

Stadium Taskforce Report

Final Report to the Minister for
Housing and Public Works,
Minister for Digital Technology
and Minister for Sport



Queensland
Government

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The Honourable Mick de Brenni MP

Minister for Housing and Public
Works, Minister for Digital
Technology, Minister for Sport

GPO Box 2457
Brisbane QLD 4001

Dear Minister

I write in regard to the work of the Stadium Taskforce. The Taskforce has concluded its consultations and examinations into Stadiums Queensland and has finalised the Stadium Taskforce Final Report for consideration by the Queensland Government.

The Stadium Taskforce was established in response to some venue hirers raising issues regarding Stadiums Queensland and the operations of venues in Queensland. Issues identified include the cost of hiring venues in Queensland, particularly outside of Brisbane, the cost of government services including police and transport and venue infrastructure needs in Queensland.

The Stadium Taskforce consulted with a comprehensive list of stakeholders and examined the Stadiums Queensland business and operating models, Queensland Government policies and hirer activities that influenced the hire arrangements, operating models, usage and financial performance of Stadiums Queensland's venues.

Detailed findings and recommendations are contained within the attached Final Report which I submit for your consideration.

The Taskforce observed an expectation from some major venue hirers that access and use of stadium assets should be highly subsidised by taxpayers so that venue hirers' resources could be focused on talent development and team performance. Some hirers also expressed a desire to play in the best possible facilities comparable to facilities in southern Australian states that have or are undergoing multi-billion dollar refurbishments and re-builds.

The Queensland major sports facility portfolio is unique in Australia, as evidenced by three of Stadiums Queensland's venues being located in regional cities. The Taskforce found no immediate need to develop new stadiums in Queensland because there is existing capacity at Stadiums Queensland venues to host additional one-off and regular events, including new sporting franchises. The Taskforce found that the existing Stadiums Queensland venue portfolio could remain relevant and useful for the next 20 years, subject to moderate mid-lifecycle capital investment.

The Taskforce recommends that the Queensland Government prioritise the maintenance, enhancement and maximise the use of existing stadiums in Queensland rather than build new stadium facilities. This approach to maintain, enhance and use existing stadiums would maximise the return on investment for taxpayers and be significantly cheaper for taxpayers than building new stadiums.



Adele Concert 2017, The Gabba © Stadiums Queensland

The findings and recommendations of the Final Report build on those from the July 2018 Interim Report and will better place Stadiums Queensland in its ability to apply a balance between the needs of venue users and broader government objectives.

Stadiums Queensland was found to be operating effectively, but there is potential for the Queensland Government to help Stadiums Queensland improve further and the findings and recommendations within the Final Report support this by:

- » improving the operations of Stadiums Queensland and the performance of its venue portfolio,
- » ensuring event day charges are as efficient as possible,
- » enhancing Stadiums Queensland's ability to address community and hirer expectations,
- » better positioning Stadiums Queensland to ensure its venues are good places to go for major events and community activities,
- » improving cross-Government coordination with Stadiums Queensland in delivering and supporting major events at stadiums in Queensland, through the provision of services such as transport and police,
- » support for venue enhancements and the event attraction role of government,
- » enhancing community and non-event day use of the venue portfolio, and
- » supporting the financial sustainability of Stadiums Queensland.

Thank you, Minister, for the opportunity to lead the Stadium Taskforce. It was a pleasure to work with the Queensland Government on this important endeavour.

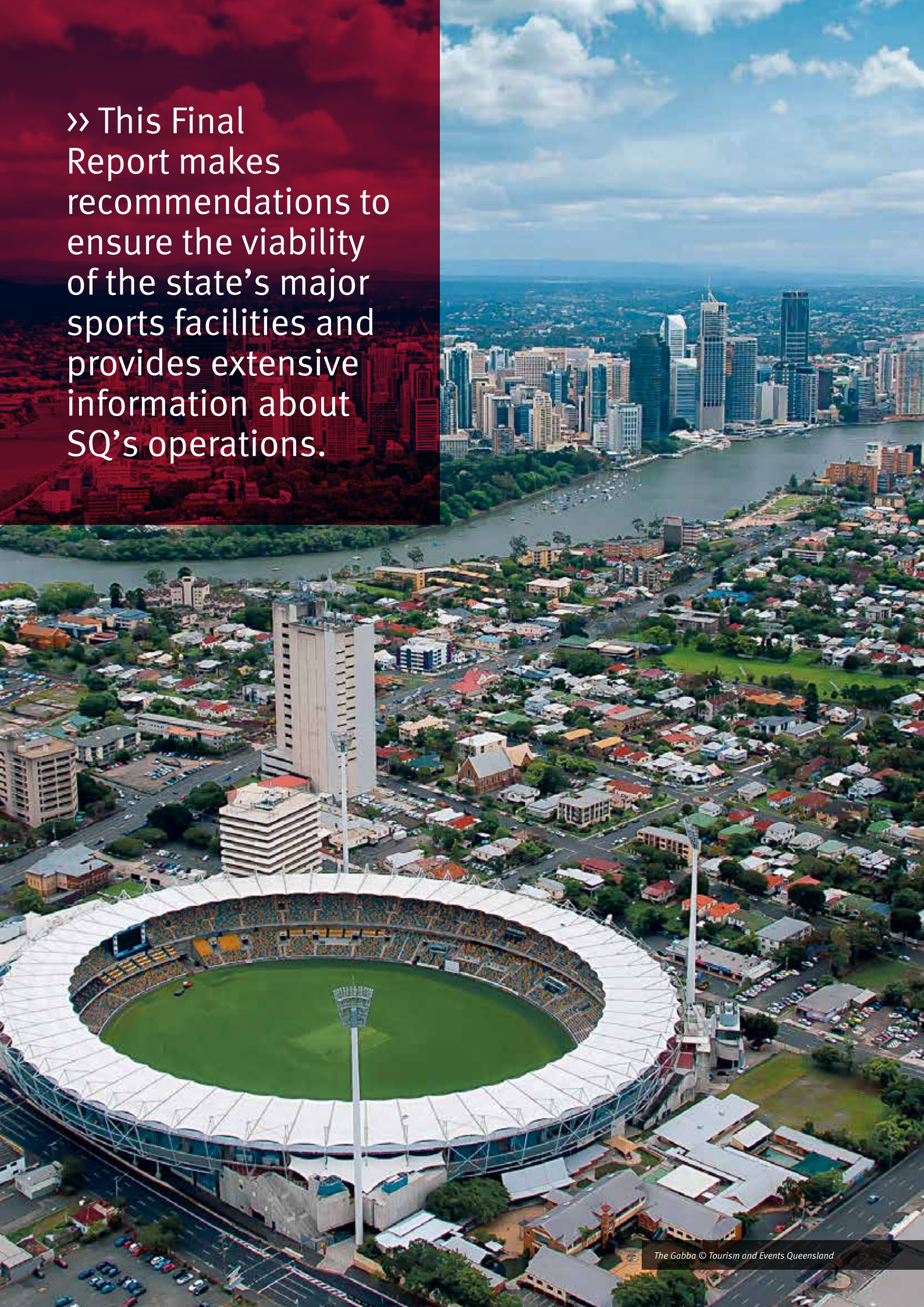
Additionally, I would like to thank the other members of the Stadium Taskforce for their dedicated efforts and also extend thanks to Queensland Treasury Corporation and KPMG for the analytical works that underpin a lot of the Taskforce's findings and recommendations in both the Interim and Final Reports.

Yours sincerely

John Lee
Chair, Stadium Taskforce



» This Final Report makes recommendations to ensure the viability of the state's major sports facilities and provides extensive information about SQ's operations.



Executive Summary

The major sports facilities owned by the Queensland Government and managed by Stadiums Queensland (SQ) are important places for Queenslanders. Suncorp Stadium and the Gabba are iconic and nationally and internationally renowned, whilst our regional stadiums and the events they host are important to the liveability and social fabric of communities.

In April 2018, the Stadium Taskforce (the Taskforce), chaired independently by experienced sports administrator John Lee, began a review of SQ. The Taskforce was established to investigate hirer concerns associated with the cost of hiring SQ venues, primarily on the Gold Coast and to undertake a review of SQ's and Queensland Government's management and planning for stadiums.

A Taskforce Interim Report and Government Response was released on 27 July 2018. It contained solutions to: Gold Coast venue cost issues associated with transport and traffic management; the Metricon Stadium sinking fund; hirer costs at the new North Queensland Stadium and options to better realise commercial opportunities for the Gabba. Solid progress has been made in implementing the government response, with progress towards the release to market of naming rights for the Gabba and progress in traffic management planning and bus franchise arrangements at the Gold Coast.

This Final Report makes recommendations to ensure the viability of the state's major sporting facilities and provides extensive information about SQ's operations.

This Final Report indicates that taxpayers and the Queensland Government will receive the maximum benefit from investment in stadiums by focusing on:

- » community expectations associated with ticket and food prices, community access and ensuring a home for our national sporting teams,
- » management to ensure proper maintenance and upgrades for events and usage,
- » effective management of hirers expectations,
- » venue specific considerations,
- » future infrastructure needs, and
- » governance arrangements and financial sustainability of SQ.

Each of these is referred to briefly here.

The Taskforce found that ticket prices are set by the venue hirer, not by SQ and are comparable to those in other states. Food and beverage prices are set by SQ and are on average, cheaper than interstate. There is a limited variety of affordable and healthy options and it is therefore recommended that SQ undertakes a trial of healthy food and beverages.

To ensure community access to SQ stadiums, a benchmark of 10 community access days per venue per annum is suggested as a minimum.





SQ's ability to focus on proper maintenance and upgrading of stadiums to meet hirer expectations is restricted by the current financial position. To ensure that future funding delivers improved venues for fans and hirers, there should be improved ongoing capital expenditure planning, based on identified venue infrastructure needs. Likewise the sustainability of SQ should be addressed by considering the impact of loan repayments on the bottom line.

The Taskforce identified no requirement for additional stadiums in Queensland. There is existing capacity for new events or sports franchises at existing SQ venues. Building an additional stadium would reduce the viability of all, reducing utilisation and reducing funding available for critical maintenance and enhancement works.

To reduce pressure for new stadiums, government should consider new regional event attraction funds to increase sporting and events in regional locations.

The Taskforce identifies that overall the governance and accountability arrangements established by the *Major Sports Facilities Act 2001* (MSF Act) are working well, with minor amendments to the MSF Act required to ensure that the public and the government's expectations continue to be met.

SQ is responsible for the following nine facilities: Suncorp Stadium, the Gabba, the Brisbane Entertainment Centre, the Queensland Tennis Centre, Cbus Super Stadium, Metricon Stadium, 1300SMILES Stadium, the Queensland Sport and Athletics Centre and the Sleeman Sports Complex.

