

**QUEENSLAND RACING
COMMISSION OF INQUIRY**

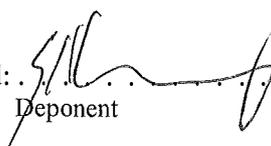
AFFIDAVIT OF GERALD WILTON FOLEY

I, Gerald Wilton Foley, of C/- Crown Law, 50 Ann Street, Brisbane, a Principal Treasury Analyst in the State of Queensland state on oath:

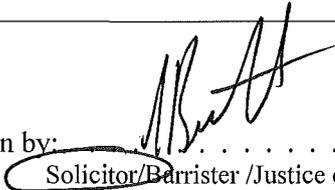
Role

1. I have been employed with Queensland Treasury and Trade (Treasury) since 2001.
2. During the relevant period, I was a Senior Treasury Analyst between 1 January 2007 and October 2010, and a Principal Treasury Analyst between October 2010 and April 2012.
3. For some intervals during the relevant period, I was acting as the team leader for the team which had primary concern for the affairs of the then Department of Employment and Economic Development and Innovation (DEEDI). The Office of Racing was part of DEEDI during these intervals.
4. The reporting structure during the relevant period was that a Treasury Analyst would report to the Team Leader, who reported to the Director of the Branch in which the team was situated. The Director reported to an Assistant Under Treasurer who reported to a Deputy Under Treasurer who reported to the Under Treasurer who reported to the Treasurer. This structure may not have been strictly followed in all instances, depending on staff availability. My team was in the Resources and Economic Development Branch.

Page 1

Signed: 

Deponent

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

Affidavit of Gerald Wilton Foley

GR Cooper
CROWN SOLICITOR
11th Floor, State Law Building
50 Ann Street
Brisbane Qld 4000
Telephone 07 3239 3734
Facsimile 07 3239 3456

Cabinet Budget Review Committee Submissions, Cabinet Submissions and the Matter to Note

5. I was not involved in the development, preparation or endorsement of any of the Cabinet Budget Review Committee submissions, Cabinet submissions, Matter to Note, or the related briefing notes on which I have been asked to comment.

Business Cases

6. I shared the task of assessing the business cases with another Treasury Analyst, Michael Buckby.

7. I had no involvement in the assessment of the Mackay business case as this was before I was assigned to racing matters.

8. I recall a meeting with Stuart Booker and Michael Buckby of Treasury, Michael Kelly and Carol Perrett of the Office of Racing on 20 December 2011. I was only new to racing matters at this time, and did not know very much about the subject matter of the meeting. I do not recall now the content or substance of the discussions held at the meeting.

9. Exhibit **GF1** is a copy of an email I sent on 20 December 2011 and resent on 21 December 2011 to Michael Kelly. The email sought to clarify several issues apparent in a letter dated 7 December 2011 that Racing Queensland Limited (RQL) had sent to the Treasurer in response to a letter of approval sent by the Treasurer on 5 December 2011. This email set out:

- a. Treasury's concerns with RQL's understanding of the funding arrangements agreed by the Treasurer;
- b. to reinforce that the Office of Racing was the primary point of contact with RQL;
- c. to reinforce that the path of communication should be between the Treasury and the Office of Racing, and not between Treasury and RQL;
- d. to clarify that the amount of approved funding for the costs were the entirety of allowance, not just costs to date;
- e. to clarify that the per annum funding commenced from the start of the Scheme; and
- f. that if any further costs were incurred they would need to borne by RQL.

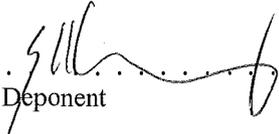
10. I recall there was some uncertainty as to what the business cases should show or would achieve. The business cases were not commercial in the sense of determining whether or not

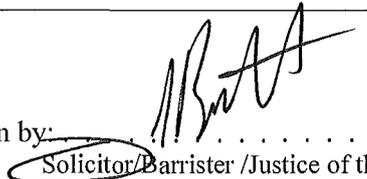
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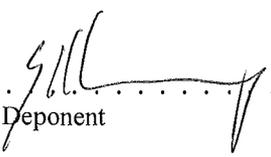
an investment should be made, as there was to be no return to Government. They were to secure grants which in itself indicated that the clubs were not financially viable without further injection of funds.

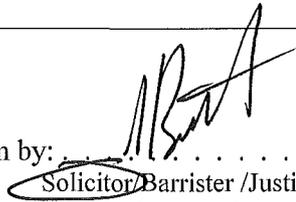
11. I recall attending a meeting with a Deputy Under Treasurer (DUT) in early January 2012, along with Michael Buckby and, I believe, Stuart Booker. The DUT that we normally report to, Alex Beavers, was not available, so we met with another DUT, Tim Spencer. One of the topics discussed was the business cases and how we were to assess them. I do not recall the exact words of the DUT, however his advice was to assess them for reasonableness to the extent that we were able.
12. The team took the position that Treasury's position was to review the business cases to assess:
 - a. whether the particular club would be in a financially sustainable position after the project was completed;
 - b. if the investment was made now, whether further support from the Government might be sought in the future;
 - c. whether the investment proposal appeared reasonable;
 - d. to the extent that we were able, whether the assumptions appeared reasonable, particularly around usage of the facility and financial returns to the club; and
 - e. any other matter that appeared anomalous.
13. Treasury was not able to challenge the items of infrastructure proposed or the costings or the expenditure figures contained in the business cases. Treasury did not have the time or resources to assess that level of detail. We considered that the Office of Racing was in a better position to make such assessments.
14. Although the business cases contained a copy of RQL's procurement policy, I do not recall whether the business cases set out the procurement process to be followed for the particular proposal outlined in the business case. I did not assess the robustness of the procurement process if one was included in the business case.
15. Assessment of the procurement process is not a role Treasury would normally undertake. This is a role for the agencies undertaking the project.

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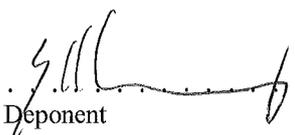
16. I do not recall ever seeing an analysis of the business cases by the Office of Racing.
17. I recall attending a meeting on 5 January 2012, with Michael Buckby of Treasury, Michael Kelly and Carol Perrett of the Office of Racing and Mark Snowdon from RQL. It was unusual for me to attend a meeting with Michael Kelly (an Executive Director) without either Natalie Barber (my Director) or Stuart Booker (an Assistant Under Treasurer) attending. It may have been that I was the most senior person in the office on that day.
18. I have no specific or independent recollection of that meeting, but from contemporaneous documents I can reconstruct that the meeting was about the how the assessment of the Beaudesert business case was progressing, and for us to advise the other parties of additional information that Treasury would like to see incorporated into the Beaudesert business case.
19. I recall the Beaudesert business case had no financial information about its operations or the forecast revenue.
20. I made some notes prior to the meeting. Exhibit **GF2** is a copy of those notes. After the meeting, I added more detail to my comments and emailed them to Michael Buckby. I recall RQL were to revise the Beaudesert business case as a result of the discussions in that meeting.
21. Michael Buckby attached my comments to an email to Carol Perrett dated 6 January 2012. Exhibit **GF3** is a copy of Michael Buckby's email and my typed comments about the Beaudesert business case.
22. I took leave from 11 January 2012 and returned to work on 30 January 2012.
23. I recall seeing a revised Beaudesert business case in late January 2012, which I recall was prepared in response to the questions Treasury posed (See exhibit GF3).
24. On 1 February 2012, I sent an email to Michael Kelly at the Office of Racing, asking further questions about the Beaudesert business case. Exhibit **GF4** is a copy of that email and draft

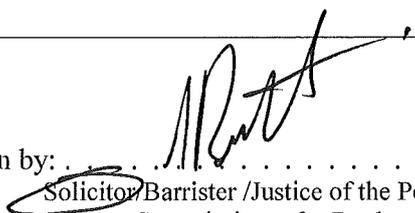
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versions of the content of that email which were written by Stuart Booker, the Assistant Under Treasurer.

