6 The Recipient will inform the State immediately if any significant issue comes to its attention regarding:
- (a) its compliance with this Agreement, including achievement of applicable timeframes; or
  - (b) compliance with any laws concerning the provision or the use made of the Funding, whether by an officer, employee, contractor or volunteer worker engaged by the Recipient.

## 6 ACCOUNTS

- 6.1 The Recipient's accounting system must be structured:
- (a) to enable the expenditure of the Funding to be properly and accurately identified, sourced, traced and reported upon to the State;
  - (b) to ensure appropriate internal controls are in place to identify and

prevent misuse or misappropriation of Funding; and

(c) to record that interest earned on the Funding is applied to the Program.

6.2 The Recipient must deposit and retain the Funds in a separate bank account, invested in a manner deemed acceptable by the State.

## **7 INSPECTION AND AUDIT**

7.1 The State and/or its nominated representative(s) may:

(a) examine and copy the Recipient's accounts and records relating to the Program any time during a Business Day, provided 48 hours written notice is given to the Recipient by the State; and

(b) conduct an annual audit, if deemed necessary by the State, to determine the Funding paid by the State under this Agreement.

7.2 The Recipient must produce its accounts and accounting records relating to the Program and otherwise co-operate fully with the State and/or its nominated representative(s) to enable the State to exercise its rights under Clause 7.1.

## **8 INTELLECTUAL PROPERTY**

8.1 The State and the Recipient acknowledge that any Intellectual Property created during the Program, upon its creation, shall vest in the Recipient.

8.2 The Recipient hereby grants to the State, a perpetual, royalty-free, non-transferable, non-exclusive licence to use, modify and develop the Intellectual Property to allow it to carry out its portfolio responsibilities.

## **9 CONFIDENTIALITY AND PUBLICATION**

9.1 Each Party agrees that it will keep secret and confidential any Confidential Information of the other Party. Each Party must not disclose Confidential Information of the other party without the prior written consent of the other Party.

9.2 The obligations of confidentiality imposed on a Party under this Clause 9 will survive termination of this Agreement until each part of the Confidential Information lawfully becomes part of the public domain, unless otherwise agreed in writing.

9.3 The State may use general details of the Recipient and the Program to publicise the benefits to Queensland of the State's funding of this Program.

9.4 The State reserves the right to disclose to sitting Members of Parliament the general details, including Confidential Information, of the Recipient and the Program and the fact that the State has made a financial contribution to the Recipient for the Program.

9.5 The Recipient acknowledges that:

(a) a statement as to the Funding assistance received must be included in any sign or promotional material made or issued by the Recipient in relation to the Program;

(b) the format of any such statement must be approved by the State; and

- (c) all acknowledgement must be in accordance with the State's guidelines located at [http://www.srq.qld.gov.au/funding/acknowledging\\_srq\\_facilities.cfm](http://www.srq.qld.gov.au/funding/acknowledging_srq_facilities.cfm).

## 10 INDEMNITY AND INSURANCE

- 10.1 The Recipient agrees to release, indemnify and hold harmless the State, its employees, contractors and agents ("**those indemnified**") from and against any loss, expenses, damages, costs and any consequential loss or damage and whether incurred by or awarded against those indemnified, that those indemnified may sustain or incur as a result, whether directly or indirectly, of:
- (a) any breach of this Agreement by the Recipient, its directors, officers, employees, contractors or agents; or
  - (b) any loss of or damage to any property or injury to or death of any person caused by any negligent act or omissions or wilful misconduct of the Recipient, its directors, officers, employees, contractors or agents; or
  - (c) termination of this Agreement by the State under clause 11 of this Agreement.
- 10.2 The obligations of the Recipient in this Clause 10 will survive the expiration or termination of this Agreement.
- 10.3 The Recipient must effect and maintain adequate insurance or similar coverage to cover any liability arising as a result of its conduct of the Program and, if requested, provide the State with a copy of the relevant policies or Certificates of Currency, whichever is applicable. The Recipient must be responsible for maintaining workers' compensation insurance for an amount required by the relevant State or Territory legislation.

## 11 TERMINATION

- 11.1 The Recipient will be deemed to have defaulted in the performance of its obligations under this Agreement if the Recipient:
- (a) becomes insolvent, or is unable to pay its debts when due, or admits in writing its inability to pay its debts; or
  - (b) enters into any arrangements or composition with its creditors generally, or has a receiver appointed; or
  - (c) goes into liquidation, or passes a resolution to go into liquidation, other than for the purpose of reconstruction; or
  - (d) suffers any distress or execution levied against any assets of the Organisation which would, in the reasonable opinion of the State, have a material adverse effect on the Recipient undertaking the Program; or
  - (e) fails to submit a report, establish a record, or allow access required pursuant to this Agreement; or

- (f) fails to complete the milestones on or before the end of the Funding Period; or
- (g) breaches a term of this Agreement; or
- (h) expends the Funding in a manner not in accordance with this Agreement.

**11.2 Show Cause** If the State believes there has been a breach of any term of this Agreement, the State may give the Recipient a Notice to Show Cause which will specify:

- (a) what the alleged breach is;
- (b) what facts the State relied on to establish the alleged breach;
- (c) what the Recipient must do to make good the alleged breach; and
- (d) how long the Recipient has to make good the alleged breach or respond to the Notice to Show Cause.

**11.3 Notice to Remedy** Where the Recipient does not respond to the Notice to Show Cause to the satisfaction of the State within the time specified, or where the State reasonably believes the alleged breach must be remedied without delay, the State may give a Notice to Remedy to the Recipient in the same form as the Notice to Show Cause, and requiring the breach identified in the Notice to be remedied within seven (7) days.

**11.4 Termination** Unless the dispute has been referred to an alternative dispute resolution procedure, should the Recipient not make good any breach specified in a Notice to Remedy -

- (a) within the time allowed; or
- (b) in the manner set out in the Notice to Remedy given to the Recipient;

the State may give a Notice of Termination terminating this Agreement as and from the date specified in the Notice.

**11.5** Notwithstanding clauses 11.2 – 11.4, the State may terminate this Agreement, without cause, upon 30 days written notice to the Recipient.

**11.6** Termination of this Agreement under this Clause 11 does not affect any accrued rights or remedies of a Party.

**11.7** The costs and expenses of any mediation or determination will be borne equally by the Parties.

## **12 EFFECT OF TERMINATION OF AGREEMENT**

**12.1** In the event of termination or expiration of this Agreement:

- (a) subject to Clause 12.1(b), each Party must stop using the Confidential Information of the other Party and, at the other Party's option:
  - (i) return to the other Party;
  - (ii) destroy and certify in writing to the other Party the destruction of; or
  - (iii) destroy and permit the other Party to witness the destruction of,

all of the other Party's Confidential Information in that Party's possession or control;

- (b) the State shall be entitled to retain one copy of the Recipient's Confidential Information for the purposes of fulfilling its portfolio responsibilities, record keeping and accountability purposes;
- (c) the Recipient must take all action necessary to minimise further expenditure of the Funding; and
- (d) the State may in the notice of termination or a further notice, require the Recipient to repay the unspent amount of the Funding, or such part as is stated in such notice, within the time specified in the notice.

**12.2** Clauses 8, 9, 10 and 12 continue to apply after expiration or earlier termination of this Agreement.

## **13 GST**

**13.1** The Parties agree that:

- (a) words and expressions used in this Clause 13 which are defined in the *New Tax System (Goods and Services Tax) Act 1999 (Cth)* or, if not so defined, then which are defined in the *Trade Practices Act 1974 (Cth)*, have the same meaning in this Clause 13;
- (b) any consideration, including the Funding, to be paid or provided for a supply made under or in connection with this Agreement excludes GST;
- (c) such information must be exchanged, as is reasonably necessary, for each of the State and the Recipient to make an assessment of the GST liability or benefits from the New Tax System changes (including GST registration status and ABN);
- (d) If the whole or part of the Funding is the consideration for a taxable supply, the State must pay to the Recipient an additional amount equal to the GST Amount that the Recipient is liable to pay to the Commissioner of Taxation; and
- (e) the State is liable to pay the GST Amount to the Recipient only upon receipt of a valid tax invoice.

**13.2** If it is determined on reasonable grounds that the amount of GST collected from the State by the Recipient under this Clause 13 differs, for any reason, from the amount of GST paid or payable by the Recipient, the State is entitled to a refund of the appropriate consideration collected from the State and the Recipient must issue an appropriate GST adjustment notice.

## **14 GENERAL**

**14.1 Relationship**

This Agreement does not create and must not be construed as creating, a relationship between the State and the Recipient of employment, principal and agent, partnership or joint venture.

#### **14.2 Assignment**

No Party will assign, novate, transfer, encumber or subcontract any or all of its rights or obligations under this Agreement to any other party, except with the prior written consent of the State.

#### **14.3 Force Majeure**

No Party is liable for any failure to perform or delay in performing its obligations under this Agreement if that failure or delay is due to anything beyond that Party's reasonable control.

#### **14.4 Waiver**

The failure by a Party to enforce at any time any provision of this Agreement will not be construed as a waiver of that provision or any other provision of this Agreement.

#### **14.5 Compliance with Law**

The Recipient shall in carrying out the Program comply with the provisions of any relevant statutes, regulations, by-laws and requirements of any applicable Commonwealth, State, Territory or local authority.

#### **14.6 Applicable Law**

This Agreement is governed by and construed in accordance with the laws of the State of Queensland and the Parties submit to the exclusive jurisdiction of the courts of Queensland.

#### **14.7 Notices**

- (a) Any notice or communication required to be given under this Agreement must be in writing and may be delivered, posted by ordinary mail or sent by facsimile to the Party to which such notice is required to be given under this Agreement.
- (b) All such notices and communications are effective and deemed to have been received in the following circumstances:
  - (i) if delivered, upon delivery;
  - (ii) if sent by mail, 2 Business Days after posting; and
  - (iii) if sent by facsimile transmission, upon the sender's facsimile machine producing a transmission report that the facsimile was successfully sent to the addressee's facsimile number.
- (c) A Party may modify its address for service, from time to time, by a written notice served on the all other Parties.
- (d) Any notice served after 5.00pm is deemed to have been served on the next Business Day in the place to which it was sent.