Stadiums Queensland and the Taskforce

SQ is the statutory body established by the MSF Act to manage, operate, use, develop and promote major sports facilities in Queensland. SQ is responsible for the following nine facilities: Suncorp Stadium, the Gabba, the Brisbane Entertainment Centre, the Queensland Tennis Centre, Cbus Super Stadium, Metricon Stadium, 1300SMILES Stadium, the Queensland Sport and Athletics Centre and the Sleeman Sports Complex.

Over a period of time, hirers and the community have raised concerns regarding SQ and its \$1.8 billion in major facilities. Issues identified include the cost of hiring venues in Queensland, particularly outside of Brisbane, the cost of government services including police and transport and venue infrastructure needs.

The Honourable Mick de Brenni, Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport announced on 22 April 2018 that a Stadium Taskforce would be established to investigate operating and pricing models applied by SQ to its venues.

The Taskforce was independently chaired by Mr John Lee, an experienced sports administrator and included representatives from the Department of Housing and Public Works, and consultants from the Queensland Treasury Corporation and KPMG. The scope of the Taskforce's investigations was guided by a Terms of Reference.



Australia vs England Ashes Test Match,
The Gabba © Stadiums Queensland

Taskforce Scope

The Terms of Reference requested the Taskforce examine the current operating and pricing models for major sports events for each of the venues within the SQ portfolio, as well as to investigate how these models impact hirers, patrons, major event attraction, the costs and benefits to the Queensland community and to consider the State's future major sports facility infrastructure needs.

The Terms of Reference primarily focus the Taskforce's work on those facilities that host major sports events including Suncorp Stadium, the Gabba, Cbus Super Stadium, Metricon Stadium and 1300SMILES Stadium. Other SQ venues do not regularly host major sports events, they primarily host entertainment events, or provide for community participation, elite training development and competition opportunities, and are examined more briefly.

Taskforce Methodology

The Taskforce consulted and engaged with a broad range of stakeholders, sporting codes, hirers and other interested parties, including:

- » over 17 organisations, including all major hirers of the stadium venues
- » 45 officer bearers from sporting clubs or codes
- » established a cross-Government Inter-Departmental Committee (IDC).

The Taskforce invited major venue hirers and interested parties to make submissions and met with stakeholders individually. The views and experiences of stakeholders were crucial to develop educated and informed findings and recommendations.

Immediately following the preliminary consultation and analysis process, the Taskforce provided an Interim Report to Government that allowed the State to make decisions in advance of the 2018/19 sport seasons. The Queensland Government provided a formal response to the Interim Report on 27 July 2018 and noted the 16 findings and supported or supported in-principle all of the 17 recommendations. The Taskforce Final Report was provided to the Queensland Government on 28 November 2018.

There is solid progress against the Government Response to the Interim Report

The Interim Report addressed immediate issues impacting hirers, particularly related to the two Gold Coast SQ stadiums. These issues included reducing costs associated with the use of Metricon Stadium and supporting development opportunities on stadium land, improving game day parking and access at Cbus Super Stadium, reducing the cost of major event public transport for the Gold Coast stadiums, early consideration of operational issues for the new North Queensland Stadium in Townsville and the enhancement of the Gabba through the exploration of commercial opportunities. Progress is discussed further.



» **The Interim Report presented a venue score card**

In the Interim Report each of the major venues were objectively assessed against eight key criteria including location, capacity, patron catchment, utilisation, quality of asset, transport connectivity, economic contribution and financial viability. Suncorp Stadium remains Queensland's premier venue while 1300SMILES Stadium's low score confirms the Government's decision to replace this asset.

Venue		Ranking (out of 10)
1	Suncorp Stadium	9.0
2	The Gabba	7.7
3	Metricon Stadium	6.7
4	Cbus Super Stadium	6.3
5	1300SMILES Stadium	4.3

These rankings confirm the benefit of planning and building venues close where people work (i.e. CBD) and live (i.e. close to densely populated areas).

» **The Interim Report described a unique Queensland**

A major finding of the Interim Report was that Queensland's major sport facility portfolio is unique with significant major sports infrastructure at the Gold Coast and in Townsville. This provides excellent community assets that can be accessed by residents of these regions. There are additional costs due to their physical locations, especially on the Gold Coast where both stadiums are some distance from the densely populated areas along the coastline.

» **The Interim Report stabilises sinking fund contributions and encourages other uses for Metricon Stadium**

Metricon Stadium on the Gold Coast is subject to a long-term lease to the AFL from SQ as owner of the asset. The lease for this venue requires AFL to pay a sinking fund for maintenance and renewal of the asset. As part of consultation, the anchor tenant the Gold Coast Suns, advised the Taskforce of financial difficulties due to costs imposed for the use of the stadium, through their lease with the AFL.

The Interim Report of the Taskforce recommended the asset replacement component of the sinking fund contributions be amended in line with independent advice. The Government Response supported the lease agreement between the AFL and SQ be amended to reduce the asset replacement contributions with asset maintenance and asset enhancement contributions remaining unchanged. SQ and AFL have agreed to make the reduction to the sinking fund and will implement it as a priority.



Metricon Stadium © Stadiums Queensland

The Taskforce also recommended supplementary sources of income for sporting franchises, such as the Gold Coast Suns, should be supported and encouraged. The Government Response supported SQ working with the Gold Coast Suns and other venue managers to explore further commercial opportunities at all venues where a compatible social or community benefit can be demonstrated.

» **Traffic management is the key to better fan experience at Cbus Super Stadium**

The Gold Coast Titans are the major user of Cbus Super Stadium and face difficulties in their supporters and attendees accessing the stadium, as it is located at the end of a cul-de-sac. The resulting traffic management, public transport and car parking issues affect the fan experience reducing the likelihood of people attending future events.

The Government Response supported all of the Taskforce's recommendations and approved the Department of Transport and Main Roads to work with SQ, the Queensland Police Service, the Gold Coast City Council, emergency services, and other stakeholders to update the Cbus Super Stadium Traffic Management Plan. This is underway.

» **The Interim Report identified required improvements in Gold Coast Transport**

To reduce costs, it was recommended that Translink provide the management of bus services on behalf of SQ to the Gold Coast venues. It is also recommended that a contestable bus service regime be considered to reduce potential profiteering by monopoly private bus operators.

The Government Response agreed that management of bus services for the Gold Coast venues will be transferred to the Department of Transport and Main Roads (TMR). They have commenced the process.

» **The Interim Report noted commissioning costs for the new North Queensland Stadium**

To assist the North Queensland Cowboys in preparing for their move to the new stadium, it was recommended that pass through costs be identified well in advance of the transition where possible to enable better planning, based on the Gold Coast experience. The Government Response noted service requirements should be considered during the design and construction processes.

» **The Interim Report found opportunities to better capitalise on the Gabba**

There is evidence that commercial opportunities for the Gabba are not being realised to the same extent as for Suncorp Stadium. It is proposed that naming rights for the facility be explored and put to a market sounding. This potential new revenue stream will decrease the need for additional taxpayer subsidies at the venue and may be used to modernise some of the services (e.g. turnstiles).



Brisbane Roar vs Central Coast Mariners, 2011 A-League Grand Final, Suncorp Stadium © Stadiums Queensland

The Government Response supported the naming rights recommendation and supports SQ to put out the tender subject to retaining Gabba in the stadium name. A market testing process has been commissioned.

The Taskforce proposed there are several potential advantages of co-sourcing the management rights for the Gabba. Queensland Treasury and the Department of Housing and Public Works are undertaking an analysis to determine if it is cost-effective to co-source, with the analysis undertaken on the basis of guaranteed job security for all frontline staff.

The Final Report comprehensively examines all aspects of Stadiums Queensland

The Final Report summarises the Taskforce's investigations and examinations into the business, operating and venue hire models of SQ, governance arrangements and financial performance of SQ, stadium event day costs, Government approach to event attraction, venue specific issues and opportunities and future major sports facility infrastructure needs for Queensland.

The Final Report provides important contextual detail on the operating environment for major sport facilities in Queensland as well as that under which SQ functions, which is critical to understand and consider when the performance of SQ and the operation of its asset portfolio is being analysed or assessed. The Final Report details findings of its investigation and examination and provides recommendations for Government to consider that relate to:

- » community expectations associated with ticket and food prices, community access and ensuring a home for our national sporting teams,
 - » management to ensure proper maintenance and upgrades for events and usage,
 - » effective management of hirers expectations,
 - » venue specific considerations,
 - » future infrastructure needs, and
 - » governance arrangements and financial sustainability of SQ.
- » **Tickets, food and beverage prices are in line with, or less than those elsewhere in Australia**

Ticket prices for major events are not determined by SQ, they are set by the hirer in accordance with the hirer's own pricing policies. Ticket prices to most sporting events at SQ venues were comparable or cheaper than similar events in other states. The Taskforce cannot find any evidence that the business or venue management models of SQ impact ticket prices.

The SQ revenue share model for food and beverages can create an incentive for venue hirers and venue managers to maintain higher food and beverage margins. To test SQ's performance, a comparison of the price of key food and beverage products was undertaken between SQ venues, a range of interstate stadiums and other comparable locations including theme parks, cinemas and airports.



SQ has on average cheaper food and beverages than other interstate stadiums, the range of saving is between 2% and 13%.



SQ has on average cheaper food and beverages than other interstate stadiums, the range of saving is between 2% and 13%. In comparison to the other comparable locations, including theme parks, cinemas and airports, SQ's average food prices are substantially cheaper by at least 26% and up to as much as 34% cheaper. SQ venues on average have cheaper beer in comparison to most interstate stadiums and other comparable locations. Food and beverage prices at SQ venues are reviewed annually by independent experts utilising benchmarking against other venues across Australia and noting local CPI changes.

The Taskforce received feedback during the consultation process that food offerings within stadium venues can lack variety and in-particular a selection of healthy food options. The Taskforce recommends SQ initiate a trial of healthy food and beverage options to assess customer interest and to work with contracted caterers to explore ways to increase the variety of food options at SQ's venues, such as subcontractors and small mobile operators.

» **Playing surfaces are excellent across Stadiums Queensland facilities**

The condition of playing surfaces for all SQ stadiums is generally considered excellent, including the surface of Suncorp Stadium for the summer football seasons and is comparable in quality to that offered in similar venues in other states.

» **Reducing event day costs will depend on reduced transport and security costs**

The model that SQ uses for its hiring agreements is called the 'clean venue' model. By using this model for hiring agreements, event day costs at SQ venues are largely recovered from hirers. Event day costs include: public transport, traffic management, security, police, venue cleaning, and a range of other expenses.

Event day costs can be significant for hirers, particularly for those emerging sport franchises that are not achieving large crowds. These costs account for almost 50% of charges levied to hirers. Several findings and recommendations were made in the Interim Report to address transport costs.