25. On 2 February 2012, I received an email from the Office of Racing which attached RQL's answers to the questions posed in my 1 February 2012 email and a media statement from Minister Mulherin about the infrastructure program.
26. I understood the response from the Office of Racing to be a message to hurry up and approve the business case.
27. I confirmed receipt of RQL's response in a later email that day. My understanding was that the answers came from RQL as that was the name of the attachment to the email. Exhibit **GF5** is a copy of the email string of 2 February 2012.
28. I recall the five other business cases coming in after the revised Beaudesert business case in early February 2012. I recall that I spent a fair bit of time on the Beaudesert business case, but due to receiving the other business cases in quick succession and the short amount of time before the government went into caretaker mode, there was not enough time to do the same level of analysis of the other business cases.
29. I was involved in drafting the briefing note of 10 February 2012 which set out Treasury's analysis of the Beaudesert, Rockhampton and Cairns business cases. Exhibit **GF6** is a copy of that briefing note.
30. I initiated the draft letter from the Treasurer to Minister Mulherin which was attached to the briefing note of 10 February 2012. The draft letter sought a letter of assurance from RQL that it could subsidise the racing clubs into the future. It also proposed that some of the funding for the infrastructure program be set aside as a reserve for future club subsidies. Exhibit **GF7** is a copy of the draft letter.
31. The briefing note of 10 February 2012 was then updated to include the Logan business case analysis on 14 February 2012. I do not recall having input into those amendments, although I understood why the change was made. Exhibit **GF8** is a copy of that briefing note.

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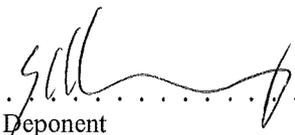
32. I recall there was some issue around the letter of assurance being received from Racing Queensland Limited before the final signed letter from the Treasurer was sent.
33. I would have discussed the contents of the letter of assurance with Stuart Booker, because he emailed it to the team seeking views on its adequacy. It also had the potential to affect the content of the letter that the Treasurer was to have sent pursuant to the briefing note of 10 February 2012.
34. A further briefing note of 17 February 2012 was prepared to advise the Treasurer of the analysis of Ipswich and Gold Coast business cases which had just been received. I assisted the preparation of the briefing note. Exhibit **GF9** is a copy of that briefing note.
35. I have a general recollection the funds requested in the business cases were released after the letter of assurance was received, except for the Ipswich project. I recall that we were of the opinion that the Ipswich project fell outside the parameters of the funding scheme and briefed the Treasurer accordingly.

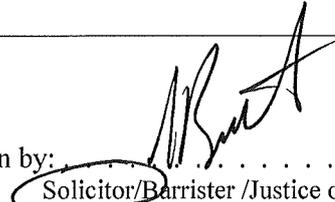
Other relevant matters

36. I note I had an involvement in the following matters which may possibly be relevant to the Commission:
- a. A Heads of Agreement between Racing Queensland Limited(RQL) and the Gold Coast Turf Club Limited (GCTCL);
 - b. A request for information about Racing Queensland subsidies to clubs;
 - c. Reimbursement of Racing Queensland costs of preparing the business cases; and
 - d. Internal administration exercise regarding the calculation of project revenue payments to the RICDS from income from the wagering tax.

Heads of agreement between RQL and the GCTCL

37. I note that this Heads of Agreement document was forwarded to me by my Director Natalie Barber in early December 2011 for my information. I do not recall being requested to take any particular action regarding the document. At the time I was unaware of the details of the Racing Industry Capital Development Scheme. I made some notes on the document, which

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largely reflected my lack of understanding of the proposed transaction at the time. Exhibit **GF10** is a copy of Heads of Agreement document and the email to me attaching it.

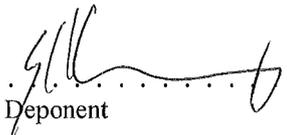
38. Issues that I thought at the time might be relevant included the status of the parties involved and which entities would be responsible for undertaking and owning the proposed works. This would affect responsibility for ongoing costs.
39. I did not refer the document or my notes to anyone. The questions I had were either answered in subsequent discussions and business cases or else became irrelevant. The document was not referred to again in any discussions I had, nor to my knowledge did it form part of any business case.

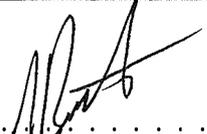
Request for information about subsidies

40. I was copied into email correspondence between Michael Buckby of Treasury and Carol Perrett of the Office of Racing regarding a request for information about RQL subsidies to the racing clubs. This request was separate to any particular business case, and I recall this may have been the ground work for the request for a letter of assurance that RQL could subsidise the clubs into the future. I recall looking at RQL's financial statements to try to ascertain similar information. Exhibit **GF11** is a bundle of emails referring to this matter. The documents speak for themselves, but should the Commission have further questions in relation to this, I am happy to assist as required.

Racing Queensland reimbursement for costs of preparing business cases

41. I was copied into an email between Michael Buckby and Carol Perrett dated 16 February 2012. Exhibit **GF12** is a copy of that email.
42. I did not believe it was Treasury's role to provide a detailed analysis of the RQLs claims for reimbursement. This, I believe, was the responsibility of relevant department, in particular, the Office of Racing.
43. I do not recall reviewing the invoices, but had I done so it would only have been to see if they fell within the total amount approved in the funding arrangements in the belief that it was not Treasury's role to assess the merits or otherwise of the invoices.

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Deponent

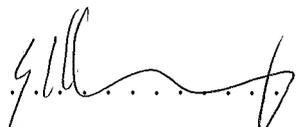
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44. Other than the meeting on 20 December 2011, described at paragraph 9, I had no involvement in the review or assessment of the costs of preparing the business cases, other than being copied into correspondence.
45. Exhibit **GF13** is an email regarding this matter which was sent to me for noting purposes as the team leader.

Revenue Projections

46. Exhibit **GF14** is an email which relates to internal administration questions about the projections of revenue which were the basis of funds payable to DEEDI. The document should be self explanatory , but should the Commission have further questions in relation to this, I am happy to assist as required.
47. All of the facts and circumstances deposed to in this affidavit are within my own knowledge and belief, except for the facts and the circumstances deposed to from information only, and my means of knowledge and source of information appear on the face of this my affidavit.