#### **14.8 Entire Agreement**

The terms of the Agreement between the Parties are those set out in this Agreement and no written or oral agreement, arrangement or understanding made or entered into prior to the date of this Agreement may be read or incorporated into this Agreement.

#### **14.9 Amendments**

This Agreement will not be changed, modified or waived orally, but only by an instrument in writing signed by the duly authorised signatories of each Party.

#### **14.10 Counterparts**

This Agreement may be signed in any number of counterparts. All counterparts will be taken to constitute one instrument.

#### **14.11 Severability**

If any provision of this Agreement is held to be illegal or unenforceable the provision will be severed from the Agreement and the remaining provisions will govern the relationship of the parties as if the offending provision had never been included.

EXECUTED as an agreement

SIGNED for and on behalf of  
Queensland Racing Limited

ABN: 93 116 735 374

In accordance with section 127(1) of the Corporations  
Act 2001

This day of 2007

by.....  
Chair

.....  
(signature of Chair)

and by.....  
Director/Secretary

.....  
(signature of Director/Secretary)

Draft

SIGNED for and on behalf of the  
STATE OF QUEENSLAND acting through the  
Department of Local Government, Planning, Sport  
and Recreation

ABN: 61 331 950 314.

By..... (name),

.....(position)

a person duly authorised to act on its behalf,  
this day of 2007  
in the presence of

.....  
Signature of Authorised Officer

.....  
(signature of witness)

.....  
(print name of witness)

.....  
(address of witness)

### Appendix 3

The Board met on 14 February 2007 and Mr Don Moffatt updated the Sunshine Coast Racing Board with the proposals he had received for the Project Management Role at Corbould Park for the general redevelopment of the facility.

Four (4) proposals had been received for the Project Management Role for the redevelopment of Corbould Park, these being:

- Paragon Project Management Pty Ltd (Paragon);
- Arben Management (Arben);
- P.Ackland & Associates (Ackland); and
- Wave Group (Wave).

Each Board Member was provided with copies of each proposal to peruse.

The Board Agreed that:

- A subcommittee consisting of Shara Murray, Don Moffatt, Don Jackson, Graeme Fry and Bill Wendt would be formed to evaluate the interview process;
- Mr Don Moffatt would write a specification;
- Ms Shara Murray would write a proposal from the Sunshine Coast Turf Club minutes outlining the interview questions. These are to be distributed to all Board Members;
- Ms Shara Murray would organise interviews;

Based on the four (4) proposals received, the Board decided to interview Arben, Ackland and Wave.

On 19 February 2007, a letter was sent to Paragon advising them that they had been unsuccessful in obtaining the provision of Project Management Services associated with the delivery of the redevelopment of Corbould Park

On 7 March 2007, the Subcommittee conducted its interviews with Arben, Ackland and Wave.

On 9 March 2007, Arben, Ackland and Wave submitted to the Subcommittee an indicative budget for both time and consultancy costs for the delivery of Stage 1 Master Plan for the redevelopment of Corbould Park.

On 28 March 2007, the Subcommittee met to make its decision concerning the Project Management role.

On 2 May 2007 the Board conceived that the redevelopment of Corbould Park (the Project) needed to be project managed, and so inturn, appointed, upon recommendation by the subcommittee appointed by Sunshine Coast Racing, Mr Martin Waters of Arben Management to provide Project Management Services to Queensland Racing Limited and Sunshine Coast Racing in the redevelopment of the Corbould Park Racing Precinct at Caloundra.

A Terms of Employment has since been executed between Sunshine Coast Racing and Arben Management.

Draft

## Appendix 4

Arben Management was established in January 1999 as an independent practice and has extensive experience in the retail, hospitality, commercial and industrial sectors. Services offered by Arben Management include, project management, retail tenancy coordination and management, strategic asset management, design management and contract administration. Martin Waters has over 18 years experience in the building industry and has managed projects for:

- Woolworths;
- Stockland;
- Australia Post;
- Colonial First State Property;
- Chubb Asia Pacific; and
- Gowings.

Draft

## Appendix 5

The following is the process Queensland Racing Limited undertook to select the most appropriate surface:

- A team comprised of Queensland Racing Limited members representing the Queensland horse racing industry travelled overseas to investigate possible solutions to addressing problems associated with the current surface;
- The group returned home with a short list of 6 possible synthetic surfaces;
- A set of key performance indicators used for evaluating the merits of each track were then determined;
- Each surface was then evaluated using a decision matrix which incorporated the key performance indicators previously devised;
- Using the matrix as a guide Cushion Track was selected by the Queensland Racing Limited Board as the most appropriate surface to be installed; and
- Queensland Racing Limited received notification that funds will be allocated for the installation of synthetic surfaces at three Queensland racetracks subject to the submission of a business case .

Appendix 6

Item	Castillon Track		Polystyrene		Pre-Blade		Yacoude		Staluk		Through-track	
	Weighting	Score	Points	Details	Score	Points	Details	Score	Points	Details	Score	Points
Supplier of Track				Proton Construct			GPA Vaco Rite Services Pty Ltd			Evergreen Turf		Reaching Vizards Limited
Proposed CMA Works Contractor for substrate and drainage works				Basclier			Name not supplied, estimate of 6th works provided			Blacklaw CML Composites		Name not supplied, estimate cost provided
Depth of Track				175mm		150mm	130mm			200mm		130mm
Current Impregnation and Testimonials. Weighting based on installations being ready and testing tracks.	20	100	20	Track is extensively used across UK, Europe, USA, Japan, Hong Kong and Singapore. Testimonials read out.			Sydney, London Park, SA, WA, Newcastle, Wollomban Park Old-Good toastmark.			NSW, Singapore, Turkey, USA and France. Used as a roofing and roofing surface. Excellent test results. Performance in hot climates.		Reaching track currently installed in Castillon. This is the first time ever made in Victoria and the first time made in Australia. Although weight, poor performance in hot climates.
Track Details and Maintenance												
Track Impregnant	1	100	1	Local sand with coating locally blended. Finish 10000 impregnant versus local sand, fine, rubber, polymeric binder (all products are Australian sourced)	50	1	Polyethylene plastic fibre (UK & Asia), Sand (Oz), Binder (SBA, Africa, Germany), Concrete Enhancer (Nuro) (Parish South Africa). Own global sourcing availability is not limited.	75	0.75	Sales sand (local), polymer, wax, polyethylene fibre and ground ceramic warmed overseas at USA.	0.75	Sand sourced and tested locally. Polymer fibres and wax sourced overseas. Product availability uncertain and performance only tested in cold climates.
Colour Options	1	100	1	Depends on the colour of the sand and availability at the time of making and installation.	100	1	series of colour options available	100	1	off white colour with green bags.	100	Depends on the colour of sand and availability on installation.
Track Life	10	100	10	3-5 years nothing to be done. At the end of this period, rewatering is required. Top up is required at 6 to 8 year period.	50	5	reimpregnation required 12-18 months after installation cost \$0 per square metre. Additional reimpregnation required every 6 months at cost of \$4 per square metre. No mention of track life when claims condition is obtained.			10 years, cooling enhancement costs not mentioned which may contain expensive maintenance	50	reapply binder every 3-5 years, rewater on 3 year cycle. No guarantee on performance
Maintenance Requirements	5	100	5	Minimal	100	5	Minimal	75	3.75	minimal	100	Minimal
Quantity of Spare Materials Required	1	75	0.75	Top up quantities will be done free of charge, subject to Equitrac Services securing a minimum of 3 contracts concurrently.	50	0.5	reimpregnation required 12-18 months after installation cost \$0 per square metre. Additional reimpregnation required every 6 months at cost of \$4 per square metre	25	0.25	Top up materials will be re-impregnated in Australia to ensure availability but at the cost of customer. No extra material left on installation.	25	10% of installed lift for maintenance and top ups with any additional material on same job amount unspecified
Warranty	2	75	1.5	NI mentioned	25	0.5	No guarantees	25	0.5	2 year guarantee on product and workmanship	50	No guarantees
Performance in Proposed SC Climates (incl Rainfall)	5	100	5	Included in many climates. Surface would be altered to suit the requirements of the climate conditions.	100	5	included in climates where temperatures range from -15 to +70 degrees. Good climatic historical data support	50	2.5	included in locations that experience climatic conditions including extreme rainfall and hot, humid conditions.	100	only installed in cold climates. Whilst Castillon can experience total sun, track only performs well in Winter
Compliance to AUS Environmental Standards	1	75	0.75	TBA	75	0.75	TBA			TBA	75	TBA
Drainage System	1	100	1	All quite similar.	100	1	vertical drainage	100	1	vertical drainage, all similar	100	All similar, vertical drainage
Training and Education	3	100	3	Provide one week training in the UK for 1 person. Follow up services is good.	75	2.25	Supply of training manuals and one day of training. Support is charged at \$1500 a day as required.	25	0.75	training provided including a tailored track management program. Three annual audits during warranty period to monitor performance.	75	Provides training to cast. Follow up support and making will be provided with all cost passed onto customer
Subtotal	50		49									
Warranty Requirements	20	100	20	Requires no or minimal watering	100	20	Minimal watering required	100	20	requires minimal irrigation	100	requires minimal irrigation, however some watering required during early maintenance
Event Details / Animal Welfare	15	75	11.25	Utewick	75	11.25	Good testimonials in occurrence and severity of musculoskeletal injury reduction and reduction in soft tissue injury.	25	3.75	converted footstrike animals within benefits in hot of hardness in track and environmental safety and lack of safety on animal	50	poor history in cold climates
Kidback	15	75	11.25	Minimal	75	11.25	Minimal	75	11.25	minimal	75	minimal
Programme	5	75	3.75	4 months mobilisation + 2 months contract period	50	2.5	4.5 months from time of order back in time	75	3.75	3 months from time of order	75	6 months
Synthetic Surface Cost	15	100	15	\$3,307,654	50	7.5	\$2,587,200 (for 10m wide track). Price required for 10m wide track is \$1,024,000	75	11.25	\$1,774,100 (cost low due to thickness of material depth)	50	\$2,512,541 (low price due to lack of fibrous)
<b>Total Points Scored</b>	<b>120</b>		<b>110.25</b>			<b>85.5</b>			<b>87</b>		<b>87</b>	

## Appendix 7

Equestrian Surfaces International Ltd. is a group of companies that formed together in the UK over 20 years ago and has since undertaken over 4,500 projects. Equestrian Surfaces International Ltd. offer a wide range of synthetic surfaces with Cushion track one of the most popular. Cushion track is a waxed synthetic riding surface and is a combination of chopped polypropylene fibres, elastic fibres, felt, rubber, and selected fine high grade multi washed industrial sand, which is carefully weighed and blended with the addition of a wax coating. Over the last 12 months, Hollywood Park and Santa Anita in California have both appointed Equestrian Surfaces International Ltd. to install Cushion Track at their facilities.