Police costs account for around 10% of event day costs at SQ venues. Both police costs and numbers at SQ venues are reported to exceed those interstate. Not all jurisdictions across Australia pass police costs onto hirers, however it is the policy of the Queensland Police Service that venue hirers are hiring Queensland stadiums on a commercial basis, therefore they are charged costs directly related to the event.

The Taskforce found that decisions related to the number of police required at events at stadiums in Queensland are usually determined at a local police command level in consultation with the venue operator and venue hirer.

The Queensland Police Service advise that a standardised approach to guide risk, threat and vulnerability considerations will improve policing of major events in Queensland.

» **Improving stadium utilisation and increasing event attraction will drive value for the community**

A key purpose of stadiums is to attract events to provide community, social and economic outcomes to the state or region. Government provides a range of subsidies to support these outcomes including event incentives, venue support (such as the SQ operating grant), third party subsidies (e.g. public transport and police costs) and capital funding for new/upgraded stadiums.

It is the Taskforce's conclusion that targeted event attraction subsidies could have the impact of both increasing stadium utilisation and achieving economic benefits from increased visitor numbers.

SQ uniquely owns three regional stadiums which are underutilised primarily due to their location. Regional stadiums are important public and community assets that form part of the social fabric and desirability of an area. To support attracting more event content to the regional SQ venues, the Taskforce recommends the allocation of sufficient funding to contribute one third of any event attraction funding commitment given by the Gold Coast or Townsville City Councils for one-off events held at the SQ venues in their regions.

The attraction of one off events to regional areas would be a more sustainable way of achieving community and economic benefits associated with major events, without the costs associated with starting a new regional major sport franchise or building a new stadium.

» **Increasing community use of stadiums will require careful planning**

The primary purpose of stadiums is to support the conduct of major sporting events. Community access to these venues is limited due to them being used for events, and the continual maintenance needed to ensure that they are fit for purpose. International and national events are usually scheduled at least six to 12 months prior to the event, which allows for the other categories of users to be aware of potential windows of available use of the venue.

It is therefore recommended that SQ implement strategies to maximise community use of its stadium assets during suitable non-event periods on an annual basis and reports on the success of these strategies annually.

» **Stadium investment – stadium decision making framework**

The Taskforce recommends that the Queensland Government consider using a stadium decision making framework to guide and inform future investment in stadiums and venues. The Taskforce suggested framework consists of three components: a Venue Scorecard, Venue Investment Criteria and Venue Responsibility Matrix.

The Venue Scorecard component of the framework provides a robust method for the measurement and comparison of venues based on the following eight criteria: utilisations, capacity, catchment, quality, economic contribution, financial viability, transport connectivity and location.

The Venue Investment Criteria has been developed to guide decisions regarding capital improvements to venues, such as major refurbishment, venue replacement or the need to invest in a new venue. In regions of Queensland where there are no current SQ venues, the State should only consider funding support for new venues where the venue meets the proposed investment criteria.

The Venues Responsibility Matrix component of the stadium decision making framework shows who typically has responsibility for investing in and providing the ongoing support for venues at different performance levels.

» **No further stadiums are needed in Queensland**

The Taskforce has identified that there is no immediate need for the development of any new stadiums in Queensland. The five stadium assets held by SQ each have capacity to host additional one-off and regular events, including new sporting franchises in south east Queensland.

There is significant potential for the existing SQ venue portfolio to remain relevant and useful for the next 20 years in Queensland subject to moderate mid-lifecycle capital investment. This maintain, enhance and maximise use policy approach to capital investment is significantly cheaper for the taxpayer than the option of building new venues.

Investing in capital improvements of stadiums increases the ability to attract and retain events in Queensland, increase community participation opportunities and improve the development of elite athletes in Queensland.

» **Ballymore is not optimally located for future match day use**

Ballymore is owned and operated by Queensland Rugby Union (QRU) under a Deed of Grant in Trust (DOGIT), which was provided in 1973. The site currently hosts the administration and training headquarters of the Queensland Reds and QRUs programs. The Ballymore venue maintenance and operational costs are increasing and the asset is continuing to degrade.

The QRU has a development approval to build a 24,000-seat stadium at Ballymore. The Ballymore venue is not ideal as a location for a major stadium facility as it does not meet contemporary standards for access. The Taskforce considers the Ballymore venue more aligned to a training, club participation and administrative hub for rugby and compatible sports.

To help fund the Ballymore redevelopment, the QRU has a preference to unlock some of the land value on the site through residential and commercial development, sympathetic with the local area, while retaining a majority use of the precinct for sport and recreation. The Taskforce recommends the State continue talks with the QRU around the intended future scope of the Ballymore site, in-particular the scale of developments to help fund the development of a sport and community centre.

» **Further boutique stadiums are not required**

The Taskforce identified there is available capacity within the existing SQ portfolio to facilitate additional sport and entertainment content. The Taskforce has identified there is no current need for additional stadiums, either major or boutique, in Queensland because there is current capacity for additional content within the existing venues that are managed by SQ and other existing operators.



Cbus Super Stadium
© Stadiums Queensland

» **Sporting high performance centres will be considered as part of the Sports and Active Recreation Strategy**

Detailed consideration of high performance centres within Queensland is not in scope of this Final Report. However, the Taskforce is aware that many sporting codes are in regular contact with the relevant Minister in regards to their high performance facility needs through the development of a Queensland Sport and Active Recreation Strategy.

» **Stadiums Queensland governance is appropriate, with some enhancements suggested**

There is a public expectation that major sporting events, including national sporting franchises, are provided for in Australia's major cities. Major sports facilities are expensive to build and maintain and there is limited private sector willingness to build or own such venues. It is common practice in Australia for venues to be constructed, owned and managed by Government and Government at all levels across Australia invest in major sports facilities. Government involvement is justified by the economic, social and community benefits achieved by events at these facilities.

The Taskforce has identified that the SQ model for the ownership of State Government major sports facilities, with all of the state's venues owned by a single independent entity, is the leading model in Australia.

The Taskforce identified the need to balance the level of independence provided to SQ with public and Government expectations of transparency and accountability in the management of \$1.8 billion in government assets. The Taskforce therefore recommends amendments be made to the MSF Act to provide for a clearer mandate, improved reporting and the ability for the Minister to provide direction to SQ and its Board for matters of public interest.

To build on the Government's recent skills based appointments the MSF Act should be amended to specify the skills and experience required.

The Taskforce also recommends the rates of remuneration for the SQ Board be increased to a level consistent with similar interstate Boards and in line with the Queensland Government Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies as the current rates are significantly lower than comparable interstate bodies.

The Taskforce recommends the MSF Act be amended to allow the Minister for Sport to approve the sale or purchase of property by SQ to accelerate the processes associated with commercial dealings.

» **Stadiums Queensland operating environment has some constraints**

SQ has limited control over the venues transferred into its portfolio, and the operating conditions associated with the management of these venues. Decisions regarding which venues are managed by SQ, both new and existing, are made by the Queensland Government. The financial model in place does not attempt to recover the capital costs for construction or redevelopment of venues through hiring agreements. Seeking to recover the cost of capital would mean the cost to host an event would not be commercially viable.



*State of Origin, 2008 Game 2, Suncorp Stadium
© Stadiums Queensland*



In some instances SQ is paying interest on loans associated with the costs of upgrades to facilities.

In both Townsville and the Gold Coast there are significant constraints on revenue due to regional locations. Hosting an event in the regional stadiums can both cost more and have less commercial appeal due to the smaller population catchment and costs of operation for broadcasters and sponsors. The venues outside of Brisbane are underutilised and have been unsuccessful in gaining more than one anchor hirer or medium term tenant.

» Financial Performance of Stadiums Queensland

A significant part of the Stadium Taskforce work was to look at the financial and operating models of SQ. The Taskforce engaged Queensland Treasury Corporation to undertake the baseline financial performance analysis of SQ, which was undertaken utilising provided FY17 data.

The Taskforce identified that the individual venues within the SQ portfolio have differing financial performance, largely determined by factors such as location, event types and frequencies, capacity, type of venue and other venue-specific variables. Generally, the multi-tenanted capital city venues record positive operational results, while regional or participation venues typically record operating losses.

The historic performance of SQ shows generally positive operating results with a result of \$2.3 million in FY17 for the administration and management of its portfolio and an average of \$7.7 million over the past three years. SQ does however record a net deficit (\$47.9 million in FY17), primarily due to depreciation not being funded or recovered from revenue, which is not uncommon for entities like SQ.

The analysis by Queensland Treasury Corporation indicates SQ is facing an impending liquidity issue and this has resulted in SQ having to prioritise and limit funding towards maintenance and asset lifecycle expenditure. The deferral of maintenance and asset lifecycle expenditure will not be a viable long-term strategy as it will compromise SQ's ability to provide contemporary venues.

It should be noted that SQ is not funded to undertake large capital works projects or planning activities. SQ has previously funded some minor capital enhancements to stadiums from within their portfolio operating and capital grants. As a result of the increasing asset portfolio and static grants, it is not sustainable for SQ to adequately maintain the existing assets and undertake minor capital enhancement works.

The Taskforce recommends the focus of SQ from an asset maintenance, replacement and enhancement perspective should be on planned and unplanned maintenance as well as minor capital works (replacement and enhancement) for individual projects less than \$3 million. Government should be responsible for funding capital works for individual projects greater than \$3 million and major redevelopment works.



» **Stadiums Queensland's business and venue management models could achieve more**

The model that SQ uses for the bulk of its commercial hiring arrangements is the clean venue model. Through this model, hirers pay SQ a fee based on the percentage of ticket sales, which contributes to stadium overheads and actual reimbursement for direct costs associated with operating the venue for the event (cleaning, security, police and front of house staff). Hirers have control over revenue streams including sale of corporate suites and boxes, signage and merchandise. Hirers are also able to make available sponsor supply rights for beverages, enabling clubs to boost the value of sponsorships. The option to share other revenue sources, for example catering and inside ticketing charges, is negotiated on a contract by contract basis.

SQ uses four models for venue management, including direct (in house management), co-sourced management whereby a third party acts as an agent for SQ, outsourced management agreement and long term lease. These venue management models are also used by entities similar to SQ in other Australian jurisdictions. The model employed at each venue is illustrated below.

In-house Management (Stadiums Queensland)	Co-sourced Management	Management Agreement	Lease
			

SQ seeks to implement the venue management model that best suits the particular venue to achieve optimal outcomes.

SQ usually accepts the majority of operating, maintenance and capital costs associated with its portfolio, with the exception being Metricon Stadium, addressed in the Interim Report.