Sworn by GERALD FOLEY on 2 September 2013 at Brisbane in the presence of:


.....
Deponent

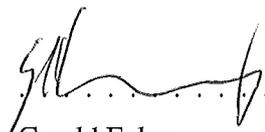

.....
~~Solicitor~~ Barrister/Justice of the Peace/
Commissioner for Declarations

**QUEENSLAND RACING
COMMISSION OF INQUIRY**

INDEX OF EXHIBITS

Bound and marked GF1 – GF14 are the exhibits to the affidavit of Gerald Foley sworn on 2 September 2013.

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GF2	Notes re: Business case – Beaudesert	05.01.2012	2
GF3	Michael Buckby email re: Beaudesert Race Course Infrastructure Expenditure Business Case – Treasury written comments	06.01.2012	3 - 4
GF4	Gerald Foley email re: Beaudesert business case with attached drafts	01.02.2012	5 - 7
GF5	Email string re: RQL response to Treasury Questions – Beaudesert	02.02.2012	8 - 10
GF6	Briefing Note re: Business Cases for Racing Industry Infrastructure Expenditure	10.02.2014	11 - 14
GF7	Draft letter from Andrew Fraser to Minister Mulherin	Undated	15 - 16
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.....
Gerald Foley


.....
Solicitor/Barrister/Justice of the Peace/
Commissioner for Declarations

Index of exhibits
Affidavit of Gerald Foley

GR Cooper
CROWN SOLICITOR
11th Floor, State Law Building
50 Ann Street
Brisbane Qld 4000
Telephone 07 3239 6112
Facsimile 07 3239 6272

PRE052/2000/FRH
Document no: 4507342

Perrett, Carol

From: Gerry.Foley@treasury.qld.gov.au
Sent: Wednesday, 21 December 2011 12:53 PM
To: Kelly, Michael - Racing
Cc: Perrett, Carol
Subject: Fw: RICDS - business case funding

Attachments: pic17342.gif



pic17342.gif (2 KB)

(re-sent) apologies if you did not receive this earlier

Gerry

----- Forwarded by Gerald W Foley/TO/QTreasury on 21/12/2011 12:49 PM -----

From: Gerald W Foley/TO/QTreasury
To: Michael.Kelly@racing.qld.gov.au
Cc: Carol Perrett/OR/QTreasury@QTreasury, Stuart Booker/TO/QTreasury@QTreasury, Michael Buckby/TO/QTreasury@QTreasury, Natalie Barber/TO/QTreasury@QTreasury
Date: 20/12/2011 12:03 PM
Subject: RICDS - business case funding

Mike

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

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

regards

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

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Only an individual or entity who is intended to be a recipient of this e-mail may

5/1/2012

BUSINESS CASE – BEAUDESERT

Clarity on the work-up of cost estimates

- method
- by whom
- when
- allowances
- comparisons

Demand

- What is the basis for the projections?
- What time frame?
- Is it likely to act as a substitute for other venues?

Benefits

- Substitution effects
- Benefit for community
- Benefit for Qld Racing generally

Operational Viability

- projected revenue, expenses
- basis for projections
- source of funding for FTEs
- provision for maintenance, depreciation
- responsibility (inclusion of club?)

Risks

- Tenure (terms of trust)
- Timing
- Cost escalation
- Mitigation strategies

PERRETT Carol

From: michael.buckby@treasury.qld.gov.au
Sent: Monday, 9 January 2012 9:38 AM
To: Perrett, Carol
Subject: Fw: Beaudesert Race Course Infrastructure Expenditure Business Case - Treasury written comments
Attachments: Treasury Comments - Proposed Urgent Capital Works Beaudesert Race Course 050112.doc

----- Forwarded by Michael Buckby/TO/QTreasury on 09/01/2012 09:36 AM -----

From: Michael Buckby/TO/QTreasury
To: "Perrett, Carol" <Carol.Perrett@racing.qld.gov.au>
Cc: Gerald W Foley/TO/QTreasury@QTreasury, Stuart Booker/TO/QTreasury@QTreasury
Date: 06/01/2012 12:41 PM
Subject: Beaudesert Race Course Infrastructure Expenditure Business Case - Treasury written comments

Hi Carol,

As requested I have attached written comments following our meeting yesterday with Mark Snowdon.

These comments represent a broad outline of our detailed discussions.

I hope this assists.

Regards

Michael Buckby
Senior Treasury Analyst
Resources & Economic Development/Queensland Treasury Level 10, 100 George Street, Brisbane
Phone: 3237 9999
Email: michael.buckby@treasury.qld.gov.au

(See attached file: Treasury Comments - Proposed Urgent Capital Works Beaudesert Race Course 050112.doc)

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TREASURY COMMENTS:
RACING QUEENSLAND BUSINESS CASE – BEAUDESERT

5 January 2012

The business case currently contains dollar amounts to be expended on the various components of the Beaudesert upgrade. However it is difficult to provide a 'reality check' on these numbers unless the underlying context is provided. The business case should provide clarity on the work-up of cost estimates by including such information as:

- Method and basis of calculation
- by whom the calculations were made
- when the estimates were made, and in what dollar amounts (real or nominal and what year as base)
- allowances within the estimates (i.e. is there any inherent contingency?)
- comparisons with similar projects

The business case assumes that there will be increased demand for training facilities once the upgrade is completed. There is also projected to be sufficient demand for additional race-days such that 8 non-TAB meetings per year will be replaced by 18 TAB meetings per year. The business case should contain supporting analysis to justify these expectations. Information should include:

- What is the basis for the projections?
- Over what time frame would the increased demand unfold?

Benefits of redevelopment should be more fully explained, including:

- Benefits for the local community including the existing club
- Benefits for Queensland racing generally, including an analysis of whether increased activity at this venue may be at the expense of decreased activity at other venues, including major venues and other regional facilities.

The business case currently contains no financial information on the proposed operation of the track. It is important that the viability of the upgraded venue be established. This would be a key expectation: that the provision of significant amounts of capital funding from the Government will place the racecourse in a financially sustainable position. Information should include:

- projected revenue, expenses over a reasonable period (at least three years, or more if revenues are expected to ramp up slowly)
- basis for projections including source of revenues, which should be subject to analysis that would show, for example, whether the success of the venue relies on local patronage or on off-track revenue
- include adequate provision for FTEs
- adequate provision for maintenance, depreciation
- detailed responsibility for expenses (including possible local club involvement)
- the effect on viability if cutbacks are found to be necessary on public facilities.



Beaudesert business case

Gerald W Foley to: michael.kelly

Cc: Michael Buckby, Natalie Barber, Stuart Booker

01/02/2012 10:06 AM

Mike

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

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

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

regards
Gerry

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

Phone: (07) 30351483
Executive Building

 **Queensland** Government

ORKL
We
acknowledge that ORKL ^{already} provides funding to meet
the operating funding needs of many Queensland
clubs, ^{however} the Bendroft business case indicates
that facility, after its upgrade and based on the
increased frequency of meetings per year (from 5 rising
to 18 ~~after upgrade~~), ^{forecast} the indicated subsidy from ORKL
rises from \$20k to \$300-\$400 k p.a.