Draft



## Appendix 8

### Sunshine Turf Club – Status Quo

#### Operating result:

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	185,035	188,770	192,580	196,467	200,433	204,478	208,606	212,816	217,112	221,494	225,965	230,526	1,532,061
Training subsidy	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	236,656	1,763,458
<b>Training costs</b>													
Labour	(158,556)	(163,381)	(168,350)	(173,471)	(178,747)	(184,184)	(189,786)	(195,559)	(201,507)	(207,636)	(213,951)	(220,459)	(1,378,434)
Material	(44,925)	(46,291)	(47,699)	(49,150)	(50,645)	(52,185)	(53,773)	(55,408)	(57,094)	(58,830)	(60,620)	(62,463)	(390,556)
Water	(192,348)	(202,189)	(212,534)	(223,407)	(234,837)	(246,852)	(259,481)	(272,757)	(286,712)	(301,380)	(316,799)	(333,007)	(1,849,660)
Diesel	(55,495)	(57,183)	(58,928)	(60,715)	(62,562)	(64,464)	(66,425)	(68,446)	(70,527)	(72,673)	(74,883)	(77,161)	(482,452)
<b>Other costs</b>													
Labour	(62,366)	(64,263)	(66,218)	(68,232)	(70,307)	(72,446)	(74,649)	(76,920)	(79,259)	(81,670)	(84,154)	(86,714)	(542,184)
Material	(56,552)	(58,273)	(60,045)	(61,871)	(63,753)	(65,692)	(67,690)	(69,749)	(71,871)	(74,057)	(76,309)	(78,630)	(491,641)
Water	(139,186)	(146,318)	(153,803)	(161,672)	(169,944)	(178,638)	(187,778)	(197,385)	(207,484)	(218,089)	(229,257)	(240,986)	(1,338,537)
Diesel	(6,289)	(6,481)	(6,678)	(6,881)	(7,090)	(7,306)	(7,528)	(7,757)	(7,993)	(8,236)	(8,487)	(8,745)	(54,678)
<b>Result</b>	<b>(294,040)</b>	<b>(318,953)</b>	<b>(345,014)</b>	<b>(372,217)</b>	<b>(400,797)</b>	<b>(430,634)</b>	<b>(461,849)</b>	<b>(494,508)</b>	<b>(528,678)</b>	<b>(564,431)</b>	<b>(601,840)</b>	<b>(640,984)</b>	<b>(3,212,602)</b>

Sunshine Turf Club – Restoration  
 Restoration Commencement: February 2008  
 Capital expenditure: \$7.84m  
 Operating result: Incremental Increase

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Incremental revenue streams</b>													
Training fees	38,774	117,981	144,435	196,487	200,433	204,478	208,606	212,816	217,112	221,494	225,965	230,526	1,297,745
Training subsidy	0	56,544	87,944	90,744	90,744	90,744	90,744	90,744	90,744	90,744	90,744	90,744	552,411
<b>Incremental training cost savings</b>													
Labour	(1,998)	(4,901)	(5,051)	(5,204)	(5,362)	(5,526)	(5,694)	(5,867)	(6,045)	(6,229)	(6,419)	(6,614)	(38,800)
Material	(2,221)	(5,446)	(5,612)	(5,782)	(5,958)	(6,139)	(6,326)	(6,519)	(6,717)	(6,921)	(7,132)	(7,349)	(43,111)
Water	(40,657)	(101,095)	(106,267)	(111,704)	(117,419)	(123,426)	(129,741)	(136,378)	(143,356)	(150,690)	(158,400)	(166,504)	(873,425)
Diesel	(700)	(1,716)	(1,768)	(1,821)	(1,877)	(1,934)	(1,993)	(2,053)	(2,116)	(2,180)	(2,246)	(2,315)	(13,580)
<b>Incremental other cost savings</b>													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Incremental improvements</b>	<b>(6,803)</b>	<b>61,368</b>	<b>93,682</b>	<b>162,700</b>	<b>160,561</b>	<b>158,196</b>	<b>155,598</b>	<b>152,743</b>	<b>149,622</b>	<b>146,217</b>	<b>142,512</b>	<b>139,489</b>	<b>881,241</b>

Sunshine Turf Club -- Restoration  
 Restoration Commencement: February 2006  
 Capital expenditure: \$7.84m  
 Operating result: Absolute Results

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	223,809	306,751	337,015	392,934	400,866	408,957	417,211	425,632	434,224	442,968	451,930	461,051	2,829,825
Training subsidy	236,656	293,200	304,600	327,400	327,400	327,400	327,400	327,400	327,400	327,400	327,400	327,400	2,335,869
<b>Training costs</b>													
Labour	(180,558)	(168,283)	(173,401)	(178,675)	(184,110)	(189,710)	(195,480)	(201,426)	(207,552)	(213,865)	(220,370)	(227,073)	(1,417,233)
Material	(47,146)	(51,737)	(53,311)	(54,932)	(56,603)	(58,325)	(60,098)	(61,927)	(63,811)	(65,751)	(67,751)	(69,812)	(433,667)
Water	(233,005)	(303,284)	(318,800)	(335,111)	(352,256)	(370,278)	(389,222)	(409,135)	(430,067)	(452,070)	(475,199)	(499,511)	(2,723,084)
Diesel	(56,195)	(58,895)	(60,690)	(62,536)	(64,438)	(66,398)	(68,418)	(70,499)	(72,643)	(74,853)	(77,129)	(79,475)	(496,032)
<b>Other costs</b>													
Labour	(62,366)	(64,263)	(66,218)	(68,232)	(70,307)	(72,446)	(74,649)	(76,920)	(79,259)	(81,670)	(84,154)	(86,714)	(542,184)
Material	(56,552)	(58,273)	(60,045)	(61,871)	(63,753)	(65,692)	(67,690)	(69,749)	(71,871)	(74,057)	(76,309)	(78,630)	(491,641)
Water	(139,196)	(146,318)	(153,803)	(161,672)	(169,944)	(178,638)	(187,778)	(197,385)	(207,494)	(218,099)	(229,257)	(240,966)	(1,338,537)
Diesel	(6,289)	(6,481)	(6,678)	(6,881)	(7,090)	(7,306)	(7,528)	(7,757)	(7,993)	(8,236)	(8,487)	(8,745)	(54,678)
<b>Result</b>	<b>(300,843)</b>	<b>(257,586)</b>	<b>(251,332)</b>	<b>(209,577)</b>	<b>(240,236)</b>	<b>(272,436)</b>	<b>(308,253)</b>	<b>(341,765)</b>	<b>(379,056)</b>	<b>(418,213)</b>	<b>(459,328)</b>	<b>(502,495)</b>	<b>(2,331,362)</b>

Sunshine Turf Club – Synthetic Track  
 Project Commencement: June 2007  
 Facilities Operational: February 2008  
 Capital expenditure: \$6.02m  
 Operating result: Incremental Increases

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Incremental revenue streams</b>													
Training fees	38,774	117,981	144,435	196,467	200,433	204,478	208,606	212,816	217,112	221,494	225,965	230,526	1,297,745
Training subsidy	0	56,544	67,944	90,744	90,744	90,744	90,744	90,744	90,744	90,744	90,744	90,744	552,411
<b>Incremental training cost savings</b>													
Labour	46,351	86,592	89,226	91,940	94,736	97,618	100,587	103,646	106,799	110,047	113,394	116,843	695,876
Material	23,918	28,592	29,461	30,357	31,281	32,232	33,213	34,223	35,264	36,336	37,441	38,580	237,680
Water	90,975	134,793	141,689	149,938	156,558	164,588	172,987	181,838	191,141	200,920	211,200	222,005	1,198,609
Diesel	16,223	30,307	31,229	32,179	33,158	34,168	35,205	36,276	37,380	38,516	39,688	40,895	243,487
<b>Incremental other cost savings</b>													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Incremental Improvements</b>	<b>216,240</b>	<b>454,809</b>	<b>503,984</b>	<b>590,625</b>	<b>606,909</b>	<b>623,806</b>	<b>641,342</b>	<b>659,543</b>	<b>678,439</b>	<b>698,058</b>	<b>718,432</b>	<b>739,593</b>	<b>4,225,607</b>

Sunshine Turf Club – Synthetic Track  
 Project Commencement: June 2007  
 Facilities Operational: February 2008  
 Capital expenditure: \$6.02m  
 Operating result: Absolute Results

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	223,809	306,751	337,015	392,934	400,866	408,957	417,211	425,632	434,224	442,988	451,930	461,051	2,829,825
Training subsidy	236,656	293,200	304,600	327,400	327,400	327,400	327,400	327,400	327,400	327,400	327,400	327,400	2,335,869
<b>Training costs</b>													
Labour	(112,207)	(76,789)	(79,125)	(81,531)	(84,011)	(86,567)	(89,200)	(91,913)	(94,708)	(97,589)	(100,557)	(103,616)	(682,757)
Material	(21,007)	(17,700)	(18,238)	(18,793)	(19,364)	(19,953)	(20,560)	(21,186)	(21,830)	(22,494)	(23,178)	(23,883)	(152,876)
Water	(101,374)	(67,366)	(70,845)	(74,469)	(78,279)	(82,284)	(86,494)	(90,919)	(95,571)	(100,460)	(105,600)	(111,002)	(651,051)
Diesel	(39,273)	(26,876)	(27,694)	(28,536)	(29,404)	(30,296)	(31,220)	(32,169)	(33,148)	(34,156)	(35,195)	(36,265)	(238,965)
<b>Other costs</b>													
Labour	(62,366)	(64,253)	(66,218)	(68,232)	(70,307)	(72,449)	(74,649)	(76,920)	(79,259)	(81,670)	(84,154)	(86,714)	(542,184)
Material	(56,552)	(58,273)	(60,045)	(61,871)	(63,763)	(65,692)	(67,690)	(69,749)	(71,871)	(74,057)	(76,309)	(78,630)	(491,641)
Water	(139,196)	(146,318)	(153,803)	(161,672)	(169,944)	(178,638)	(187,778)	(197,385)	(207,484)	(218,099)	(229,257)	(240,986)	(1,338,537)
Diesel	(6,289)	(6,481)	(6,678)	(6,881)	(7,090)	(7,306)	(7,528)	(7,757)	(7,993)	(8,236)	(8,487)	(8,745)	(54,678)
<b>Result</b>	<b>(77,800)</b>	<b>135,856</b>	<b>158,970</b>	<b>218,349</b>	<b>206,112</b>	<b>193,172</b>	<b>179,492</b>	<b>165,035</b>	<b>149,760</b>	<b>133,627</b>	<b>116,592</b>	<b>98,609</b>	<b>1,013,005</b>