SQ outsources a majority of its business activities and has done so since its establishment in 2001. Services such as catering, ticketing, cleaning, security and crowd control, waste management, AV and technical production, hygiene services, traffic management and non-event day function events are mostly outsourced at SQ venues. Generally turf / grounds maintenance, venue management, event management and asset management is delivered by SQ in-house because of the specialised nature and inherent risk associated with the activity. This approach is consistent with practices in other Australian jurisdictions.

The SQ models for business and venue management are sound, however they could be achieving more. The Taskforce has identified that a more streamlined, considered and planned approach to major sport facility development, management and event attraction would improve outcomes for SQ, hirers, the Queensland Government and the public.

Stadiums Queensland Business Model	
Finding 1.1	Major sport facilities rarely generate enough operating surplus to recover the cost of their capital construction.
Finding 1.2	The Queensland Government, through Stadiums Queensland as owner, has the responsibility to maintain and develop Stadiums Queensland assets to an acceptable standard to hold events and ensure the safety of all users of the venues.
Finding 1.3	The Stadiums Queensland model of single entity ownership of major sporting venues is viewed as best practice and other states have made formal moves in recent years towards the Stadiums Queensland model.
Finding 1.4	Due to the nature of the Stadiums Queensland business with over \$1.8 billion in major sports facility assets, skills such as asset management, legal, commercial, construction, property development, event and governance are beneficial on the Stadiums Queensland Board.
Recommendation 1.1	<i>The Major Sports Facilities Act 2001</i> be amended to specify the skills and experience required for individuals to be appointed to the Stadiums Queensland Board.
Finding 1.5	The rates of remuneration for the Stadiums Queensland Board chairperson and directors are significantly lower than the rates of remuneration for similar interstate bodies, specifically Venues New South Wales and VenuesWest.
Finding 1.6	The Stadiums Queensland Board is remunerated at the minimum rate outlined by the Queensland Government's <i>Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies</i> .
Recommendation 1.2	The rates of remuneration for the Stadiums Queensland Board chairperson and members be increased to a level comparable with the rates paid to the boards of Venues New South Wales and VenuesWest and consistent with the Stadiums Queensland board's role, function and risk profile.
Finding 1.7	<i>The Major Sports Facilities Act 2001</i> provides that Stadiums Queensland cannot buy or sell property without prior approval from the Governor in Council. Executive Council processes for this approval take up to eight weeks, potentially restricting Stadiums Queensland's ability to obtain the best commercial outcome from land dealings.
Recommendation 1.3	<i>The Major Sports Facilities Act 2001</i> be amended to provide that the Minister can approve the sale or purchase of property by Stadiums Queensland.



Recommendation 1.4	<i>The Major Sports Facilities Act 2001</i> be amended to enable Stadiums Queensland to tender for third party contracts associated with venue management and operations of Stadiums Queensland and other assets owned by the shareholding Ministers department, where it does not affect Stadiums Queensland's core business.
Finding 1.8	There may be benefit in elevated public information available regarding the operation of Queensland's nine major sporting venues and Stadiums Queensland.
Recommendation 1.5	Stadiums Queensland to provide expanded annual performance information on the operation of its venue portfolio, to increase public awareness of their role and operations.
Finding 1.9	<i>The Major Sports Facilities Act 2001</i> provides Stadiums Queensland with a higher level of independence than similar authorities in other states.
Recommendation 1.6	<p><i>The Major Sports Facilities Act 2001</i> be amended to provide the Minister with powers to:</p> <ul style="list-style-type: none"> » provide a charter letter to Stadiums Queensland related to the strategic management of the State's major sports facilities » provide the Minister with the power to direct Stadiums Queensland on matters of public interest, and » seek information or reports on matters of State interest and Ministerial responsibility. <p>The amendment to the <i>Major Sports Facilities Act 2001</i> should specifically preclude the Minister from directing the Stadiums Queensland Board on any contractual matters where liability could be transferred to the State as a result of the directive.</p>
Finding 1.10	Stadiums Queensland has 132.4 full time equivalent employees, including 82.7 full time equivalent employees undertaking operational works at individual venues.



Stadiums Queensland Asset Portfolio

Finding 2.1	Stadiums Queensland has acquired its asset portfolio through a range of processes that have included legacy management arrangements, this has increased the complexities and costs of managing the assets.
Finding 2.2	Stadiums Queensland's asset portfolio delivers three main community objectives for Government: <ul style="list-style-type: none"> » retain, attract and deliver major sport and entertainment events, » facilitate community sport and recreational participation opportunities, and » support athlete development and high performance training.
Finding 2.3	The number of Tier 1 and 2 stadiums in Queensland is consistent with other states, particularly New South Wales and Victoria.

Queensland Environment

Finding 3.1	Queensland and New South Wales are the only two states in Australia to have multiple regional Tier 2 stadiums. Both have three regional Tier 2 venues.
Finding 3.2	Queensland has the most non-capital city population regions in excess of 200,000 in Australia. Of those regions, the Gold Coast is the only region with more than one Tier 2 stadium and Townsville is the second smallest region to have a Tier 2 stadium.
Finding 3.3	McDonald Jones Stadium in Newcastle is the only regional Tier 2 venue in Australia with two regular season national league tenants.
Finding 3.4	Queensland has a smaller population than New South Wales and Victoria, however has a comparable number of Tier 1 and Tier 2 stadiums.

Stadiums Queensland Business Model

Finding 4.1	A majority of Stadiums Queensland business is outsourced, including stadium services, ticketing, catering, security, cleaning, waste management and corporate business functions including consultancies associated with audit, incident management and insurance.
Finding 4.2	Stadiums Queensland has recently changed operating practices to make it easier to hire Stadiums Queensland function facilities. In south east Queensland there is a significant supply of venues with commercial function spaces and any additional new capacity of the commercial function market within south east Queensland may financially impact Stadiums Queensland.



Finding 4.3	There is no single break-even threshold for hirers of Stadiums Queensland venues used for major events, because the costs of hiring a venue are mainly variable rather than fixed and are influenced by the crowd size, event type, duration, timing and location.
Finding 4.4	Management models at Queensland's Tier 1 stadiums, Suncorp Stadium and the Gabba, are consistent with practices in other Australian jurisdictions.
Finding 4.5	Management models at Queensland's Tier 2 stadiums, Cbus Super Stadium, Metricon Stadium and 1300SMILES Stadium, are consistent with practices in other Australian jurisdictions.
Finding 4.6	The management model at the Brisbane Entertainment Centre is consistent with practices in other Australian jurisdictions.
Finding 4.7	The management model at Queensland Sport and Athletics Centre and Sleeman Sports Complex is consistent with practices in other Australian jurisdictions.
Finding 4.8	Stadiums Queensland typically accepts the majority of venue operating, maintenance and capital costs and associated risks.
Finding 4.9	The venue management agreement in place at Suncorp Stadium appears reasonable based on comparator agreements, noting that the agreement does not include a variable / incentive fee component which was removed due to the maturation of the event calendar.
Finding 4.10	Lease arrangements for major sport venues in Australia usually include a substantial lease fee. However, both leased venues in Queensland (Metricon Stadium and Queensland Tennis Centre) only charge peppercorn rent as the lease reflects the terms agreed between the State and the lessees as part of conditions of State funding for the venue at the time of construction which included lease holder contributions of capital funds towards the venue developments.
Finding 4.11	The lease agreement structure at Metricon Stadium is somewhat unique due to the lessee being responsible for capital enhancement. This reflects the arrangements agreed between the State and the AFL as a condition of the stadium development.
Finding 4.12	The lease agreement structure at the Queensland Tennis Centre means that Tennis Queensland has limited exposure to maintenance expenses. This reflects the arrangements agreed between the State and Tennis Queensland and is reflective of the limited event calendar and resulting limits on income that can be generated from events.



Stadiums Queensland Operating Model	
Finding 5.1	The operating model for venue services at Stadiums Queensland venues is consistent with practices in other Australian jurisdictions.
Finding 5.2	Stadiums Queensland's overall approach to hire agreements is consistent with other comparable venues in Australia.

Event Day Costs	
Finding 6.1	Across the three south east Queensland stadiums managed by Stadiums Queensland, public transport (30%), traffic management (10%) and police (10%) accounted for approximately 50% of total event day costs in FY17. These figures are generally consistent with other major venues not managed by Stadiums Queensland including Metricon Stadium.
Finding 6.2	Stadiums managed by Stadiums Queensland do not fully recover event day costs. Stadiums Queensland provided an annual subsidy for event costs for major sporting events to the amount of \$2,652,000 or 14% in FY17.
Finding 6.3	Stadiums Queensland stadiums, with the exception of 1300SMILES Stadium, appear to incur higher event day costs when compared to similar interstate venues. While the source of this discrepancy is not easily identifiable from the information available from interstate venues, it would appear that government services are a key contributor to the variance. This is supported by anecdotal evidence from stakeholders.
Finding 6.4	According to Cricket Australia, Queensland Police Service costs are 95% above national average for test matches and 251% above the national average for Big Bash League matches at the Gabba.
Finding 6.5	The cost for police services at the Brisbane International Tennis tournament has increased significantly from \$18,802 in 2016 to \$108,901 in 2019 (budgeted).
Finding 6.6	The Queensland Police Service has established a working group to move the police management of stadiums away from a strict crowd number threshold approach to a threat, risk and validation-based approach for the delivery of police services in Queensland.
Finding 6.7	Services that are provided by police at Queensland stadiums can be broken down into six categories; safety and public security, liquor licencing enforcement, in venue security, railway police, traffic management and other venue requests (ie. security at taxi ranks).



Recommendation 6.1	The Queensland Police Service to implement best practice learnings from the 2018 Gold Coast Commonwealth Games to the delivery of public safety services at stadiums in Queensland.
Finding 6.8	The number of police currently attending events at stadiums in Queensland differs based on local circumstances and the event particulars.
Finding 6.9	The number of police attending events in Queensland and New South Wales are similar, however in Victoria significantly less police attend major events.
Finding 6.10	Not all jurisdictions pass police costs onto venue hirers. In Queensland, business as usual police service costs are not passed onto venue hirers, however costs directly associated with the commercial activities undertaken at stadiums in Queensland are passed onto venue hirers.
Finding 6.11	Any income the Queensland Police Service receives from stadium hirers that is not paid in officer wages is retained by the Queensland Police Service for administrative and operational expenses.
Recommendation 6.2	The Queensland Police Service consult with the Office of Liquor and Gaming Revenue to clarify their role in enforcing liquor licensing requirements at Stadiums Queensland venues.
Finding 6.12	In some instances, venue hirers and venue managers request additional police services in excess of the services prescribed by the Queensland Police Service for example, police at taxi ranks. These additional services increase the overall cost of providing police services.
Recommendation 6.3	Stadiums Queensland and the Queensland Police Service work with venue managers and venue hirers to reduce costs while maintaining security at Queensland venues.
Recommendation 6.4	The Queensland Police Service explore analytical tools and technologies to further improve security at stadiums owned by Stadiums Queensland.