• How is it proposed for ORKL to fund the
Bendroft facility in the face of reduced
PMB allocations

• Has ORKL considered modulating the
frequency of meetings, on the basis that
18 meetings per year is not financially
viable.



To:
Cc:
Bcc:
Subject:

(eg \$10m - \$15m)

We acknowledge that Queensland Racing Ltd (QRL) already provides funding to meet the operating funding needs of many Queensland Clubs. However the Beaudesert business case indicates that the facility, after its upgrade and based on the increased frequency of meetings per year (from 5 rising to 18), the indicated forecast subsidy from QRL rises from \$20K to \$300 - \$400K p.a.

How is it proposed for QRL to fund the Beaudesert facility in the face of reduced TAB allocations.

Has the QRL considered moderating the frequency of meetings, on the basis that 18 meetings per year is not financially sustainable?

- c Have the facilities which have reduced just weekly meetings (by 18) in an effectively reduced losses?
- c Has it been considered using an element of the Deagon capital (\$39.5) as a "buffer" to absorb such increased operating losses.

^

From: <gerry.foley@treasury.qld.gov.au>
Date: Thursday, 2 February 2012 12:29 PM
To: "Kelly, Michael - Racing" <michael.kelly@racing.qld.gov.au>
Attach: pic04860.gif
Subject: Re: RQL response to Treasury Questions - Beaudesert

Mike

I confirm that we have received RQL's response

thanks
Gerry

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

Phone: (07) 30351483
Executive Building

(Embedded image moved to file: pic04860.gif)

From: "Kelly, Michael - Racing" <Michael.Kelly@racing.qld.gov.au>
To: "Gerry.Foley@treasury.qld.gov.au"
<Gerry.Foley@treasury.qld.gov.au>
Cc: "Booker (stuart.booker@treasury.qld.gov.au)"
<stuart.booker@treasury.qld.gov.au>, "Peter McCabe"
<peter.mccabe@ministerial.qld.gov.au>, "Perrett, Carol"
<Carol.Perrett@racing.qld.gov.au>, Hamish Williams
<Hamish.Williams@ministerial.qld.gov.au>
Date: 02/02/2012 12:02 PM
Subject: RQL response to Treasury Questions - Beaudesert

Gerry

RQL has provided the following response to me regarding the questions you posed on Wednesday morning. If my Office can assist, or explain any of their comments pls do not hesitate to contact me.

I have also attached a copy of Min Mulherin's Media Statement released yesterday that relates, partially, to the Beaudesert issue and outlines changes to the IIP approved by cabinet on Monday. It can be accessed at <http://www.cabinet.qld.gov.au/mms/StatementDisplaySingle.aspx?id=78620>

You should note it contains the statement, "I can also announce today that construction will start on the \$8.2 million upgrade to the Beaudesert Race Club before the end of the month following the submission of a business

16/07/2013

case by RQL to Government." I am advised that this was approved in discussions between Min Mulherin and the Treasurer.

RQL has asked that I request your urgent decision re Beaudesert.

Gerry - can you pls confirm receipt of the RQL response.

MK

From: Malcolm Tuttle [mailto:mtuttle@racingqueensland.com.au]
Sent: Thursday, 2 February 2012 11:35 AM
To: Kelly, Michael - Racing
Cc: Robert Bentley
Subject: RQL response to Treasury.docx

Mike

Pls see attached response to Treasury regarding further information for the Beaudesert Business case. Grateful if you could forward to Treasury.
Regards Mal

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*****[attachment
"RQL response to Treasury.docx" deleted by Gerald W Foley/TO/QTreasury]
[attachment "Min Media Statement re Amended IIP.doc" deleted by Gerald W Foley/TO/QTreasury]



16/07/2013

edocs 824899

BRIEFING NOTE

FROM	Treasury		
FOR	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT	Business Cases for Racing Industry Infrastructure Expenditure		
Contact Officer:	Najelle Barber - Director, Resources and Economic Development Branch Tel: 3036 1414, Mb: 0412 689 242	Record No: TRX-18469	Date: 10 February 2012
Requested by:	N/A	Date Approval Required By: N/A	

PURPOSE

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

BACKGROUND

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

ISSUES

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

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

FINANCIAL IMPLICATIONS

11. Treasury's review of the three business cases has identified that there is a consistent trend towards an increasing gap between revenues forecast to be generated by clubs and their costs of operating. On the basis of the current business cases under review, Treasury considers there is a strong likelihood that this position will be replicated across the whole IIP.
12. RQL contends that it has the necessary financial resources to continue to fund the operation of race clubs Queensland-wide.
13. It further contends that the deficits are largely on account of depreciation. However, this is only the case for Cairns, which has a more modest operating loss of some \$117,000. RQL's forecast financials for Beaudesert indicate that operating (cash) costs increase significantly from \$355,000 to \$913,000 with depreciation listed separately at \$186,000. Similarly, the projections for Rockhampton include a relatively modest depreciation charge. For both Beaudesert and Rockhampton, the projected racing operations are profoundly non profitable.
14. RQL's revenue is largely comprised of its share of wagering revenue from UNITAB in accordance with the agreement by the Government to issue UNITAB with an exclusive wagering licence. It is noted that RQL's wagering revenue has fallen from \$140 million in 2008-09 to \$134 million in 2010-11. It is likely that wagering revenues will decline in the future because of the impacts of recent legal challenges to exclusive wagering licences in other jurisdictions, and also due to the impact of technology enabling access by non state-based wagering operators.
15. RQL's 2011 Annual Report shows that it had receipts of \$169 million. It provided prize money and other distributions of \$105 million, and on face value it appears would have some capacity to support clubs. However, it is unclear what impact the increased deficits will have across the whole program, and to what extent existing commitments can be realigned.
16. Given that the business cases are being progressed individually, Treasury is unable to form a view as to whether RQL has the capacity to subsidise increasing operating deficits for clubs across the whole program. Without a transparent disclosure of RQL's strategy for underwriting the deficits, it is not possible to be assured that the capital program is sustainable in the longer term.
17. Treasury therefore considers the risk of an increasing subsidisation requirement from RQL is a financial risk to the Government also, as it is not unreasonable to expect that RQL may have difficulty meeting these deficits in the longer term and could call upon the Government for financial assistance.