Toowoomba Turf Club – Status Quo

Operating result:

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	333,263	339,990	346,853	353,854	360,996	368,282	375,716	383,299	391,036	398,929	406,981	415,196	2,759,403
Training subsidy	294,592	294,592	294,592	294,592	294,592	294,592	294,592	294,592	294,592	294,592	294,592	294,592	2,220,068
<b>Training costs</b>													
Labour	(196,612)	(202,593)	(208,755)	(215,104)	(221,647)	(228,388)	(235,335)	(242,493)	(249,868)	(257,468)	(265,300)	(273,369)	(1,709,258)
Material	(144,711)	(149,112)	(153,648)	(158,321)	(163,137)	(168,098)	(173,212)	(178,480)	(183,909)	(189,502)	(195,266)	(201,205)	(1,258,050)
Water	(43,896)	(46,144)	(48,305)	(50,986)	(53,595)	(56,337)	(59,219)	(62,249)	(65,434)	(68,782)	(72,301)	(76,000)	(422,133)
Diesel	(69,924)	(72,051)	(74,243)	(76,501)	(78,828)	(81,225)	(83,696)	(86,241)	(88,865)	(91,567)	(94,353)	(97,222)	(607,889)
<b>Other costs</b>													
Labour	(63,688)	(65,625)	(67,621)	(69,678)	(71,797)	(73,981)	(76,231)	(78,549)	(80,939)	(83,400)	(85,937)	(88,551)	(553,671)
Material	(73,835)	(76,081)	(78,395)	(80,780)	(83,237)	(85,766)	(88,377)	(91,065)	(93,835)	(96,689)	(99,630)	(102,660)	(641,891)
Water	(53,516)	(56,254)	(59,132)	(62,157)	(65,338)	(68,680)	(72,194)	(75,888)	(79,770)	(83,852)	(88,142)	(92,651)	(514,622)
Diesel	(5,180)	(5,337)	(5,499)	(5,667)	(5,839)	(6,017)	(6,200)	(6,388)	(6,583)	(6,783)	(6,989)	(7,202)	(45,029)
<b>Result</b>	<b>(23,509)</b>	<b>(38,615)</b>	<b>(54,353)</b>	<b>(70,748)</b>	<b>(87,828)</b>	<b>(105,621)</b>	<b>(124,155)</b>	<b>(143,463)</b>	<b>(163,574)</b>	<b>(184,523)</b>	<b>(206,344)</b>	<b>(229,073)</b>	<b>(773,071)</b>

Draft

Toowoomba Turf Club – Restoration  
 Restoration Commencement: January 2009  
 Capital expenditure: \$9.88m

Operating result: Incremental Improvements

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Incremental revenue streams</b>													
Training fees	0	12,655	38,539	65,528	66,851	68,200	69,577	70,981	72,414	73,876	75,367	76,888	390,332
Training subsidy	0	5,244	16,008	27,048	27,048	27,048	27,048	27,048	27,048	27,048	27,048	27,048	151,334
<b>Incremental training cost savings</b>													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Incremental other cost savings</b>													
Labour	0	(7,442)	(15,222)	(15,685)	(15,162)	(16,653)	(17,160)	(17,682)	(18,220)	(18,774)	(19,345)	(19,932)	(105,074)
Material	0	(9,581)	(19,599)	(20,195)	(20,809)	(21,442)	(22,094)	(22,766)	(23,459)	(24,172)	(24,907)	(25,665)	(135,289)
Water	0	(24,924)	(51,752)	(54,400)	(57,183)	(60,109)	(63,184)	(66,416)	(69,814)	(73,386)	(77,141)	(81,087)	(386,183)
Diesel	0	(672)	(1,375)	(1,417)	(1,460)	(1,504)	(1,550)	(1,597)	(1,646)	(1,696)	(1,747)	(1,800)	(9,491)
<b>Incremental improvements</b>	0	(24,719)	(33,400)	881	(1,714)	(4,460)	(7,363)	(10,432)	(13,676)	(17,104)	(20,725)	(24,550)	(94,371)

Toowoomba Turf Club – Restoration  
 Restoration Commencement: January 2009  
 Capital expenditure: \$9.88m  
 Operating result: Absolute Results

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	333,263	352,645	385,392	419,382	427,847	436,483	445,293	454,281	463,450	472,805	482,348	492,084	3,149,734
Training subsidy	294,592	299,836	310,600	321,640	321,640	321,640	321,640	321,640	321,640	321,640	321,640	321,640	2,371,402
<b>Training costs</b>													
Labour	(195,612)	(202,593)	(208,755)	(215,104)	(221,647)	(228,388)	(235,335)	(242,493)	(249,868)	(257,468)	(265,300)	(273,369)	(1,709,258)
Material	(144,711)	(149,112)	(153,648)	(158,321)	(163,137)	(168,099)	(173,212)	(178,480)	(183,909)	(189,502)	(195,266)	(201,205)	(1,258,050)
Water	(43,898)	(46,144)	(48,505)	(50,986)	(53,595)	(56,337)	(59,219)	(62,249)	(65,434)	(68,782)	(72,301)	(76,000)	(422,133)
Diesel	(69,824)	(72,051)	(74,243)	(76,501)	(78,828)	(81,225)	(83,696)	(86,241)	(88,865)	(91,567)	(94,353)	(97,222)	(607,889)
<b>Other costs</b>													
Labour	(63,668)	(73,066)	(82,842)	(85,362)	(87,959)	(90,634)	(93,391)	(96,231)	(99,158)	(102,174)	(105,282)	(108,484)	(658,745)
Material	(73,835)	(85,663)	(97,994)	(100,975)	(104,046)	(107,210)	(110,471)	(113,831)	(117,294)	(120,861)	(124,537)	(128,325)	(777,179)
Water	(53,516)	(81,178)	(110,894)	(116,557)	(122,520)	(128,789)	(135,378)	(142,304)	(149,595)	(157,238)	(165,282)	(173,738)	(900,805)
Diesel	(5,180)	(6,009)	(6,874)	(7,083)	(7,299)	(7,521)	(7,750)	(7,985)	(8,228)	(8,478)	(8,736)	(9,002)	(54,519)
<b>Result</b>	<b>(23,509)</b>	<b>(63,335)</b>	<b>(87,753)</b>	<b>(89,868)</b>	<b>(89,543)</b>	<b>(110,080)</b>	<b>(131,518)</b>	<b>(153,895)</b>	<b>(177,250)</b>	<b>(201,627)</b>	<b>(227,069)</b>	<b>(253,623)</b>	<b>(867,442)</b>



Toowoomba Turf Club – Synthetic Track  
 Project Commencement: July 2008  
 Facilities Operational: January 2009  
 Capital expenditure: \$6.84m

Operating result: Incremental Increases

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Incremental revenue streams</b>													
Training fees	0	12,655	38,539	65,528	66,851	68,200	69,577	70,981	72,414	73,876	75,367	76,888	390,332
Training subsidy	0	5,244	16,008	27,048	27,048	27,048	27,048	27,048	27,048	27,048	27,048	27,048	151,334
<b>Incremental training cost savings</b>													
Labour	0	54,978	116,529	126,302	132,273	136,296	140,442	144,713	149,115	153,651	158,324	163,140	846,970
Material	0	51,680	116,364	136,204	145,817	150,356	154,929	159,641	164,497	169,500	174,656	179,968	914,678
Water	0	17,259	38,678	45,062	48,898	51,400	54,030	56,794	59,700	62,754	65,965	69,340	321,262
Diesel	0	19,530	41,374	44,813	46,921	48,348	49,819	51,334	52,896	54,504	56,162	57,870	300,507
<b>Incremental other cost savings</b>													
Labour	0	51,648	45,665	47,054	48,485	49,960	51,480	53,045	54,659	56,321	58,034	59,799	340,362
Material	0	66,500	58,796	60,585	62,427	64,328	66,283	68,299	70,376	72,517	74,722	76,995	438,236
Water	0	32,410	34,301	36,266	38,122	40,072	42,122	44,278	46,543	48,924	51,427	54,058	270,996
Diesel	0	4,665	4,125	4,250	4,379	4,513	4,650	4,791	4,937	5,087	5,242	5,401	30,742
<b>Incremental Improvements</b>	<b>0</b>	<b>316,570</b>	<b>510,580</b>	<b>593,113</b>	<b>621,323</b>	<b>640,520</b>	<b>660,379</b>	<b>680,925</b>	<b>702,184</b>	<b>724,182</b>	<b>746,947</b>	<b>770,508</b>	<b>4,005,419</b>

Toowoomba Turf Club – Synthetic Track  
 Project Commencement: July 2008  
 Facilities Operational: January 2009  
 Capital expenditure: \$6.84m  
 Operating result: Absolute Results