Ticket Price Comparison	
Finding 7.1	Ticket prices for major events at Stadiums Queensland venues are not determined by Stadiums Queensland, they are set by the event hirer, in accordance with the hirer's own pricing policy.
Finding 7.2	General admission ticket pricing for NRL matches in Queensland are on average marginally more expensive than matches in New South Wales but cheaper than Victoria. Tickets in Queensland for AFL matches are on average cheaper than all other states. Tickets for Super Rugby are typically more expensive in Queensland than in other states.

Stadiums Subsidies and Event Attraction	
Finding 8.1	A range of government subsidies are provided to support major events that are held at stadiums in Queensland including event incentives, venue operating grants and subsidised government services.
Finding 8.2	Tourism and Events Queensland is the primary event attraction entity in Queensland as opposed to Stadiums Queensland which does not provide direct event attraction subsidies. The Department of Innovation, Tourism Industry Development and the Commonwealth Games has a role in attracting major and multijurisdictional events to Queensland.
Finding 8.3	The regional Tier 2 stadiums in Townsville (1300SMILES Stadium) and the Gold Coast (Cbus Super Stadium and Metricon Stadium), are underutilised and would benefit from additional events and venue content.
Finding 8.4	Regional Councils within the cities that have a Tier 2 Stadiums Queensland stadium, the Gold Coast and Townsville, operate major events units, however, these units are not necessarily focused on incentivising and attracting events to these stadiums.
Recommendation 8.1	The Queensland Government allocate sufficient funding to contribute a third of any event attraction funding commitment given by the Gold Coast City Council and Townsville City Council for one-off events to be held at their respective Stadiums Queensland stadiums.



Finding 8.5	Regional Councils have made significant investments in Tier 3 regional stadiums and continue to invest in the ongoing operation and maintenance of these venues.
Finding 8.6	The Queensland Government provides financial support for national competition sporting events to be held at Stadiums Queensland Tier 1 and Tier 2 venues, however provides less support for similar content held at smaller venues not managed by Stadiums Queensland.
Recommendation 8.2	A regional event attraction fund, to be known as the 'Queenslander Fund', be established with the aim of attracting major sporting and entertainment events to all major Queensland populations not currently serviced by a SQ stadium including Cairns, Mackay, Rockhampton, Gladstone, Bundaberg, Fraser Coast, Sunshine Coast and Toowoomba. The focus of this fund is to attract content that would otherwise not have been held in Queensland and is not intended to cannibalise existing Stadiums Queensland content.

Stadiums Queensland Financial Performance

Finding 9.1	Concerts and one-off events are a positive source of revenue and income for Stadiums Queensland, however, there are not enough new events available to enable Stadiums Queensland to fund its operating and capital budgets in their entirety.
Finding 9.2	Stadiums Queensland generated a positive result of \$2.3 million in FY17 for the administration and management of its portfolio, prior to depreciation.
Finding 9.3	On a net result Stadiums Queensland has recorded an average net deficit of \$36 million in FY14 to FY16, which increased to a net deficit of \$47.9 million in FY17. The overall net deficit is primarily due to depreciation not being funded by government grants or recovered from Stadiums Queensland's other revenue sources.
Recommendation 9.1	All Stadiums Queensland annual operating grants and annual general capital grants should be indexed by CPI on an annual basis.
Recommendation 9.2	Stadiums Queensland to focus on increasing income and additional sources of revenue not related to event day costs. Additional income will allow Stadiums Queensland to focus more on event attraction, community use of venues and to limit cost increases for venue hirers.
Finding 9.4	Over 65% of the operating grants paid to Stadiums Queensland in FY17 was used to pay government related costs including debt repayments, land tax, local government rates and stamp duty.



Recommendation 9.3	Stadiums Queensland approach Councils to seek a rates exemption on the basis that 100% of savings would be directed to ‘around the venue’ upgrades and enhancements to traffic and accessibility in those local government areas that grant such exemption.
Recommendation 9.4	Stadiums Queensland to re-examine if using Whole-of-Government procurement arrangements would reduce costs for electricity and insurance.
Finding 9.5	Stadiums Queensland has loans with a book value of \$93.263 million as at 30 June 2018 related to the Gabba redevelopment, Suncorp Stadium redevelopment, Metricon Stadium redevelopment and video screens at the Gabba and Suncorp Stadium with a significant portion of annual operating grants being applied to debt repayment by Stadiums Queensland.
Finding 9.6	Over the past 10 years, the annual general capital grant to Stadiums Queensland has remained largely steady at \$10 million, while the value of the assets managed by Stadiums Queensland has increased by 71%.
Finding 9.7	Stadiums Queensland’s maintenance program appears risk based, comprehensive and in line with the Maintenance Management Framework.
Finding 9.8	Stadiums Queensland is not funded to undertake large capital works projects or planning activities
Finding 9.9	Stadiums Queensland has previously funded some minor capital enhancements to stadiums from within their portfolio operating and capital grants. As a result of the increasing asset portfolio and static grants, it is not sustainable for Stadiums Queensland to adequately maintain the existing assets and undertake minor capital enhancement works.
Recommendation 9.5	The focus of Stadiums Queensland from an asset maintenance, replacement and enhancement perspective should be on planned and unplanned maintenance as well as minor capital works (replacement and enhancement) for individual projects less than \$3 million. Government should be responsible for funding capital works for individual projects greater than \$3 million and major redevelopment works.



Recommendation 9.6	Stadiums Queensland should develop a 10 to 20 year capital enhancement and replacement plan which categorises capital and maintenance expenditure as planned maintenance, unplanned maintenance, minor capital works less than \$3 million, minor capital works greater than \$3 million and major capital enhancement works to increase transparency and clarity around Stadiums Queensland's capital expenditure. This will help to inform strategy about resource allocation and future maintenance and capital expenditure investment decisions by Government.
Finding 9.10	Food and beverage prices at Stadiums Queensland venues are reviewed annually by independent experts utilising benchmarking against other venues across Australia and noting local CPI changes.
Finding 9.11	The average price of food and beverages at Stadiums Queensland venues are competitive with other stadiums in Australia and other comparable locations including theme parks, cinemas and airports.
Finding 9.12	Profits from food and beverage are typically distributed between the caterer, venue manager and venue hirer, this creates a strong incentive to maintain reasonable margins on food and beverage products at Stadiums Queensland venues. Reducing the price of food and beverages at Stadiums Queensland venues would reduce income for the caterer, venue manager and venue hirer.
Recommendation 9.7	Stadiums Queensland to explore with the current suppliers of food and beverages, ways to increase the variety of affordable food and beverages at Stadiums Queensland venues. For example, increasing the number of subcontractors and smaller mobile operators within the Stadiums Queensland venues.
Finding 9.13	Stadiums Queensland stadiums provide limited healthy option foods.
Recommendation 9.8	Stadiums Queensland initiate a trial of healthy food and beverage options to assess customer take up and benefits.
Recommendation 9.9	Stadiums Queensland undertake regular analysis to ensure that fees, charged by venue level contract holders for pourage rights, are transparent and fair and that they do not create an inappropriate barrier to competition where hirers have the rights to select alcoholic beverage suppliers under their hire agreement.



Future Needs	
Finding 10.1	The five major stadium assets within the Stadiums Queensland venue portfolio have more than adequate capacity to host additional regular and one-off major event content.
Finding 10.2	Capacity exists at Suncorp Stadium for at least one additional anchor tenant. However, multiple new anchor tenants may impact the high presentation standards of the stadium such as the quality of the playing surface.
Finding 10.3	There is no immediate need for the development of any new build stadium in Queensland because there is existing capacity in the current suite of stadiums.
Recommendation 10.1	The Queensland Government should prioritise the attraction of semi-regular, one-off major event content to regional centres in Queensland that do not have Stadiums Queensland venues as a method of providing these regions with content without having to construct new stadium assets associated with additional national franchises.
Recommendation 10.2	The Queensland Government adopt a policy decision to prioritise the maintenance and enhancement and to maximise the use of existing stadiums in Queensland rather than build new stadium facilities.
Finding 10.4	There is significant potential for the existing Stadiums Queensland venue portfolio to remain relevant and useful for the next 20 years in Queensland subject to moderate mid-lifecycle capital investment.
Finding 10.5	The capital investment proposed to extend the life of existing stadiums is likely to be significantly cheaper than the option of building new venues to replace the assets as their useful life expires.
Finding 10.6	Investing in capital improvements of stadiums increases the ability to attract and retain events in Queensland, increase community participation opportunities and improve the development of elite athletes in Queensland.
Recommendation 10.3	Stadiums Queensland be required to submit a stand-alone, annual forward planning update to government well ahead of the annual budget process that details their rolling 10 to 20 year capital enhancement and replacement plan which includes short-term and long-term capital works estimates for the Stadiums Queensland venue portfolio.



Finding 10.7	All Stadiums Queensland venues have the capacity to host additional one-off major events. A competitive and coordinated event attraction strategy is key to increasing the number of major events at Stadiums Queensland venues.
Recommendation 10.4	Any significant capital works commitments to stadiums in Queensland should consider commitments from key sports for the securing of new and additional content to the venue, which does not cannibalise content at existing Stadiums Queensland venues.
Finding 10.8	Stadiums Queensland has standard fees and charges and policies that allow for concessional access and hire rates for community groups, however, community organisations are not necessarily aware of the ability to hire stadiums in Queensland.
Finding 10.9	<i>The Major Sports Facilities Act 2001</i> requires Stadiums Queensland to act commercially, as such, commercial activities are seen by Stadiums Queensland as being the priority for venue use over other uses, including community access.
Recommendation 10.5	Stadiums Queensland to identify a minimum of 10 days per annum in which each of its main stadium assets are available for hire by community organisations at concessional rates and Stadiums Queensland should promote this as a new opportunity to the wider public.
Recommendation 10.6	An annual benchmark for the number of community uses of Stadiums Queensland stadium assets be established and reported against in the Stadiums Queensland annual report.
Recommendation 10.7	The Queensland Government consider adopting a stadium decision making framework to inform future investment in stadiums and major sports facilities.
Finding 10.10	A venues scorecard approach is a robust method of measuring and comparing the relative functionality of stadium assets and should be included in any stadium decision making framework of the Queensland Government.
Finding 10.11	The application of a stadium investment criteria, similar to the investment criteria outlined in this report, is a robust mechanism for evaluating and prioritising stadium and venue investment opportunities and should be considered by the Queensland Government.



Finding 10.12	Sporting venues in Queensland can be categorised and placed into Tiers to enable the State to consider its support of different types and scale of major sporting venues through a venues responsibilities matrix approach. This categorisation and Tier approach could be adopted by the wider sporting sector in Queensland as a way of communicating consistently with the Queensland Government regarding sporting venue support and should be considered for inclusion in any stadium decision making framework of the Queensland Government.
Finding 10.13	Under the Venues Responsibilities Matrix, Stadiums Queensland owns and operates Tier 1 and 2 stadiums, Tier 1 and 2 indoor sport / entertainment centres and Tier 1 participation venues, due to their nature, size and profile.