- 3 -

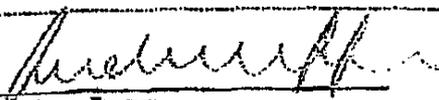
18. Following an analysis of the business cases for Beaudesert, Cairns and Rockhampton, Treasury has concluded that as the clubs are not viable in the medium to longer term, funds should not be advanced from the RICDS towards the capital projects identified for those clubs.
19. However, should RQL be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

RECOMMENDATION

21. It is recommended that you:

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

G.B. Bradley
 Gerard Bradley
 Under Treasurer Date 12/11/12

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Deputy Premier, Treasurer and Minister for State Development and Trade	Comments	
<div style="text-align: center;">  Andrew Fraser Deputy Premier, Treasurer and Minister for State Development and Trade Date 15/12/12 </div>		

Name	Action Officer/Author	Director	ED/AUT	DUT
Michael Buckley	Naige Barber	Stuart Booker		
Resources and Economic Development	Resources and Economic Development	Resources and Economic Development		
07 5035 1423	07 5035 1414	07 5035 1860		
10/12/2012	10/12/12	10/02/12		

eDocs: 026231

TRX-18459

The Honourable Tim Mulherin MP
Minister for Agriculture, Food and Regional Economies
GPO Box 46
BRISBANE QLD 4001

I refer to recent correspondence between the Department of Employment, Economic Development and Innovation, Racing Queensland Limited (RQL), and Treasury Department (Treasury) regarding business cases for proposed capital works under the Industry Infrastructure Plan (IIP), and recent correspondence to you from the Chairman of RQL.

I have been informed that Treasury considers there are outstanding issues in the business cases so far received, being for capital works at Beaudesert, Cairns, Rockhampton and Logan. The business cases disclose reasonable information regarding the proposed upgrades and construction, however the business cases demonstrate that the ongoing viability of the facilities is dependent on continuing increased support from RQL. I understand that operational deficits for individual racecourses are likely to be a feature of the majority, if not all, of future business cases. The ability of RQL to provide this support in the long term is not explicitly evident in each business case..

I acknowledge that providing financial support for racing clubs is a prime function of RQL in its capacity as a racing control body. In particular I note the financial assurance provided on 14 February by RQL, which addresses the need to provide adequate financial backing to the upgraded and new facilities, for which RQL is seeking funding from the Racing Industry Capital Development Scheme. On this basis, I am prepared to approve the release of funds for the capital works at Beaudesert, Cairns, Rockhampton and Logan.

In addition to RQL's financial assurance which you have already obtained, it would be prudent to seek confirmation that RQL will establish a reserve fund through setting aside a portion of wagering revenue to use as a buffer for increased operating deficits in the event that betting distributions decline in the near future. Thank you for your continuing assistance in advancing the capital upgrade program on a financially sustainable basis.

Yours sincerely

ANDREW FRASER

BRIEFING NOTE

FROM	Treasury		
FOR	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT	Business Cases for Racing Industry Infrastructure Expenditure		
Contact Officer:	Nadine Barber – Director, Resources and Economic Development Branch Tel: 3235 1414. Mh: 04 12 666 242	Record No: TRX-18459	Date: 14 February 2012
Requested by:	N/A	Date Approval Required By: N/A	

PURPOSE

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

BACKGROUND

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

ISSUES

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

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

FINANCIAL IMPLICATIONS

11. Treasury's review of the three business cases for the horse racing venues has identified that there is a consistent trend towards an increasing gap between revenues forecast to be generated by clubs and their costs of operating. On the basis of the current business cases under review, Treasury considers there is a strong likelihood that this position will be replicated across the whole IIP. The business case for the Logan greyhound racing venue forecasts a relatively stable operating deficit requiring funding from RQL. This is an entirely new facility and therefore the forecasts are not based on historical data.
12. RQL contends that it has the necessary financial resources to continue to fund the operation of race clubs Queensland-wide.
13. It further contends that the deficits are largely on account of depreciation. However, this is only the case for Cairns, which has a more modest operating loss of some \$17,000. RQL's forecast financials for Beaudesert indicates that operating (cash) costs increase significantly from \$355,000 to \$913,000 with depreciation listed separately at \$186,000. Similarly, the projections for Rockhampton include a relatively modest depreciation charge. For both Beaudesert and Rockhampton, the projected racing operations are profoundly non profitable. As previously noted the new venue at Logan will require an operating subsidy of over \$1 million per annum to achieve break even.
14. RQL's revenue is largely comprised of its share of wagering revenue from UNITAB in accordance with the agreement by the Government to issue UnNITAB with an exclusive wagering licence. It is noted that RQL's wagering revenue has fallen from \$140 million in 2008-09 to \$134 million in 2010-11. It is likely that wagering revenues will decline in the future because of the impacts of recent legal challenges to exclusive wagering licences in other jurisdictions, and also due to the impact of technology enabling access by non state-based wagering operators.
15. RQL's 2011 Annual Report shows that it had receipts of \$159 million. It provided prize money and other distributions of \$105 million, and on face value it appears would have some capacity to support clubs. However, it is unclear what impact the increased deficits will have across the whole program, and to what extent existing commitments can be realigned.

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

RECOMMENDATION

21. It is recommended that you:

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

G Bradley
 Gerard Bradley
 Under Treasurer Date 14/2/12

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

Name:	*Action Officer/Author:	Director:	EDAUT:	OUT:
Michael Buckley	Natalie Barber	Stuart Booker		
Resources and Economic Development	Resources and Economic Development	Resources and Economic Development		
Telephone: 07 3035 1423	07 3035 1414	07 3035 1660		
Date: 14/02/2012				

eDocs: 823231

edocs 824921

BRIEFING NOTE

FROM	Treasury		
FOR	Deputy Premier, Treasurer and Minister for State Development and Trade		
SUBJECT	Business Cases for Racing Industry Infrastructure Expenditure - Gold Coast and Ipswich		
Contact Officer:	Natalie Barber - Director, Resources and Economic Development Branch Tel: 3035 1414, Mo: 0412 668 242	Record No: TRX-18557	Date: 17 February 2012
Requested by:	N/A	Date Approval Required By:	N/A

PURPOSE

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

BACKGROUND

2. On 7 July 2011 CBRC approved the \$110 million Industry Infrastructure Plan (IIP) which comprised 11 projects with funds allocated under the RICDS. Funding for the IIP also included \$10 million previously committed by the Government for the closure of the greyhound racing complex at Parklands. CBRC determined that a business case for each project was required to be submitted to Treasury and accepted prior to funding being made available.
3. On 30 January 2012 Cabinet noted a revised IIP which redirected \$37.9 million in funding from the Deagon development to new greyhound racing facilities at Logan (\$24 million) and Townsville (\$6 million), works at Ipswich Turf Club (\$6 million), project variations at Beaudesert (\$0.94 million), new works at Brisbane Race Club (\$0.75 million) and increases in cost estimates at Cairns, Mackay, and Rockhampton racecourses.
4. Business cases for Beaudesert, Cairns, Rockhampton and Logan racecourses have recently been reviewed by Treasury (refer TRX-18459). As the business cases for the projects did not demonstrate the ongoing viability of those clubs without some level of subsidy, Treasury was precluded from endorsing the release of public funds and recommended that a letter of assurance be sought from Racing Queensland to underwrite the forecast losses.
5. On 14 February 2012 Racing Queensland Limited (RQL) provided a written financial assurance to Government that RQL has the capacity to underwrite the operation of the new and upgraded facilities and their maintenance into the future. Following receipt of this assurance you approved the release of funds for the capital works proposed at Beaudesert, Cairns, Rockhampton and Logan racecourses. The funds total \$36.2 million which represents 33% of the \$110 million IIP.