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	333,263	352,645	385,392	419,382	427,847	436,483	445,293	454,281	463,450	472,805	482,348	492,084	3,149,734
Training subsidy	294,592	299,836	310,600	321,640	321,640	321,640	321,640	321,640	321,640	321,640	321,640	321,640	2,371,402
<b>Training costs</b>													
Labour	(196,612)	(147,615)	(92,226)	(88,802)	(89,374)	(92,092)	(94,893)	(97,779)	(100,755)	(103,818)	(106,976)	(110,229)	(862,287)
Material	(144,711)	(97,432)	(37,283)	(22,117)	(17,219)	(17,743)	(18,263)	(18,839)	(19,412)	(20,002)	(20,611)	(21,238)	(943,373)
Water	(43,898)	(28,885)	(9,827)	(5,924)	(4,697)	(4,937)	(5,190)	(5,455)	(5,734)	(6,028)	(6,336)	(6,660)	(100,871)
Diesel	(69,924)	(52,521)	(32,868)	(31,688)	(31,906)	(32,877)	(33,877)	(34,907)	(35,969)	(37,063)	(38,190)	(39,352)	(307,382)
<b>Other costs</b>													
Labour	(63,688)	(13,977)	(21,956)	(22,624)	(23,312)	(24,021)	(24,751)	(25,504)	(26,280)	(27,079)	(27,903)	(28,752)	(213,309)
Material	(73,835)	(9,561)	(19,599)	(20,195)	(20,809)	(21,442)	(22,094)	(22,766)	(23,459)	(24,172)	(24,907)	(25,665)	(203,655)
Water	(53,516)	(23,844)	(24,631)	(25,891)	(27,216)	(28,608)	(30,072)	(31,610)	(33,227)	(34,927)	(36,714)	(38,593)	(243,625)
Diesel	(5,180)	(672)	(1,375)	(1,417)	(1,460)	(1,504)	(1,550)	(1,597)	(1,646)	(1,696)	(1,747)	(1,800)	(14,286)
<b>Result</b>	<b>(23,509)</b>	<b>277,555</b>	<b>456,227</b>	<b>522,365</b>	<b>533,495</b>	<b>534,899</b>	<b>536,223</b>	<b>537,463</b>	<b>538,610</b>	<b>539,659</b>	<b>540,603</b>	<b>541,435</b>	<b>3,232,348</b>

Gold Coast Turf Club -- Status Quo

Operating result:

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	432,342	441,068	449,971	459,053	468,319	477,772	487,415	497,253	507,290	517,529	527,975	538,632	3,579,765
Training subsidy	289,552	289,552	289,552	289,552	289,552	289,552	289,552	289,552	289,552	289,552	289,552	289,552	2,182,086
<b>Training costs</b>													
Labour	(264,793)	(272,846)	(281,145)	(289,697)	(298,508)	(307,587)	(316,943)	(326,563)	(336,516)	(346,752)	(357,299)	(368,166)	(2,301,984)
Material	(315,795)	(325,401)	(335,298)	(345,496)	(356,005)	(366,833)	(377,991)	(389,488)	(401,334)	(413,541)	(426,120)	(439,081)	(2,745,380)
Water	(108,992)	(114,568)	(120,430)	(126,591)	(133,068)	(139,876)	(147,032)	(154,555)	(162,462)	(170,774)	(179,511)	(188,695)	(1,048,089)
Diesel	(92,281)	(95,088)	(97,980)	(100,960)	(104,031)	(107,195)	(110,456)	(113,815)	(117,277)	(120,844)	(124,520)	(128,307)	(802,249)
<b>Other costs</b>													
Labour	(68,444)	(70,526)	(72,671)	(74,882)	(77,159)	(79,506)	(81,824)	(84,416)	(86,984)	(89,629)	(92,356)	(95,165)	(595,024)
Material	(60,781)	(62,629)	(64,534)	(66,497)	(68,520)	(70,604)	(72,751)	(74,964)	(77,244)	(79,594)	(82,015)	(84,509)	(528,400)
Water	(43,807)	(46,049)	(48,405)	(50,881)	(53,484)	(56,221)	(59,097)	(62,120)	(65,299)	(68,639)	(72,151)	(75,842)	(421,260)
Diesel	(5,180)	(5,337)	(5,499)	(5,667)	(5,839)	(6,017)	(6,200)	(6,388)	(6,583)	(6,783)	(6,989)	(7,202)	(45,029)
<b>Result</b>	<b>(238,179)</b>	<b>(261,824)</b>	<b>(286,440)</b>	<b>(312,066)</b>	<b>(338,743)</b>	<b>(366,515)</b>	<b>(395,427)</b>	<b>(425,524)</b>	<b>(456,857)</b>	<b>(489,475)</b>	<b>(523,432)</b>	<b>(558,783)</b>	<b>(2,725,562)</b>

DRAFT

Gold Coast Turf Club -- Restoration  
 Restoration Commencement: November 2009  
 Capital expenditure: \$10.99m  
 Operating result: Incremental Improvements

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Incremental revenue streams													
Training fees	0	0	0	17,002	34,680	53,086	54,157	55,250	56,366	57,503	58,664	59,848	234,768
Training subsidy	0	0	0	5,354	10,708	16,062	16,062	16,062	16,062	16,062	16,062	16,062	68,137
Incremental training cost savings													
Labour	0	0	(4,700)	(7,228)	(7,448)	(7,674)	(7,908)	(8,148)	(8,396)	(8,651)	(8,915)	(9,186)	(43,644)
Material	0	0	(13,159)	(20,236)	(20,854)	(21,488)	(22,142)	(22,815)	(23,509)	(24,224)	(24,961)	(25,720)	(122,202)
Water	0	0	(33,442)	(52,296)	(54,971)	(57,784)	(60,740)	(63,848)	(67,114)	(70,548)	(74,157)	(77,952)	(337,761)
Diesel	0	0	(1,645)	(2,530)	(2,607)	(2,686)	(2,768)	(2,852)	(2,939)	(3,028)	(3,120)	(3,215)	(15,275)
Incremental other cost savings													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Incremental improvements</b>	<b>0</b>	<b>0</b>	<b>(52,946)</b>	<b>(59,936)</b>	<b>(40,482)</b>	<b>(20,465)</b>	<b>(23,338)</b>	<b>(26,351)</b>	<b>(29,531)</b>	<b>(32,887)</b>	<b>(36,427)</b>	<b>(40,162)</b>	<b>(215,977)</b>

Gold Coast Turf Club – Restoration  
 Restoration Commencement: November 2009  
 Capital expenditure: \$10.99m  
 Operating result: Absolute Results

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	432,342	441,068	449,971	476,055	503,009	530,857	541,572	552,504	563,656	575,033	586,639	598,480	3,814,534
Training subsidy	289,552	289,552	289,552	294,906	300,260	305,614	305,614	305,614	305,614	305,614	305,614	305,614	2,250,224
<b>Training costs</b>													
Labour	(264,793)	(272,846)	(285,845)	(296,925)	(305,956)	(315,262)	(324,851)	(334,731)	(344,913)	(355,403)	(366,213)	(377,352)	(2,345,627)
Material	(315,795)	(325,401)	(348,457)	(365,735)	(376,859)	(388,321)	(400,133)	(412,303)	(424,844)	(437,766)	(451,081)	(464,801)	(2,867,592)
Water	(108,992)	(114,568)	(153,872)	(178,887)	(188,039)	(197,660)	(207,772)	(218,402)	(229,576)	(241,322)	(253,668)	(266,646)	(1,385,850)
Diesel	(92,281)	(95,088)	(99,625)	(103,490)	(106,638)	(109,881)	(113,223)	(116,667)	(120,216)	(123,872)	(127,640)	(131,522)	(817,524)
<b>Other costs</b>													
Labour	(68,444)	(70,526)	(72,571)	(74,882)	(77,159)	(79,506)	(81,924)	(84,416)	(86,984)	(89,629)	(92,356)	(95,165)	(595,024)
Material	(60,781)	(62,829)	(64,594)	(66,497)	(68,520)	(70,604)	(72,751)	(74,964)	(77,244)	(79,594)	(82,015)	(84,509)	(528,400)
Water	(43,807)	(46,049)	(48,405)	(50,881)	(53,484)	(56,221)	(59,097)	(62,120)	(65,299)	(68,639)	(72,151)	(75,842)	(421,260)
Diesel	(5,180)	(5,337)	(5,499)	(5,667)	(5,839)	(6,017)	(6,200)	(6,388)	(6,583)	(6,783)	(6,989)	(7,202)	(45,029)
<b>Result</b>	<b>(238,179)</b>	<b>(261,824)</b>	<b>(339,395)</b>	<b>(372,001)</b>	<b>(379,275)</b>	<b>(387,000)</b>	<b>(418,765)</b>	<b>(451,875)</b>	<b>(486,388)</b>	<b>(522,362)</b>	<b>(559,859)</b>	<b>(598,945)</b>	<b>(2,941,538)</b>

Gold Coast Turf Club – Synthetic Track  
 Project Commencement: March 2009  
 Facilities Operational: November 2009  
 Capital expenditure: \$6.38m

Operating result: Incremental Improvements

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Incremental revenue streams													
Training fees	0	0	0	17,002	34,690	53,066	54,157	55,250	56,366	57,503	58,664	59,848	234,768
Training subsidy	0	0	0	5,354	10,708	16,062	16,062	16,062	16,062	16,062	16,062	16,062	68,137
Incremental training cost savings													
Labour	0	9,168	116,601	243,731	210,023	175,282	180,613	186,107	191,767	197,600	203,610	209,803	1,097,000
Material	0	25,669	228,954	320,965	326,169	331,531	341,615	352,006	362,712	373,745	385,112	396,826	1,937,406
Water	0	9,155	69,396	106,836	122,725	130,889	137,691	144,735	152,140	159,924	168,106	176,707	758,526
Diesel	0	3,209	40,528	84,872	73,061	60,888	62,740	64,648	66,615	68,641	70,729	72,880	381,331
Incremental other cost savings													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Incremental improvements</b>	<b>0</b>	<b>47,200</b>	<b>455,479</b>	<b>716,760</b>	<b>717,377</b>	<b>767,838</b>	<b>792,879</b>	<b>818,809</b>	<b>845,662</b>	<b>873,475</b>	<b>902,283</b>	<b>932,126</b>	<b>4,477,168</b>

**Gold Coast Turf Club – Synthetic Track**  
**Project Commencement: March 2009**  
**Facilities Operational: November 2009**  
**Capital expenditure: \$6.38m**  
**Operating result: Absolute Results**