Venue Specific Considerations	
Finding 11.1	Suncorp Stadium will likely need mid-life capital improvements made to its infrastructure within the next five to 10 years in order for the venue to retain its status as the premier rectangular venue in Australia.
Finding 11.2	The introduction of a Cross River Rail station immediately adjacent to the Gabba will provide an unmatched opportunity to significantly improve accessibility and connectivity for the Gabba venue and precinct.
Recommendation 11.1	Any significant internal upgrade or improvement to the Gabba should be carefully considered by Stadiums Queensland and the Queensland Government in alignment with the proposed stadium decision making framework.
Finding 11.3	The implementation of recommendations of the Interim Report of the Stadium Taskforce may save the Gold Coast Suns, as the appointed venue management on behalf of the AFL, approximately \$830,000 per annum.
Finding 11.4	The State agreed to provide funding to the construction of Metricon Stadium if the AFL agreed the venue would operate at no cost to the State or Stadiums Queensland. The AFL lease reflects the terms agreed to in a Memorandum of Understanding between the AFL and the State at the time of the State approving funds to deliver the stadium.
Recommendation 11.2	The State adhere to the existing terms of the Metricon Stadium lease regardless of the operating model adopted by the lease holder, the AFL. Under the lease, the AFL are responsible for all costs involved with the operation, asset maintenance, asset replacement and asset enhancement of Metricon Stadium for the duration of the AFL lease.



Finding 11.5	Metricon Stadium has a capacity of 26,000, the stadium was designed with the ability to increase this capacity to 40,000 if required. Based on existing and projected utilisation, there is no current need for this expansion.
Finding 11.6	The recently entered into hire agreement for the Gold Coast Titans at Cbus Super Stadium has arrangements that strongly support the Gold Coast Titans, this in addition to the recommendations in the Taskforce's Interim Report should improve the operating position of the Gold Coast Titans, and has the potential to reduce Stadiums Queensland operating loss of hosting Gold Coast Titans events at Cbus Super Stadium.
Finding 11.7	No major capital works are currently required for Cbus Super Stadium for the next 15 years based on current usage.
Finding 11.8	The Brisbane Entertainment Centre is an ageing venue nearing the end of its useful life. The location of the Brisbane Entertainment Centre does not meet contemporary standards for a major entertainment facility including limited access to scheduled high frequency and multi-modal public transport.
Finding 11.9	The Queensland Government has committed \$5 million to develop a business case for the Brisbane Live proposal. If a similar proposal is not to proceed, an alternative replacement investment for a new entertainment centre in Brisbane would be required.
Finding 11.10	The Queensland Tennis Centre was opened in 2009 and is in very good condition, with no significant asset replacement works required (outside of planned court surfaces), for at least 10 years.
Recommendation 11.3	Any expansion or upgrade of the Queensland Tennis Centre should be carefully considered by Stadiums Queensland and the Queensland Government in alignment with the proposed stadium decision making framework.
Finding 11.11	The Sleeman Sports Complex is a significant contributor to Queensland community participation and elite athlete development outcomes. Recent infrastructure investment has confirmed its long term future, however the cost of managing the venue is increasing due to the age and expanse of facilities and subsidised utilisation.
Finding 11.12	Surplus land is available at Sleeman Sports Complex as a result of the planned decommissioning of the old velodrome that has reached the end of its useful life. Opportunities exist to develop additional sporting facilities or commercial opportunities that could reduce the operating deficit of Stadiums Queensland.



Recommendation 11.4	Stadiums Queensland explore commercial and or facility development options for surplus land including the old velodrome site at the Sleeman Sports Complex, noting that this development would require State capital funding.
Finding 11.13	The number of major events that use all stands in the main stadium at the Queensland Sport and Athletics Centre are reducing over time as a result of better options being available at Suncorp Stadium and the expanding of the Gabba for one-off major events. The temporary aluminium grandstands at either end of the main stadium were built for the 1982 Commonwealth Games. The cost of maintaining these stands is inconsistent with the amount of use they receive for one-off major events.
Recommendation 11.5	Stadiums Queensland undertake a cost benefit analysis of retaining the existing temporary aluminium stands at the Queensland Sport and Athletics Centre. The stands should be removed if it is beneficial to the State or Stadiums Queensland to do so.
Finding 11.14	Removing the temporary grandstands would open up the Queensland Sport and Athletics Centre site and allow for future further development of the site including potential commercial developments that could be used to reduce Stadiums Queensland deficit.
Finding 11.15	The playing surfaces for all Stadiums Queensland stadiums is generally considered excellent including the surface of Suncorp Stadium for the summer football seasons and is comparable in quality to that offered in similar venues in other states.
Finding 11.16	The Ballymore venue maintenance and operational costs are increasing and the asset is continuing to degrade with an annual net loss of \$1.5 million.
Finding 11.17	The Queensland Rugby Union has a development approval to build a 24,000-seat stadium at Ballymore.
Finding 11.18	The Ballymore venue is not ideal as a location for a major stadium facility as it does not meet contemporary standards for a major stadium facility including, limited road access to the site, close proximity to the residential neighbourhood and no access to scheduled high frequency and multi-modal public transport. The Ballymore venue is more aligned to being a training, club participation and administrative hub for rugby and compatible sports as opposed to being a location for a major stadium.



Finding 11.19	To help fund the Ballymore redevelopment, the Queensland Rugby Union has a preference to unlock some of the land value on the site through residential and commercial development sympathetic with the local area, while retaining a majority use of the precinct for sport and recreation.
Recommendation 11.6	The Queensland Government to continue talks with Queensland Rugby Union around the intended future scope of the Ballymore site, in-particular the scale of developments to help fund the development of a sport and community centre. Consideration should also be given to any limitations that result from the current conditions of the Deed of Grant in Trust (DOGIT).
Recommendation 11.7	That the current Ballymore grandstands be demolished and a community facility be constructed that caters to training and local community rugby union matches.
Finding 11.20	Capacity is available within the existing Stadiums Queensland portfolio, and other existing venues around Brisbane, to facilitate additional entertainment content. There is also more than adequate unused capacity at Suncorp Stadium and the Gabba to host additional regular or one-off sporting events.
Finding 11.21	Capacity is available within the existing Stadiums Queensland portfolio at Suncorp Stadium to cater for additional content including multi-year anchor tenants. Any increase in operating costs incurred to accommodate additional content would be exponentially less than the cost of developing and operating a new venue.
Finding 11.22	Capacity is available within the existing Stadiums Queensland portfolio at the Gabba to cater for additional content including multi-year anchor tenants. Any increase in operating costs incurred to accommodate additional content would be exponentially less than the cost of developing and operating a new venue.
Recommendation 11.8	There is no current need for additional stadiums, either major or boutique, in Brisbane because there is current capacity for additional content within the existing venues that are managed by Stadiums Queensland and other existing operators.





1.0

**Stadiums
Queensland
Organisation**

1.0 Stadiums Queensland Organisation

1.1 Stadiums Queensland establishment and background

Within Australia, it is not commercially feasible to operate major sports facilities to recover the cost of capital and to generate a return on capital. Most major sports venues in Australia are owned by Government. The existence of major sporting venues provide significant benefits to the Queensland community. The return on the State's investment in major sporting venues can be measured in terms of attendance at Stadiums Queensland (SQ) venues. Economic research indicates benefits are generated from events at SQ venues. More detail of the State's financial position relating to major sporting venues in Queensland is located in Section 9.

Finding 1.1

Major sport facilities rarely generate enough operating surplus to recover the cost of their capital construction.

Prior to the establishment of SQ in 2001, Queensland's major sports facilities were managed by separate independent government trusts. The formation of SQ brought together information and expertise within government for the ownership, management and operation of the social infrastructure category of stadiums and major sport and entertainment venues. The agency was intended to ensure the Minister(s), were well briefed, that government policy was appropriate and that policy was being implemented consistently. The Major Sports Facilities Authority, now referred to as SQ, was established in 2001 through the passing of the *Major Sports Facilities Act 2001* (MSF Act).

This SQ model, with a single entity owning all major sporting venues in Queensland was designed to provide the following benefits:

- » avoid duplication of overheads associated with administrative and management systems,
- » achieve cost savings from the reduction in duplication and from efficiencies achieved through economies of scale,
- » improve governance and risk management at major venues,
- » avoid facilities competing with each other for events, resources and funding,
- » ensure better coordination and planning for major sports facilities, and
- » enhance the potential of Queensland to attract more major events through world class asset management.

The Gabba was the first venue to be brought into the SQ portfolio with the dissolution of the Brisbane Cricket Ground Trust in 2001. This was soon followed by three Brisbane City Council venues in 2002, transferred to SQ for \$1. In 2003, Suncorp Stadium was transferred after its redevelopment by the Stadium Redevelopment Authority.



Sleeman Sports Complex © Stadiums Queensland

SQ is responsible for venues declared major sports facilities by the *Major Sports Facilities Regulation 2014* (MSF Regulation). There are currently nine venues declared major sports facilities:

Venue	Primary Venue Type	Capacity	2016/17 Attendance
Suncorp Stadium	Rectangular major event stadium	52,500	1,099,864
The Gabba	Oval major event stadium	42,000	565,666
Cbus Super Stadium	Rectangular major event stadium	27,400	186,025
Metricon Stadium	Oval major event stadium	25,000	177,090
1300SMILES Stadium	Rectangular major event stadium	26,500	228,876
Brisbane Entertainment Centre	Indoor entertainment centre	13,500	513,772
Queensland Tennis Centre	Community use and elite athlete development	5,500	236,170
Queensland Sport and Athletics Centre	Community use and elite athlete development	48,500	265,258
Sleeman Sports Complex	Community use and elite athlete development	various	719,482
			3,992,203

Table 1.1: Stadiums Queensland Asset Portfolio and 2016/17 Annual Attendance

Source: Stadiums Queensland data

The nine major sports facilities that SQ owns are all iconic in nature and have hosted the largest events in Queensland such as Commonwealth Games, State of Origins, international friendlies, concerts, World Cup matches and Ashes Tests. With such high profile venues and events, there is an expectation from the community that these events will continue to be held in Queensland.

Finding 1.2

The Queensland Government, through Stadiums Queensland as owner, has the responsibility to maintain and develop Stadiums Queensland assets to an acceptable standard to hold events and ensure the safety of all users of the venues.