ISSUES

6. Proposed expenditure on capital works at the Gold Coast (\$36.48 million) and Ipswich (\$8 million) racecourses total \$44.48 million or a further 38% of the \$110 million IIF.
7. Business cases for capital works at the Gold Coast and Ipswich racecourses were received by Treasury on 15 and 16 February 2012 respectively. Given the limited time available to review the documentation, Treasury has examined the key aspects of the business cases and has formed its conclusions within a restricted framework.

Gold Coast Turf Club (GCTC)

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

Ipswich Turf Club

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

FINANCIAL IMPLICATIONS

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

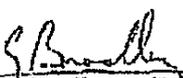
15. Furthermore, Treasury reiterates its previous recommendation that it would be prudent as a risk mitigation strategy for RQL, to set aside a portion of wagering revenue to be held in reserve and to act as a buffer against rising expenses and potentially reducing wagering revenue. This could be reviewed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

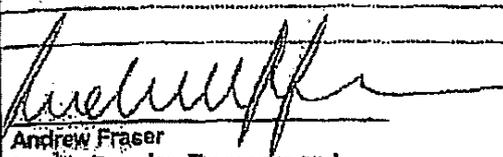
16. RECOMMENDATION

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

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

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


 Gerard Bradley
 Under Treasurer Date 17/4/12

<input checked="" type="checkbox"/> Approved	<input type="checkbox"/> Not approved	<input type="checkbox"/> Noted
Deputy Premier, Treasurer and Minister for State Development and Trade	Comments	
		
Andrew Fraser Deputy Premier, Treasurer and Minister for State Development and Trade		
17/4/12		

Name:	Action Officer/Author:	Director:	ED/AUT:	OUT:
Branch/Division:	Michael Buckley Resources and Economic Development	Nelie Barber Resources and Economic Development	Stuart Becker Resources and Economic Development	
Telephone:	07 3055 1423	07 3035 1414	07 3035 1060	
Date:	17/02/2012			
oDocs: 624650				

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

06/12/2011 11:59 AM

1 attachment



Heads of Agreement.pdf

Fyi

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

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

Natalie

HOA document attached as per Mike's email below.

Regards

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

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

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

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

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

Natalie

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

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

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

Mike - can you scan and send HOA to natalie pls

Private & Confidential

HEADS OF AGREEMENT

Racing Queensland Limited ABN 52 142 786 874

("Racing Queensland")

AND

Gold Coast Turf Club Limited ABN 29 102 941 980
("GCTC")

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DATED this 1st day of December 2011.

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

("Racing Queensland")

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

("GCTC")

BACKGROUND

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

AGREED TERMS

1. Definitions and Interpretation

1.1 Definitions

Unless the context otherwise requires:

Business Plan means a plan to Government outlining the following:

- i. Background to Project

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

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

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

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

Gold Coast Budget means \$35.4M.

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

Government means the Queensland State Government.

IIP means the Industry Infrastructure Plan.

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

Investment means \$31.4M.

Land means the land described as:

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

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

Local Authority means the Gold Coast City Council.

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

Party/Parties means Racing Queensland and the GCTC.

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

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

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

SLA means Service Level Agreement.

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

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

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

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

1.2 Interpretation

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

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

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

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

2. Binding Nature of Heads of Agreement

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

3. Proposal

3.1 Venue and Infrastructure Ownership

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

*how does that work?
who owns WIP?*

3.2 IIP Expenditure

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

why?

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what if Traintech refuses??

??

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

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

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

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

Should this be part of a grant agreement?

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

Mike Kelly

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

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

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

why necessary to write off?

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

4. Implementation

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

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

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

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

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

5. Scope of Works and Proposed Timelines

5.1 Racing and Training Infrastructure

Scope of Works:

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

Proposed timelines:

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

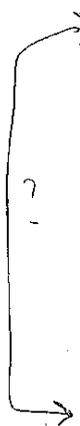
Racing Queensland acknowledges the GCTC's requirement that racing continues at the Facility during the construction works.

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

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5.2 Member and Public Facilities

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



*Will not be signing off
to a legal designer or architect
expecting this to be the GCTC
responsibility of business case
review*

*who issues tender ?
when are gazette conditions ?*

6. Agreement Effective on Exchange

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

7. Jurisdiction

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

8. Costs

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

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

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

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

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

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

It's up to RO to manage these costs within the \$2.75M provided for this type of cost.

ie. FROM RQDS?

*who owns the WIP??
Unclear who signs off the tender etc
Detailed estimate, who issues*

9. Assignment

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

10. Confidentiality and Public Announcements

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

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

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10.3 Each party:

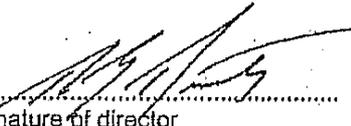
- (a) may use Confidential Information of the other party only for the purpose of undertaking Due Diligence and negotiating the formal transaction documents, and
- (b) must return to the other party, or destroy, any documents (including documents stored electronically) containing or embodying Confidential Information of the other party, immediately, if this Heads of Agreement is terminated or the parties do not sign the Contract (for any reason).

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

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

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

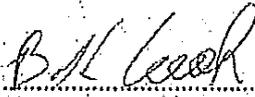

.....
Signature of director

ROBERT GEOFFREY BENTLEY
Name of director (block letters)

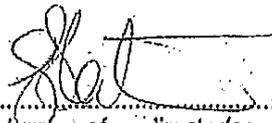

.....
Signature of director/company
secretary*
*delete whichever is not applicable

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

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


.....
Signature of director

BRETT COOK
Name of director (block letters)


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

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

Perrett, Carol

From: Perrett, Carol
 Sent: Tuesday, 7 February 2012 11:07 AM
 To: 'Adam Carter'
 Subject: RE: Subsidy figures paid by RQL
 Thanks Adam

From: Adam Carter [mailto:acarter@racingqueensland.com.au]
 Sent: Tuesday, 7 February 2012 11:01 AM
 To: Perrett, Carol
 Subject: FW: Subsidy figures paid by RQL

Carol,

	FY07	FY08	FY09	FY10	FY11	FY12 Budget
Total*	11,697,911	10,934,695	11,097,548	9,381,472	8,409,230	8,721,874

The above figures are related to operational/administration subsidies only and do not include any grants for capital projects or other subsidies such as training tracks.

* Total Amounts for 3 codes, Thoroughbred, Harness and Greyhounds paid to TAB and Non TAB

clubs

Operational subsidy paid to thoroughbred clubs reduced in FY0910 as the BTC and QTC merged to be BRC and with the RQL equity share arrangements with SCTC and Rockhampton Jockey Club came into play.