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	432,342	441,068	449,971	476,055	503,009	530,857	541,572	552,504	563,656	575,033	586,639	598,480	3,814,534
Training subsidy	289,552	289,552	289,552	294,906	300,280	305,614	305,614	305,614	305,614	305,614	305,614	305,614	2,250,224
<b>Training costs</b>													
Labour	(264,793)	(263,679)	(164,544)	(45,965)	(88,485)	(132,306)	(136,330)	(140,476)	(144,749)	(149,152)	(153,688)	(158,363)	(1,204,984)
Material	(315,795)	(299,732)	(106,344)	(24,532)	(29,836)	(35,302)	(36,376)	(37,462)	(38,622)	(39,797)	(41,007)	(42,255)	(807,974)
Water	(108,992)	(105,414)	(51,034)	(19,755)	(10,343)	(8,887)	(8,341)	(9,819)	(10,322)	(10,850)	(11,405)	(11,988)	(289,563)
Diesel	(92,281)	(91,879)	(57,452)	(16,088)	(30,970)	(46,307)	(47,715)	(49,167)	(50,662)	(52,203)	(53,791)	(55,427)	(420,917)
<b>Other costs</b>													
Labour	(68,444)	(70,526)	(72,671)	(74,882)	(77,159)	(79,506)	(81,924)	(84,416)	(86,984)	(89,629)	(92,356)	(95,165)	(595,024)
Material	(60,781)	(62,629)	(64,534)	(66,497)	(68,520)	(70,604)	(72,751)	(74,964)	(77,244)	(79,594)	(82,015)	(84,509)	(528,400)
Water	(43,807)	(46,049)	(48,405)	(50,881)	(53,484)	(56,221)	(59,097)	(62,120)	(65,299)	(68,639)	(72,151)	(75,842)	(421,260)
Diesel	(5,180)	(5,337)	(5,498)	(5,667)	(5,839)	(6,017)	(6,200)	(6,388)	(6,583)	(6,783)	(6,989)	(7,202)	(45,029)
<b>Result</b>	<b>(238,179)</b>	<b>(214,624)</b>	<b>169,040</b>	<b>465,695</b>	<b>-458,634</b>	<b>401,323</b>	<b>397,452</b>	<b>393,284</b>	<b>388,805</b>	<b>384,000</b>	<b>378,851</b>	<b>373,343</b>	<b>1,751,607</b>

Queensland Turf Club – Status Quo  
Operating result:

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	254,423	259,559	264,798	270,142	275,595	281,158	286,833	292,622	298,529	304,554	310,702	316,973	2,106,611
Training subsidy	267,424	267,424	267,424	267,424	267,424	267,424	267,424	267,424	267,424	267,424	267,424	267,424	2,015,328
<b>Training costs</b>													
Labour	(390,582)	(402,462)	(414,703)	(427,317)	(440,314)	(453,707)	(467,507)	(481,726)	(496,379)	(511,476)	(527,033)	(543,064)	(3,395,541)
Material	(21,141)	(21,784)	(22,447)	(23,129)	(23,833)	(24,558)	(25,305)	(26,074)	(26,868)	(27,685)	(28,527)	(29,395)	(183,791)
Water	(112,108)	(117,844)	(123,873)	(130,211)	(136,872)	(143,875)	(151,236)	(158,973)	(167,107)	(175,656)	(184,643)	(194,090)	(1,078,055)
Diesel	(6,659)	(6,862)	(7,071)	(7,286)	(7,507)	(7,736)	(7,971)	(8,213)	(8,463)	(8,721)	(8,986)	(9,259)	(57,894)
<b>Other costs</b>													
Labour	(303,611)	(312,845)	(322,361)	(332,166)	(342,289)	(352,679)	(363,407)	(374,460)	(385,849)	(397,585)	(409,678)	(422,139)	(2,639,453)
Material	(115,763)	(119,284)	(122,912)	(126,651)	(130,503)	(134,472)	(138,562)	(142,777)	(147,119)	(151,594)	(156,205)	(160,956)	(1,006,389)
Water	(62,418)	(65,612)	(68,969)	(72,487)	(76,206)	(80,105)	(84,204)	(88,512)	(93,040)	(97,800)	(102,804)	(108,063)	(600,229)
Diesel	(29,931)	(30,841)	(31,779)	(32,746)	(33,742)	(34,768)	(35,826)	(36,915)	(38,038)	(39,195)	(40,387)	(41,616)	(260,206)
<b>Result</b>	<b>(520,367)</b>	<b>(550,552)</b>	<b>(581,853)</b>	<b>(614,436)</b>	<b>(648,228)</b>	<b>(683,319)</b>	<b>(719,760)</b>	<b>(757,605)</b>	<b>(796,911)</b>	<b>(837,735)</b>	<b>(880,139)</b>	<b>(924,185)</b>	<b>(5,099,619)</b>

Draft



Queensland Turf Club - Restoration  
 Restoration Commencement: November 2009  
 Capital expenditure: \$9.04m  
 Operating result: Incremental Improvements

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Incremental revenue streams													
Training fees	0	0	70,848	138,448	172,247	175,724	179,270	182,889	186,580	190,346	194,188	198,108	932,840
Training subsidy	0	0	18,300	46,968	57,336	57,336	57,336	57,336	57,336	57,336	57,336	57,336	291,234
Incremental training cost savings													
Labour	0	0	(170,036)	(261,508)	(269,462)	(277,657)	(286,103)	(294,805)	(303,772)	(313,011)	(322,532)	(332,342)	(1,579,022)
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
Incremental other cost savings													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
Incremental improvements	0	0	(80,888)	(76,092)	(39,879)	(44,598)	(49,496)	(54,580)	(59,855)	(65,329)	(71,007)	(76,896)	(354,948)

Queensland Turf Club – Restoration  
 Restoration Commencement: November 2009  
 Capital expenditure: \$9.04m  
 Operating result: Absolute Results

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Revenue streams</b>													
Training fees	254,423	259,559	335,645	408,590	447,842	456,881	466,103	475,511	485,109	494,901	504,890	515,081	3,039,451
Training subsidy	267,424	267,424	285,724	314,392	324,760	324,760	324,760	324,760	324,760	324,760	324,760	324,760	2,306,563
<b>Training costs</b>													
Labour	(390,582)	(402,462)	(584,739)	(688,825)	(709,776)	(731,364)	(753,609)	(776,531)	(800,150)	(824,487)	(849,565)	(875,405)	(4,974,563)
Material	(21,141)	(21,784)	(22,447)	(23,129)	(23,833)	(24,538)	(25,305)	(26,074)	(26,868)	(27,685)	(28,527)	(29,395)	(183,791)
Water	(112,108)	(117,844)	(123,873)	(130,211)	(136,872)	(143,875)	(151,236)	(158,973)	(167,107)	(175,656)	(184,643)	(194,090)	(1,078,055)
Diesel	(6,659)	(6,882)	(7,071)	(7,286)	(7,507)	(7,736)	(7,971)	(8,213)	(8,463)	(8,721)	(8,986)	(9,259)	(57,894)
<b>Other costs</b>													
Labour	(303,611)	(312,845)	(322,361)	(332,166)	(342,269)	(352,679)	(363,407)	(374,460)	(385,849)	(397,385)	(409,178)	(422,139)	(2,639,453)
Material	(115,763)	(119,284)	(122,912)	(126,651)	(130,503)	(134,472)	(138,562)	(142,777)	(147,119)	(151,594)	(156,205)	(160,956)	(1,006,389)
Water	(82,418)	(85,612)	(88,969)	(92,497)	(96,206)	(100,105)	(104,204)	(108,512)	(113,040)	(117,800)	(122,804)	(128,063)	(800,229)
Diesel	(29,931)	(30,841)	(31,779)	(32,746)	(33,742)	(34,768)	(35,826)	(36,915)	(38,038)	(39,195)	(40,387)	(41,616)	(280,206)
<b>Result</b>	<b>(520,367)</b>	<b>(550,552)</b>	<b>(662,781)</b>	<b>(690,528)</b>	<b>(688,107)</b>	<b>(727,917)</b>	<b>(769,256)</b>	<b>(812,185)</b>	<b>(856,766)</b>	<b>(903,064)</b>	<b>(951,146)</b>	<b>(1,001,083)</b>	<b>(5,454,566)</b>

Queensland Turf Club – Synthetic Track

Project Commencement: March 2009

Facilities Operational: November 2009

Capital expenditure: \$6.38m

Operating result: Incremental Improvements

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
<b>Incremental revenue streams</b>													
Training fees	0	0	70,848	138,448	172,247	175,724	179,270	182,889	186,580	190,346	194,188	198,108	932,840
Training subsidy	0	0	18,300	46,988	57,336	57,336	57,336	57,336	57,336	57,336	57,336	57,336	291,234
<b>Incremental training cost savings</b>													
Labour	0	66,336	156,362	200,000	269,131	293,436	302,361	311,558	321,034	330,799	340,860	351,228	1,640,797
Material	0	0	6,016	15,450	22,260	24,558	25,305	26,074	26,868	27,685	28,527	29,395	125,781
Water	0	0	39,117	87,529	119,462	132,715	139,505	146,643	154,145	162,031	170,321	179,035	717,260
Diesel	0	0	1,895	4,867	7,012	7,736	7,971	8,213	8,463	8,721	8,986	9,259	39,621
<b>Incremental other cost savings</b>													
Labour	0	0	0	0	0	0	0	0	0	0	0	0	0
Material	0	0	0	0	0	0	0	0	0	0	0	0	0
Water	0	0	0	0	0	0	0	0	0	0	0	0	0
Diesel	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Incremental Improvements</b>	<b>0</b>	<b>66,336</b>	<b>293,137</b>	<b>493,262</b>	<b>647,447</b>	<b>661,504</b>	<b>711,749</b>	<b>732,713</b>	<b>754,426</b>	<b>776,918</b>	<b>800,219</b>	<b>824,361</b>	<b>3,747,534</b>

Queensland Turf Club – Synthetic Track  
 Project Commencement: March 2009  
 Facilities Operational: November 2009  
 Capital expenditure: \$6.38m  
 Operating result: Absolute Results