1.2 Governance and Institutional Arrangements

Under the MSF Act, SQ is established and provided with the responsibility for the management, operation, use, development and promotion of state government-owned major sports facilities in Queensland. The MSF Act has two main purposes:

- » to provide the governance and institutional arrangements for the ownership and management of state-owned major sports facilities, and
- » to provide for the regulation of venue and event management at state-owned major sports facilities where required.

The MSF Act establishes SQ as a statutory body which is separate from the State. It is a body corporate; has a seal; may sue and be sued in its corporate name; and does not represent the State. The MSF Act establishes the Board which is responsible for the overall corporate governance of SQ.

In providing for the operation and use of major sports facilities in Queensland, the MSF Act prescribes regulation that supports the staging and attraction of major events in Queensland. The MSF Act regulates such things as conduct on facility land, control of traffic, advertising restrictions and restrictions on the resale of tickets. The MSF Act also overrides restrictions that were placed on Suncorp Stadium through its Development Approval, in order to facilitate the use of the stadium for concerts and sports events with large crowds.

Prior to the establishment of SQ, major venues in Queensland were administered through separate legislative regimes and governance structures. This approach was fragmented and inflexible, particularly in the event that the State acquired additional sports facilities.

The management of state-owned facilities in Australia is generally vested in non-departmental government bodies, such as statutory bodies or trusts, with boards of directors that report to a Minister. A statutory body model provides the most appropriate governance structure for the Queensland entity responsible for managing government-owned major sports facilities as:

- » it better enables SQ to act commercially, being more responsive and flexible in decision making than a traditional government department,
- » it provides SQ with the ability to operate with independence,
- » the management of major sports venues is highly specialised and distinct from the traditional roles of government and departments, and
- » it reduces the state's exposure to the risks involved in the management of major sports facilities, including financial and legal risks.

SQ has a broad mandate. There are few limitations on the way SQ undertakes its roles and functions. The level of independence afforded to SQ is meant to facilitate commercial competitiveness in attracting national and international events to Queensland's major sporting venues.

SQ was Australia's first single entity to own and manage State major sports facilities. Since that time, this model has been viewed by other jurisdictions as best practice and other states have made formal moves towards the SQ model. For example, the recent moves to establish Venues New South Wales and VenuesWest by the new Governments in those States suggests they have identified the benefit of having a single entity owning multiple sports facilities.

Finding 1.3

The Stadiums Queensland model of single entity ownership of major sporting venues is viewed as best practice and other states have made formal moves in recent years towards the Stadiums Queensland model.

Stadiums Queensland Board

SQ is governed by a Board which is responsible for the overall corporate governance of SQ. The Board sets the organisation's strategic direction within the parameters set down by legislation applicable to SQ and determines the policies and practices that govern its day-to-day operations.

The MSF Act provides that the Board's principle functions and responsibilities include:

- » deciding the objectives, strategies and policies to be followed, and
- » ensuring SQ performs its functions in a proper, effective and efficient way, including the establishment of an effective corporate governance framework.

The SQ Board comprises of up to seven independent Directors (or members) who are appointed to terms of up to three years by the Governor in Council on the recommendation of the Minister for Sport. On 1 July 2018 the Queensland Government announced a new skills based Board which commenced after a request for interest process.

Based on the assets it owns and is responsible for, SQ needs to be run as a business. It is therefore important the SQ Board continues to have a strong mix of experience and skills to support the decision making and strategic nature of the Board's activities and responsibilities. To ensure this into the future, the MSF Act could be amended to specify the skills and experience required for appointment. This amendment would be consistent with other acts that establish statutory bodies, such as *Racing Queensland Act 2002* which established the Racing Queensland Board.

Finding 1.4

Due to the nature of the Stadiums Queensland business with over \$1.8 billion in major sports facility assets, skills such as asset management, legal, commercial, construction, property development, event and governance are beneficial on the Stadiums Queensland Board.

Recommendation 1.1

The Major Sports Facilities Act 2001 be amended to specify the skills and experience required for individuals to be appointed to the Stadiums Queensland Board

The MSF Act provides that the members of the SQ Board are paid an amount agreed by the Governor in Council. The Governor in Council approved remuneration for the SQ Board is \$15,000 per annum for Directors and \$35,000 per annum for the Chairperson. The Taskforce has compared the remuneration rates for the SQ Board with the remuneration rates for two other government bodies that have similar roles, functions and risk profiles to SQ. Like SQ, Venues New South Wales and VenuesWest are responsible for the ownership and management of a number of state government sport and entertainment assets of significant value. As identified at Table 1.2 the SQ Chairperson and Board members are paid significantly less than their interstate counterparts.

Finding 1.5

The rates of remuneration for the Stadiums Queensland Board chairperson and directors are significantly lower than the rates of remuneration for similar interstate bodies, specifically Venues New South Wales and VenuesWest.

Board	Number of Venues	Total Asset Value '000,000 (FY17)	Chairperson Remuneration (FY17)	Member Remuneration (FY17)
Stadiums Queensland	9	\$1,800	\$30,000	\$15,000
Venues NSW	5	\$273	\$60,000	\$30,000
VenuesWest	13	\$1,930	\$46,373	\$30,167

Table 1.2: Board Remuneration Comparison Table

Finding 1.6

The Stadiums Queensland Board is remunerated at the minimum rate outlined by the Queensland Government's *Remuneration Procedures for Part-Time Chairs and Members of Queensland Government Bodies*.

The Taskforce considers that an increase to the remuneration of the SQ Board to a level that is comparable with the rates paid to members of the Venues New South Wales and VenuesWest boards is warranted due to the SQ board's role, function and risk profile.

Recommendation 1.2

The rates of remuneration for the Stadiums Queensland Board chairperson and members be increased to a level comparable with the rates paid to the boards of Venues New South Wales and VenuesWest and consistent with the Stadiums Queensland board's role, function and risk profile.

Stadiums Queensland's Powers and Functions

Under Section 7 of the MSF Act, SQ's functions are to manage, operate, use and promote those facilities declared as 'major sports facilities'. SQ's functions also include undertaking the development of major sports facilities or proposed major sports facilities and associated infrastructure. The MSF Act provides that SQ must perform its functions in a way that is consistent with sound commercial principles, whilst having regard to the requirements of tenants.

Sections 8 and 9 of the MSF Act restricts SQ's power in dealing with property. This section provides that the authority must not buy or sell property without the Governor in Council's prior approval. Sections 8 and 9 of the MSF Act potentially restricts SQ's ability to obtain the best results in the commercial property market due to the timeframes involved in the Executive Council process.

Finding 1.7

The *Major Sports Facilities Act 2001* provides that Stadiums Queensland cannot buy or sell property without prior approval from the Governor in Council. Executive Council processes for this approval take up to eight weeks, potentially restricting Stadiums Queensland's ability to obtain the best commercial outcome from land dealings.

SQ is an experienced venue manager and operator and the Taskforce considers that SQ's expertise in these functions is underutilised. There is an opportunity for SQ to better utilise its expertise and improve its commercial position by tendering for contracts to undertake work on land it does not own. For example, SQ could tender for contracts for grounds or venue maintenance. It is however noted that SQ's business is currently restricted to those facilities that are either declared or proposed major sports facilities under the MSF Act.

Accountability and Reporting

Responsibility and accountability for the performance of SQ is through the Chief Executive to the Board. The Board reports to the Queensland Government through the responsible Minister for the MSF Act. The Minister is unable to direct the Board under current legislation.

In accordance with the *Financial Accountability Act 2009*, the Board approves SQ's corporate and strategic plans, the annual budget and the annual report including annual financial statements. The SQ annual report and audited annual financial statements are tabled in Parliament, as required under the *Financial Accountability Act 2009*. The Auditor-General audits the SQ annual financial statements and reports to the Parliament each year on its audit of statutory bodies, including SQ.

Recommendation 1.3

The *Major Sports Facilities Act 2001* be amended to provide that the Minister can approve the sale or purchase of property by Stadiums Queensland.

Recommendation 1.4

The *Major Sports Facilities Act 2001* be amended to enable Stadiums Queensland to tender for third party contracts associated with venue management and operations of Stadiums Queensland and other assets owned by the shareholding Ministers department, where it does not affect Stadiums Queensland's core business.

SQ is required to submit budget and actual data to the Queensland Treasury Whole-of-Government Financial Requirements system. Budget data is provided on a five-year forward estimate basis and is updated several times per year and actual data is updated on a quarterly basis. Australian Accounting Standards require that for financial reporting purposes, SQ be treated as a controlled entity of the State Government. Consequently, this information is used by Queensland Treasury to prepare the annual State budget and Queensland Treasury analysts monitor SQ's progress against budget on a quarterly basis.

While SQ undertakes extensive reporting to Government, a review of the publicly available information relating to the SQ portfolio of venues identifies a relative lack of detail that could help articulate the overall performance of the organisation and the venues. The Taskforce has identified that other jurisdictions similar to SQ, for example VenuesWest in Western Australia, provide much more public information regarding performance on an annual basis. The Taskforce understands that part of the current public debate surrounding SQ and its venues is potentially due to a lack of understanding of its operations, modelling and performance.

Finding 1.8

There may be benefit in elevated public information available regarding the operation of Queensland's nine major sporting venues and Stadiums Queensland.

Legislation in other jurisdictions affords Ministers and governments more power to control and direct government bodies established to manage state sports facilities. For example, the legislation that establishes the Melbourne Olympics Park Trust, Melbourne Cricket Ground Trust and Venues New South Wales provides that Ministers may give directions that must be complied with.

The desire for SQ to operate independently should be balanced with government and public expectations about management of \$1.8 billion of publicly owned infrastructure. The MSF Act's lack of ministerial powers and reporting obligations raises potential risks should a situation arise where SQ's interests and those of the State diverge. If enacted, these powers would be consistent with other Acts that establish independent bodies, such as the *Government Owned Corporations Act 1993*.

Finding 1.9

The *Major Sports Facilities Act 2001* provides Stadiums Queensland with a higher level of independence than similar authorities in other states.

The powers for the Minister to direct SQ need to be balanced with the autonomy needed for SQ to operate as a commercial venue manager. It is recommended that the Minister's power to direct be focused on strategic matters to ensure that stadiums are being managed in accordance with public expectations and on matters of public interest.

Recommendation 1.5

Stadiums Queensland to provide expanded annual performance information on the operation of its venue portfolio, to increase public awareness of their role and operations.

Recommendation 1.6

The *Major Sports Facilities Act 2001* be amended to provide the Minister with powers to:

- » provide a charter letter to Stadiums Queensland related to the strategic management of the State's major sports facilities
- » provide the Minister with the power to direct Stadiums Queensland on matters of public interest, and
- » seek information or reports on matters of State interest and Ministerial responsibility.

The amendment to the *Major Sports Facilities Act 2001* should specifically preclude the Minister from directing the Stadiums Queensland Board on any contractual matters where liability could be transferred to the State as a result of the directive.