Operational subsidy paid to Greyhounds was by way of total allocation less prizemoney paid out leaving the clubs an operating amount (agreement was for minimum 75% of allocation from GRAQ to go into prizemoney). Greyhound model of subsidy was brought into line with thoroughbreds methodology when RQL came into being

Harness clubs were assisted from FY0809 by way of HRQ taking over administrative role including financial services, reporting etc and absorbing associated race day costs. When RQL came into being this arrangement was reviewed with some responsibilities and expenses returned to clubs and as can be seen FY1112 budget includes operational subsidies in line with methodology used for the other codes.

Regards

Adam Carter
 Chief Financial Officer



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 F +61 7 3269 9304
 M 0400 761 700
 E acarter@racingqueensland.com.au
 W www.racingqueensland.com.au

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

From: Perrett, Carol [mailto:Carol.Perrett@racing.qld.gov.au]
 Sent: Monday, 6 February 2012 4:56 PM
 To: Adam Carter
 Subject: Fw: Subsidy figures paid by RQL

Adam

1/03/2012

Can you please send me this information.

Thanks Carol

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

From: michael.buckby@treasury.qld.gov.au [mailto:michael.buckby@treasury.qld.gov.au]
Sent: Monday, February 06, 2012 04:28 PM
To: Perrett, Carol
Cc: Gerry.Foley@treasury.qld.gov.au <Gerry.Foley@treasury.qld.gov.au>
Subject: Subsidy figures paid by RQL

Hi Carol,

Hoping you can help me with this one. If not would you please request the information from RQL.

The numbers I am seeking are the total annual subsidy figures paid by RQL and its predecessors to the various race clubs over the last five financial years, ie. one figure for each financial year.

If you could send this information to me as soon as possible tomorrow morning that would be appreciated.

Thanks and regards

Michael Buckby
Senior Treasury Analyst
Resources & Economic Development/Queensland Treasury Level 10, 100 George Street, Brisbane
Phone: 3035 1423
Email: michael.buckby@treasury.qld.gov.au

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1/03/2012

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23 (2)



Reimbursement of RQL's costs

Booker

Kelly, Michael - Racing to: (stuart.booker@treasury.qld.gov.au) 16/02/2012 10:21 AM

cc: "michael.buckby@treasury.qld.gov.au",
"Gerry.Foley@treasury.qld.gov.au", "Setter, Robert",
"Hamish Williams", "Perrett, Carol"

History: This message has been forwarded.

2 attachments



Signed letter from Treasurer to RQL 5.12.11.doc



Letter from RQL to Office of Racing 2.02.12.pdf

Stuart

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

A copy of the relevant documents are attached.

Regard Carol

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Hon Andrew Fraser MP
Member for Mount Coot-tha



**Queensland
Government**

**Deputy Premier and Treasurer
Minister for State Development
and Trade**

TRX-17947

05 DEC 2011

Mr R G Bentley
Chairman
Racing Queensland Limited
PO Box 63
SANDGATE QLD 4017

I refer to issues you have recently raised regarding the delivery of racing infrastructure under the Racing Industry Capital Development Scheme (RICDS).

I have considered your comments in relation to the cost of preparing business cases for proposed racing infrastructure and have decided to provide access to limited funds from the RICDS to meet external costs incurred on those projects which are significant and have associated delivery risks. This will assist in accessing relevant expert advice necessary where the project scale and risks merit investment in those resources.

I approve funds of up to \$2,750,000 to be drawn for the purpose of reimbursing Racing Queensland Limited (RQ) for the cost of engaging external consultants assisting in the preparation of business cases, and capped internal costs of \$200,000 p.a of internal RQ resources dedicated to this purpose. Requests for reimbursement may be submitted to the Office of Racing in the Department of Employment, Economic Development and Innovation at the end of each calendar quarter.

Note that this will however reduce the funds available for direct investment in capital infrastructure under the RICDS.

Should you require any further information, please contact Mr Stuart Booker, Assistant Under Treasurer on telephone (07) 3238 3059.

Yours sincerely

ANDREW FRASER

Level 9 Executive Building
100 George Street Brisbane
GPO Box 611 Brisbane
Queensland 4001 Australia
Telephone +61 7 3224 6900
Facsimile +61 7 3229 0642
Email deputypremierandtreasurer@qld.gov.au
ABN 65 959 415 158

2 February 2012

Mike Kelly
Executive Director
Office of Racing
Locked Bag 180
BRISBANE CITY EAST QLD 4002



Racing Queensland Limited
A.B.N 52 142 786 874
Racecourse Rd Deagon QLD 4017
PO Box 63 Sandgate QLD 4017
T 07 3869 9777
F 07 3260 6404
E info@racingqueensland.com.au
W www.racingqueensland.com.au

Dear Mike

RE: Claim for funds associated with the cost of preparing business cases for the Industry Infrastructure Plan

In correspondence dated December 5, 2011, the Deputy Premier and Treasurer, the Hon. Andrew Fraser MP, confirmed approval of funds up to \$2,750,000 for the purpose of engaging external consultants assisting in the preparation of the business cases and in addition up to \$200,000 per annum in funding for internal Racing Queensland Limited (RQL) resources dedicated to this purpose.

In accordance with this advice, please find attached a summary of costs to date of \$2,596,290.58 for external consultants for the development of the business cases, with the detail per project, as well as copies of all invoices received that are currently being processed in our system. Further, also attached is a summary of the cost of wages for RQL employees who have the relevant expertise and have directed either all or part of their time to this purpose. The amount of this claim is \$200,000.00. Therefore, the total amount claimed is \$2,796,290.58. RQL is claiming, to the extent it can, to have these already incurred costs reimbursed in this claim, as the next opportunity to claim does not arise until the end of March 2012.

If you have any further queries please contact the RQL Chief Financial Officer, Adam Carter, on (07) 3869 9702 or acarter@racingqueensland.com.au.

Yours sincerely

MALCOLM TUTTLE
Chief Executive Officer

Cc. Mr Adam Carter (emailed)
Chief Financial Officer, RQL

Racing Queensland Limited
SUMMARY OF INFRASTRUCTURE PLAN EXPENSES TO DECEMBER 31, 2011

PROJECT	AMOUNT SPENT	APPROVED BUDGET	AMOUNT CLAIMED	DETAILS
INVOICES				
Cairns	99,263.51	1,966,832.75	99,263.51	Claim as per Expenses Paid
Deagon	635,417.36	39,968,339.53	635,417.36	Claim as per Expenses Paid
Gold Coast	452,685.32	35,477,647.22	452,685.32	Claim as per Expenses Paid
Ipswich	75,689.25	35,435.26	35,435.26	Claim as per Approved Budget
Rockhampton	80,749.35	1,605,000.00	80,749.35	Claim as per Expenses Paid
Townsville	73,191.34	6,348,584.00	73,191.34	Claim as per Expenses Paid
Beaudesert	739,012.43	7,271,511.72	739,012.43	Claim as per Expenses Paid
Logan	486,084.72	480,536.01	480,536.01	Claim as per Approved Budget
TOTAL INVOICES TO CLAIM	2,652,093.28	93,153,886.49	2,596,290.58	
INTERNAL COSTS				
Cairns	8,230.70			
Deagon	126,795.95			
Gold Coast	71,664.65			
Ipswich				
Rockhampton	6,139.60			
Townsville	18,148.30			
Beaudesert	30,436.06			
Overall		200,000.00		
	261,415.26	200,000.00		Claim as per Approved Budget
TOTAL INTERNAL COSTS TO CLAIM	2,913,508.54		200,000.00	
TOTAL INFRASTRUCTURE PLAN EXPENSES TO CLAIM			2,796,290.58	

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

21/02/2012 05:03 PM

Hi Stuart,

Below is a suggested response to Mike Kelly.