	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	NPV
Training fees	254,423	259,559	335,645	408,590	447,842	458,881	466,103	475,511	485,109	494,901	504,890	515,081	3,039,451
Training subsidy	267,424	267,424	285,724	314,392	324,760	324,760	324,760	324,760	324,760	324,760	324,760	324,760	2,306,563
Training costs													
Labour	(390,582)	(338,126)	(257,741)	(227,317)	(171,184)	(180,271)	(165,146)	(170,169)	(175,345)	(180,678)	(188,173)	(191,836)	(1,754,744)
Material	(21,141)	(21,784)	(16,431)	(7,679)	(1,573)	0	0	0	0	0	0	0	(58,010)
Water	(112,108)	(117,844)	(84,756)	(42,681)	(17,410)	(11,169)	(11,731)	(12,331)	(12,962)	(13,625)	(14,322)	(15,055)	(360,794)
Diesel	(6,659)	(6,862)	(5,176)	(2,419)	(466)	0	0	0	0	0	0	0	(18,273)
Other costs													
Labour	(303,611)	(312,845)	(322,361)	(332,166)	(342,269)	(352,679)	(363,407)	(374,460)	(385,849)	(397,585)	(409,678)	(422,139)	(2,639,453)
Material	(115,763)	(119,284)	(122,912)	(126,651)	(130,503)	(134,472)	(138,562)	(142,777)	(147,119)	(151,594)	(156,205)	(160,956)	(1,006,389)
Water	(62,418)	(65,612)	(68,969)	(72,497)	(76,206)	(80,105)	(84,204)	(88,512)	(93,040)	(97,800)	(102,804)	(108,063)	(600,229)
Diesel	(29,931)	(30,841)	(31,779)	(32,746)	(33,742)	(34,768)	(35,826)	(36,915)	(38,038)	(39,195)	(40,387)	(41,616)	(260,206)
Result	(520,367)	(484,216)	(288,756)	(121,174)	(781)	8,186	(9,011)	(24,892)	(42,484)	(60,817)	(79,920)	(99,824)	(1,352,085)

Appendix 9



PROJECT CONTROL GROUP

TERMS OF REFERENCE

For the  
Synthetic Track Project

## Owner

---

Queensland Racing Limited

## Stakeholders

---

Department of Local Government, Planning, Sport, and Recreation  
Sunshine Coast Racing Pty Ltd  
Sunshine Coast Turf Club  
Toowoomba Turf Club  
Queensland Turf Club  
Gold Coast Turf Club  
Arben Management  
Equestrian Surfaces

## Revision History

---

<i>Version</i>	<i>Date</i>	<i>Description of Change</i>
1.01	11 July 2007	First draft
1.02		
1.03		

## **1.0 Objectives**

---

The Project Control Group (PCG) is a committee established by Queensland Racing Limited (QRL) to assist in fulfilling oversight and corporate governance responsibilities in respect of the synthetic track project.

The aim of the PCG is to bring together, key decision makers that also possess comprehensive knowledge of the synthetic track product and project management processes with a view to leveraging from their diversity, thereby strengthening the project and ensuring desired outcomes are achieved.

## **2.0 Power to Access Information**

---

The Project Control Group shall have the power to conduct and authorise investigations into any matter within its objectives. The PCG shall be entitled to have access to all relevant information held by the Project Manager, contractors or relevant Race Club.

It is recognised through being an equity partner that the Department of Local Government, Planning, Sport and Recreation can request access to relevant project information in order to satisfy themselves of due diligence project implementation. This access request will progress from the relevant Queensland Government representative to the Chief Operations Manager of QRL.

## **3.0 Duties and Responsibilities**

---

The role of the Project Control Group is to:-

- Provide project management oversight
- To exercise accountable approval processes for project expenditure including appointment of contractors and synthetic product suppliers.
- Investigate issues that may impact on the projects ability to deliver on stated outcomes.
- Manage compliance with the conditions of the Funding Agreement with the Queensland Government.
- Manage the project reporting processes inclusive of mandatory project reporting to the Queensland Government.

- Monitor post implementation quality assurance.

#### **4.0 Delegations/Board Reporting**

The Project Control Group (PCG) will use its delegated financial and decision making powers as delegated to the position of Chairman QRL and Chief Operations Manager QRL. If required expenditure exceeds the delegation, the expenditure will be made in accordance with the Financial Management policies of QRL and subject to QRL Board approval.

The Board of QRL will be updated by the Project Control Group on issues relating to the synthetic track project. These updates will be provided to the Board by the Chief Operations Manager QRL on a three monthly basis.

The Board of Sunshine Coast Racing Pty Ltd will be updated by the Project Control Group on issues relating to the synthetic track project Sunshine Coast implementation. These updates will be provided to the Board by the Chief Operations Manager QRL on a three monthly basis.

#### **5.0 Committee Membership**

The Project Control Group (PCG) will always contain three (3) members. Standing members will be the Chairman of QRL, Mr Bob Bentley and the Chief Operations Manager of QRL, Mr Malcolm Tuttle.

Collectively the two (2) standing members will select the third member for each phase of the project based on injecting the required skills and local knowledge into the project control group.

Phase One - Sunshine Coast implementation membership to the Project Control Group is:-

- Mr Bob Bentley
- Mr Malcolm Tuttle
- Mr Don Moffatt

Mr Moffatt was selected to join the Project Control Group by the two standing members. The selected person is a Director of Sunshine Coast Racing Pty Ltd and sits on the Committee of the Sunshine Coast Turf Club. In addition, Mr Moffatt has substantial commercial project management experience.

Phase Two and Phase Three selections will be made at least two (2) months prior to commencement of project and in principle will give serious consideration to inclusion of an appropriate representative of the entity intending to retain ownership of the synthetic track.



## 6.0 Committee Procedures

### 6.1 Meetings

Monthly Meetings shall be held by the Project Control Group after the project monthly progress reports are received from the project manager.

The aforementioned meetings can be held in person or by tele-conference.

Special meetings can be convened as required at any time. These meetings will incorporate the oversight of any incidents or events that could be subject to an incident report being furnished to Queensland Government as a potential harmful element to project outcomes.

### 6.2 Quorum of Meetings

The number of Project Control Group members that must be present at a meeting is two (2) in order for the proceedings to be validly and effectively conducted.

### 6.3 Attendance by Other Persons

The Project Control Group can invite any person to participate in their discussions and meetings as deemed appropriate for achieving project and group outcomes.

## 7.0 Project Reporting

Report	Timeframe	Reporting Line
Monthly Progress Report	1 week after end of month	Project Manager to Project Control Group
Project Incident Report	As required	Project Control Group will report to the Department of Local Government, Planning, Sport and Recreation if it becomes aware of an incident of event that could adversely affect project delivery.
Quarterly Report	2 weeks after end of quarter	Project Control Group to QRL Board, Sunshine Coast Racing Pty Ltd Board for Phase One and the Department of Local Government, Planning, Sport and Recreation.
Annual Audit	3 months after	Project Control Group of QRL to the Department

and Acquittal Report	end of year	of Local Government, Planning, Sport and Recreation.
Milestone Report	At completion of a milestone	Project Control Group to the Department of Local Government, Planning, Sport and Recreation.
Program Completion Report	At completion of Program	Project Control Group to the Board of QRL and Sunshine Coast Racing Pty Ltd Board for Phase One and the Department of Local Government, Planning, Sport and Recreation.

### 7.1 Reporting Responsibilities

It is the responsibility of the Chief Operations Manager QRL to ensure that all reports as highlighted above are furnished to the appropriate entities in a timely manner.

It is recognised by the Project Control Group that the Director of Business Development, Sport, Recreation and Racing is the Queensland Government representative on behalf of the Department of Local Government, Planning, Sport and Recreation. Mr Morgan will be the recipient of relevant project reports and information. Notwithstanding this representation, Mr Morgan can delegate his functions in relation to project governance oversight.

The Reporting address to Queensland Government is:

Mr Pat Morgan  
 Director, Business Development  
 Sport, Recreation and Racing  
 PO Box 15187  
 City East Qld 4002

### 8.0 Site and Product Selection

The Project Control Group (PCG) has the decision making power to select the location of the track to be installed at a particular site. This decision will be made in a manner consistent with achieving the strategic objectives of the industry and consistent with achieving project benefit outcomes.

The selection of the third site either Gold Coast or Eagle Farm will be conducted after a report is compiled outlining all issues and respective benefits. This report will be furnished to the Queensland Government representative with a recommendation on selected site. Upon agreement reached the selected third site will be the successful location to receive the third track as mentioned in the Funding Agreement between the Queensland Government and QRL.

The selection of future project managers for phase two and three of the project will also be undertaken by the project control group. This group will define the scope of

the project. A selective tender process will be used with a short list compiled by the Project Control Group in close consultation with the Queensland Government representative, Mr Pat Morgan.

All selection processes will be open and accountable and subject to independent scrutiny as required by the Queensland Government.

## **9.0 Quality Assurance**

Queensland Racing Limited will enter into a contract with the University of Southern Queensland or appropriate equivalent for the purpose of monitoring the quality of the synthetic track project.

Synthetic track samples will be tested from each site every three (3) months over five (5) years post installation. This testing is to ensure ongoing quality assurance and will assist QRL in monitoring the seven (7) year warranty provided by the synthetic product supplier. If there are any quality issues they can then be addressed in a timely manner, ensuring maximum life for the product.

The aforementioned process will be monitored by the standing committee members of the Project Control Group and can be delegated to an appropriate person with quarterly reporting to the Project Control Group. These quality assurance reports will be forwarded to the Queensland Government representative on a six monthly basis.

To ensure quality assurance of not just the synthetic tracks but also all TAB racing and training facilities, QRL will create and fill a new position. This position will be a 'Track Maintenance Manager' which will hold responsibility for all Quality Assurance processes on the installed synthetic tracks including adherence to stringent maintenance programs. The position incumbent will report directly to the Chief Operations Manager of QRL which in turn presents good strategic links of that role with the Project Control Group.

## Appendix 10

Number	Key Activity	Start Date	End Date	Key Milestone or target	Action Officer	Group / individual overseeing progress	Resources
1	Selection of track location in Toowoomba.	August 2007	October 2007	Agreement reached with Toowoomba Turf Club re location	Tuttle	Project Control Group	Nil
2	Selection of Project Manager	June 2008	June 2008	Signed letter of offer	Tuttle Bentley	Project Control Group	
3	Selection and engagement of Synthetic track provider	July 2008	July 2008	Signed contract	Tuttle Bentley Murray	Project Control Group	
4	Civil works commence at Toowoomba	July 2008	December 2008	Contract signed with civil provider	Project Manager Tuttle	Project Control Group	
5	Selection of third installation site	July 2008	August 2008	Site selected after comparative analysis conducted	Bentley Tuttle	Project Control Group	

Number	Key Activity	Start Date	End Date	Key Milestone or target	Action Officer	Group / Individual overseeing progress	Resources
6	Selection of Synthetic Track Provider at third site	September 2008	October 2008	Contract signed	Tuttle Murray	Project Control Group	
7	Selection of Project Manager at third site	September 2008	November 2008	Contract signed	Tuttle Murray		
8	Installation of Synthetic track at Toowoomba	September 2008	January 2009	Finished product consistent with scope of works	Project Manager	Project Control Group	
9	Hand over track to Toowoomba Turf Club	February 2009	February 2009	Signed agreement in relation to maintenance and care	Murray Sanders	Project Control Group	
10	Review of synthetic track effectiveness	March 2009	March 2010	Test wax component breakdown levels through USQ Polymer Testing team	Hedges	Project Control Group	
11	Review Effectiveness of Maintenance Schedule	March 2009	Ongoing every three months and randomly as deemed appropriate by the project control group.	Comparison of practices with set standards and product condition. Will include random audits	Sanders	Project Control Group	

Number	Key Activity	Start Date	End Date	Key Milestone or target	Action Officer	Group / Individual	Resources
12	Civil Works commence at third selected site	March 2009	June 2009 *Indicative timing only as if Gold Coast is selected and it is not the Bundall site, time periods may differ	Outcomes consistent with scope of works	Project Manager	Project Control Group	overseeing progress
13	Installation of Synthetic track commences	June 2009	September 2009	Outcomes consistent with scope of works	Project Manager	Project Control Group	
14	Handover synthetic track to the Club	October 2009	October 2009	Signed agreement in relation to maintenance and care	Murray sanders	Project Control Group	
15	Review Effectiveness of Synthetic Track	November 2009	November 2010	Test wax component breakdown levels through USQ Polymer Testing team	Hedges	Project Control Group	
16	Review Effectiveness of Maintenance Schedule	November 2009	Ongoing every 3 months	Comparison of practices with set standards and product condition. Will include random audits	Sanders	Project Control Group	

# Appendix 11

## Management framework

### Risk

Risk	Description	Consequence	Likelihood	Timing	Assessed Level	Who Bears the Risk	Mitigation
Exchange rate risk	Change in exchange rate causes capex to increase	Increase in capex over budget	High	Over life of contract	High	QRL	Hedge contract expenditures
Construction delay	Adverse weather, and other delays cause project plan to deviate from critical path.	Delay implementation of and realisation of benefits. (Note highly critical where course proper is replaced)	Moderate	Duration of project	Moderate (High for Toowoom ba)	QRL	Contingency in contract. Active project management controls
Product Performance over time	Product decays producing reduced benefits	Benefits of replacement not realised and severity may require total replacement	Low	Operating phase	Low to Moderate	Turf clubs or owners	Diligent measurement during warranty period. After warranty period continual monitoring by USQ and enforcement of service level agreement with track owners.

Risk	Description	Consequence	Likelihood	Timing	Assessed Level	Who Bears the Risk	Mitigation
Training Utilisation / Demand Risk	Trainers refuse to use synthetic tracks or divert training interstate or to other venues to avoid synthetic tracks	Under utilisation of asset. Potential for fewer starter numbers and impact on viability of industry. Increases maintenance and water benefits on other tracks due to higher utilisation.	Moderate	Operating Phase	Moderate	Synthetic track owners	Early stakeholder consultation processes, particularly with trainers. Proactive promotion of the benefits of Synthetic tracks in the media.
Solvency of Suppliers / Contractors	Contractors or suppliers become insolvent during the contract period and fail to fulfil contract obligations.	Partly built assets requiring additional, unanticipated expenditure to complete. Complete unavailability of compatible surface if surface supplier becomes insolvent part way through installation.	Low	During construction and during operation for warranty claims	Moderate	QRL during construction and Synthetic track owners during operation	Regular monitoring of financial position of contractors (via credit rating or provision of financial information). Pre engagement due diligence on contractors and suppliers.



## Benefits Management

Benefit	Description	Who Captures the Benefit	Management Strategy
Safety and animal welfare	Reduced training injuries to riders and horses as a result of falls, hard and uneven surfaces, and elimination of bias. Eliminates surface water, that makes track slippery.	Owners, riders and trainers. Synthetic track owners capture the benefit of increased training numbers. QRL captures the benefit of reduced injuries in possible reduced injury insurance premiums.	Ensure tracks are kept in optimum condition by enforcing maintenance obligations in service level agreements.
Water conservation	Reduction in water use from new surface not requiring water in maintenance.	Synthetic track owners capture financial benefits of reduced water use. Broader community captures the benefits of lower demand on water supplies.	QRL monitoring water use at synthetic track locations
Maintenance Costs -- for viability of training	Reduced labour, water, materials and fuel costs improve the financial viability of providing training facilities for trainers.	Synthetic track owners capture the financial savings. The industry captures the benefits of increased training numbers in the increased number of starters.	QRL to upgrade financial monitoring of synthetic track owners, including monitoring of non-financial KPIs in service level agreements.
Consistency of training	Ability to train on a consistent surface in all weathers and faster time to use after wet weather. Ability to train on consistent tracks at various locations.	Trainers, owners and track riders.	Education of the industry on how to change practices and expectations.
Increased Training Capacity	Increased asset (track) utilisation capacity allows more horses to be trained which leads to more starters.	Increased jobs in riding and all industry related activities	Monitor utilisation of tracks and plan for supporting infrastructure for increased capacity.

*Change Management*

Operating Change	Effected Entity	Key Stakeholders	Change Management Strategy
Maintenance schedules	Synthetic track owners	Course ranger, club management, QRL, contractors	<ul style="list-style-type: none"> <li>Implementation of service level agreement for maintenance</li> <li>large education campaign by QRL to ensure voluntary compliance</li> <li>regular inspection by QRL to ensure compliance</li> <li>succession planning for maintenance staff to ensure know how is retained.</li> </ul>
Training and racing strategies	Trainers and owners	Leading trainers and owners	<ul style="list-style-type: none"> <li>Education and communication with leading trainers and owners about possibilities of new tracks on innovative training strategies</li> <li>Publication of overseas experience in industry publications.</li> </ul>
Industry Expectations	All Industry participants		<ul style="list-style-type: none"> <li>Manage expectations of track appearance and performance by media message management and celebrity endorsement.</li> </ul>

*Quality management*

Program Element	Quality Management Instruments	Responsibility for Ensuring Quality	Quality Measurement Plan
Contractor and Project Manager Selection Processes	Transparent process and comprehensive documentation.	QRL Board	Existence of process and selection documentation.
Preferred Supplier selection processes	Transparent EOJ process inclusive of all major suppliers and documentation of supplier comparisons and selection criteria.	QRL Board and Project Control Group	Existence of process and selection documentation.
Selection of sites for implementation	Transparent selection process based on strategic assessment of industry development outcomes.	QRL Board	Existence of process and selection documentation.
Project Planning	Adherence to Australian project management standards in preparation and implementation of project plans.	Project Manager accountable to Project Control Group	Existence and enforcement of project controls by Project Control Group.
Civil works	Adherence to Australian construction standards and appointment of ISO certified contractors.	Project Manager accountable to Project Control Group	Contract documentation and active contract management. Supplier will also oversee civil works to ensure consistency with synthetic surface requirements.
Surface installation Maintenance schedule implementation	Maintenance Service Level Agreement between QRL and synthetic track owners.	QRL Board	KPIs as specified in the SLA.
Governance and accountability mechanisms			

Draft

Risk	Description	Consequence	Likelihood	Timing	Assessed Level	Who Bears the Risk	Mitigation
Retention of key personnel	Impacts on ability to monitor maintenance	Realisation of benefits from track would be impaired from loss of maintenance effectiveness	Low	Operating phase	Low	Synthetic track owners	Documentation of procedures. QRL initiated training of maintenance personnel. Enforcement of Service Level Agreement (agreement to include succession planning and obligation to ensure redundancy of skill base.)
Compliance with maintenance schedule	Failure to comply with the maintenance schedule will result in degradation of track performance	Degradation of track performance will lead to failure to realise benefits and potentially result in upgrade or replacement expenditure.	High	Operating Phase	High	Industry	Service Level Agreement which obligates synthetic track owners to perform maintenance and keep tracks at a standard. Enforcement of the agreement with regular and methodical measurement by third party assurance.

Risk	Description	Consequence	Likelihood	Timing	Assessed Level	Who Bears the Risk	Mitigation
Stakeholder obstruction risks	Key stakeholders stop or slow implementation at particular tracks. Also impact demand for use of tracks in operating phase.	Delays in implementation. Failure to implement at one or more locations. Reduced utilisation of tracks in operating phase.	Moderate	During pre construction assessment, during construction and during operating phases.	Moderate	QRL - ability to implement program Synthetic track owners	Stakeholder consultation to obtain industry endorsement of the program. Implementation of a communications strategy to ensure at risk stakeholders are targeted.
Product quality impacting on product performance	Poor civil works affecting the performance of the surface track.	Poor drainage leads to safety risks to track users.	Moderate	Construction (for cause) Operating for effect	Moderate	Users	Project Management controls and enforcement of handover inspection. Effectiveness of design of civil works for drainage purposes.
Stakeholder acceptance of alternative use	Where synthetic tracks are used for racing in adverse weather conditions or as an alternative over time, trainers and owners refuse to start horses.	Reduction in the number of starters (i.e. late scratching) with resulting impact on wagering activity and interest in racing.	Moderate	Operating Phase	Moderate	Industry	Stakeholder communication and education. Implementation of complete strategy for additional use as a racing surface - ie to facilitate payment of prize money.