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

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

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

Regards
Michael
51423

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

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

Stuart

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

A copy of the relevant documents are attached.

Regard Carol

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Wilesmith, Roger

From: Zuj, Pat
Sent: Tuesday, 20 March 2012 10:18 AM
To: Wilesmith, Roger
Subject: FW: FW: Tridata Mismatch Report - Mar 2012

Attachments: 2012031611495298.PDF



2012031611495298
.PDF (12 KB)

Roger, FYI as well as place a copy on the main RICDS file.

Regards

Pat Zuj
Principal Compliance Officer

Office of Racing
Department of Employment, Economic Development & Innovation Level 15, 111 George
Street, Brisbane, City East, Qld 4002
p: +61 7 3234 1419
e: pat.zuj@racing.qld.gov.au

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

From: Smith, Tristan E
Sent: Monday, 19 March 2012 3:03 PM
To: Kelly, Michael - Racing
Cc: Zuj, Pat; Reason, Doug; Murthy, Shilpa; Tan, Siew
Subject: FW: FW: Tridata Mismatch Report - Mar 2012

Hi Michael

Treasury have just advised that the adjustment is a decrease not an increase.

The details are attached and will represent an overall decrease of \$4.680M. In terms of the RICDS this will drop the value from \$104M to \$99.320M (Not including the Greyhound Compensation payment).

As a result of the attached, the deferral to 2012-13 will now be for \$16.553M (\$18.722M less 2.169M).

Regards

Tristan

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

From: michael.buckby@treasury.qld.gov.au [mailto:michael.buckby@treasury.qld.gov.au]
Sent: Monday, 19 March 2012 2:19 PM
To: Lee, Graham
Cc: Tan, Siew; Smith, Tristan E
Subject: Re: FW: Tridata Mismatch Report - Mar 2012

Hi Graham,

The \$2.169M number is specific to 2011-12 so has to be in 2011-12.

Also, it's a decrease not an increase, as are \$2.430 in 2012-13, \$1.843M in 2013-14. The \$1.762M figure for 2014-15 is an increase.

These numbers came from the revised estimates of wagering tax revenue in the MYFER.

Please give me a call.

Thanks

Michael Buckby
Senior Treasury Analyst
Resources & Economic Development/Queensland Treasury Level 10, 100 George Street,
Brisbane
Phone: 3035 1423
Email: michael.buckby@treasury.qld.gov.au

From: "Lee, Graham" <Graham.Lee@deedi.qld.gov.au>
To: "michael.buckby@treasury.qld.gov.au"
<michael.buckby@treasury.qld.gov.au>,
Cc: "Smith, Tristan E" <Tristan.Smith@deedi.qld.gov.au>, "Tan,
Siew" <Siew.Tan@deedi.qld.gov.au>
Date: 19/03/2012 01:34 PM
Subject: FW: Tridata Mismatch Report - Mar 2012

Hi Michael,

In relation to the attached ATM update is it possible to move the increased 2011-2012 funding amount of \$2.169M to the outyears? This is in line with the fact that DEEDI has deferred \$18.722M funding to 2012-2013 (Please refer to DEEDI ATM37360) as part of the March Forward Estimates update.

DEEDI's preference is to distribute the \$2.169M over the outyears 2012-2013 to 2014-15 rather than deferring the whole \$2.169M into 2012-13. Please advise.

Regards,
Graham

Graham Lee
Management Accountant, Corporate Management Accounting Department of Employment,
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15168, BRISBANE QLD 4002
T: +61 7 323 93194
F: +61 7 3224 2454
E: graham.lee@deedi.qld.gov.au
W: www.deedi.qld.gov.au

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

From: Robertson, Kaylene
Sent: Friday, 16 March 2012 3:01 PM
To: Lee, Graham
Subject: FW: Tridata Mismatch Report - Mar 2012

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

From: Sharon.Ryan@treasury.qld.gov.au [
mailto:Sharon.Ryan@treasury.qld.gov.au]
Sent: Friday, 16 March 2012 1:40 PM
To: Robertson, Kaylene
Subject: Tridata Mismatch Report - Mar 2012

Hi Kaylene

I've been looking further into the mismatch report and realise that Treasury has prepared a further ATM 37715 to reflect revised RICDS funding based on 50% of the Wagering tax budgets (refer Treasury internal email below).

Can you please prepare an ATM to reflect the changes to your revenue WOGFIR 461002. If you have any questions please contact your TA Michael Buckby.

Thanks

Sharon Ryan
Management Accountant
Budget & Performance Management / Corporate Services / Qld Treasury
Phone: (07) 3035 3328 (please dial full number)
33 Charlotte Street

From: Glenn Miller/TO/QTreasury
To: Yuan Wang/PS/QTreasury@QTreasury,
Cc: Gerald W Foley/TO/QTreasury@QTreasury, Joshua
Rowe/TO/QTreasury@QTreasury
Date: 06/03/2012 11:48 AM
Subject: RICDS allocations

Hi Yuan

Natalie Barber spoke to Gerard Bradley about RICDS yesterday, particularly to confirm how allocations of wagering tax should be calculated.

Gerard has advised that the calculation should be 50% of total wagering tax being allocated to RICDS (rather than 50% of the amount after the 8.5% is taken off).

I've attached a table showing how I think this translates into the current estimates.

If you are OK with these calculations, could you please update the CIF table accordingly for inclusion in the incoming government brief.

thanks

Glenn
303 51962

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(See attached file: 2012031611495298.PDF)

Treasury - Administered
Adjustment Title: 37715 - CIF - RICDS Update funding to 50% of Wagering Taxes
Adjustment Type: Fiscal Limit

Status: Sought User: saryan Report generated on 11:47:39 16-03-2012
 Limited Life Yr: N/A Review Yr: N/A Create Period: February Closure Period: N/A

Approval Forum:
Other

Policy Category:
Policy - Other

Adjustment Category:
Appropriation adjustment

WOGFIR Account	Dr/Cr	GPC	CPID	2011-12	2012-13	2013-14	2014-15	2015-16
491201 Other (administered) appropriation - State Funded	Debit	g14	cro048	2169	2430	1843	-1762	0
541151 Grants expense - Capital	Credit	g01	dee289	2169	2430	1843	-1762	0

Sought Note:

The Racing Industry Capital Development Scheme (RICDS) is funded from Wagering Taxes. Initially funding was set as \$85M, which was then increased by a further \$19M (total \$104M) when the scheme was extended to 2014-15. Following advice from Resources Branch (Natalie Barber), the funding is to be adjusted to reflect 50% of the budgeted Wagering Tax Revenue.