1.3 Stadiums Queensland Organisational Structure

The Chief Executive of SQ is appointed by the Board and is responsible for implementing the Board's decisions and the day to day operations of SQ. To do this, the Chief Executive oversees a corporate office and the operations of the nine SQ venues (where venue management functions are not outsourced through an agreement or lease). As at 23 May 2018, there are a total of 132.41 full time equivalent employees (FTE) in SQ. Of these FTEs 37.5% are allocated to the SQ corporate office, which is reflective of SQ's shared services approach to the support of its venue portfolio, with the remaining 62.4% allocated to venue operations.

Venue	FTE
Corporate Office	49.70
The Gabba	20.22
Queensland Sport and Athletics Centre	13.34
Sleeman Sports Complex	30.95
Cbus Super Stadium	6.60
Suncorp Stadium (Grounds)	3.00
1300SMILES Stadium	6.60
Queensland Tennis Centre (Grounds)	2.00
Total	132.4

Table 1.3: Stadiums Queensland Full Time Equivalent Positions

Source: Stadiums Queensland Data

Finding 1.10

Stadiums Queensland has 132.4 full time equivalent employees, including 82.7 full time equivalent employees undertaking operational works at individual venues.



2.0

Stadiums Queensland Asset Portfolio

2.0 Stadiums Queensland Asset Portfolio

SQ has nine major venues within its portfolio which are spread across Queensland in the Gold Coast, Brisbane and Townsville, with a total Asset Replacement Value (ARV) of \$1.781 billion as at FY 2017 (excluding Metricon Stadium, which is currently managed by the AFL). The SQ venue portfolio is made up of a variety of venue types including stadiums, an entertainment centre, elite athlete development facilities and community participation assets with the addition of venues into the SQ portfolio occurring over time and through various means. The venue portfolio that SQ is responsible for is subject to significant variance, in terms of location, type, use, age, condition, capacity and history, which adds complexity to the management of SQ's portfolio of venues.

2.1 Governance and Institutional Arrangements

Since its inception in 2001, SQ has continually added to its venue portfolio to the point where SQ now owns nine venues. The timing of acquisition of each individual venue is presented in the Figure 2.1 below:

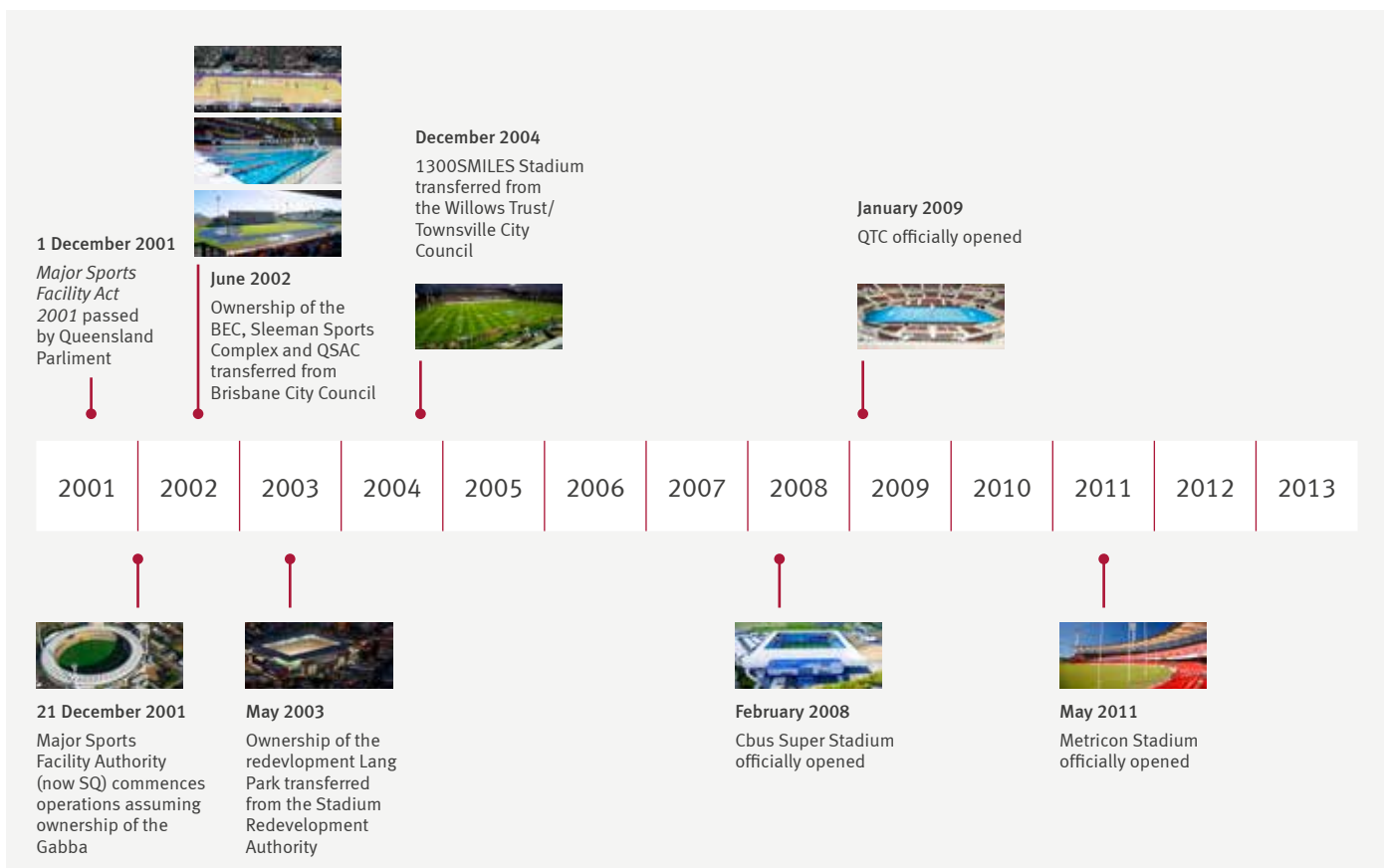


Figure 2.1: Timeframe of SQ Asset Portfolio Acquisition

Source: KPMG Analysis

Photos: © Stadiums Queensland

There has not been a standard method through which the acquisition of individual assets into the SQ portfolio has occurred. For example, SQ has had new venues transferred into its portfolio at practical completion, venues have been transferred to it from Local Government and Trusts, while some have been new builds.

Venue	Year Acquired	Transferred From	Rationale
The Gabba	2001	Brisbane Cricket Ground Trust	The Brisbane Cricket Ground Trust transferred the asset to SQ
Brisbane Entertainment Centre	2002	Brisbane City Council	Built to support a Brisbane 1992 Olympic Games bid. Transferred from Brisbane City Council due to the asset being of state significance
Queensland Sport and Athletics Centre	2002	Brisbane City Council	Host venue of the 1982 Commonwealth Games. Transferred from Brisbane City Council due to the asset being of state significance
Sleeman Sports Complex	2002	Brisbane City Council	Host venue of the 1982 Commonwealth Games. Transferred from Brisbane City Council due to the asset being of state significance
Suncorp Stadium	2003	Stadium Redevelopment Authority (and Lang Park Trust)	The State Government approved the redevelopment of Lang Park
1300SMILES Stadium	2004	Willows Sports Complex Trust / Townsville City Council	A former racing paceway was progressively redeveloped into a rectangular stadium. Transferred from Townsville City Council due to the asset being of state significance
Cbus Super Stadium	2008	New build	The State approved the development of a rectangular stadium on the Gold Coast for a new NRL franchise to be based at Robina
Queensland Tennis Centre	2009	New build	Tennis Queensland sought the development of a tennis centre to replace the Milton Tennis Centre and to attract an international tennis tournament to Brisbane
Metricon Stadium	2011	New build	The AFL sought funding assistance to redevelop a community AFL facility at Carrara in order to attract an AFL franchise to the Gold Coast

Table 2.1: Method of Stadiums Queensland Asset Portfolio Acquisition

Source: Stadiums Queensland data



The impact of introducing assets and their legacy management agreements has increased the complexities and costs of managing the assets. Examples include:

- » The Development Approval for the redevelopment of Suncorp Stadium contained terms that restricted the size, type and number of events the venue could host. Over the past 15 years amendments have been made to the MSF Act and MSF Regulation in order to allow the venue greater flexibility to meet event demands.
- » The transfer of the Gabba from the former managing Trust transferred existing agreements to SQ. The Gabba is the only stadium asset where SQ does not retain ticketing rights, which means each hirer can enter into terms with their own ticket provider. This reduces SQ's ability to commercialise the venue.
- » The development of the Queensland Tennis Centre and Metricon Stadium included Queensland Government-agreed terms in place with peak sporting bodies (Tennis Queensland and the AFL respectively) which had provided capital contributions to the construction of the venues.
- » Cbus Super Stadium, which was a greenfield site venue constructed by the Queensland Government, has a venue footprint two hectares less than that required to fully activate the site on event days.
- » The Brisbane Entertainment Centre was transferred to SQ from Brisbane City Council with a requirement for the existing management arrangements and terms to transfer with the asset. Similarly the Queensland Sport and Athletics Centre and Sleeman Sporting Complex were transferred from Brisbane City Council to SQ with existing contracts and employment arrangements transferred to SQ.
- » 1300SMILES Stadium was upgraded from a racing paceway to a basic rectangular stadium in an incremental approach prior to it being transferred to SQ.



From a patron's perspective, the acquisition of the nine venues into SQ has provided broad benefits as venues such as 1300SMILES Stadium, Queensland Sport and Athletics Centre and Sleeman Sports Complex have benefited from increased investment in infrastructure since SQ assumed ownership.

While the SQ portfolio has increased to nine venues since 2001, during the same period new facilities have been built within the footprint of SQ venues. These have contributed not only to an increase to the overall valuation of SQ's portfolio, but also to the complexities of managing SQ's portfolio. The new facilities developed at SQ venues including capital costs and completion date are shown in Table 2.2.

Facility	Capital Costs	Completion Date
Queensland Academy of Sport Recovery Centre at QSAC	\$10,000,000	June 2018
BMX supercross track at Sleeman Sports Complex	\$4,800,000	June 2011
New outdoor pool at Sleeman Sports Complex	\$8,500,000	March 2012
Anna Meares Velodrome at Sleeman Sports Complex	\$60,000,000	November 2016
Queensland State Netball Centre at QSAC	\$44,000,000	Under Construction

Table 2.2: Stadiums Queensland New Facilities

Source: Stadiums Queensland data

Finding 2.1

Stadiums Queensland has acquired its asset portfolio through a range of processes that have included legacy management arrangements, this has increased the complexities and costs of managing the assets.

2.2 Objectives for Use of Stadiums Queensland Asset Portfolio

The existence of the various venues within SQ's asset portfolio is to serve a purpose for and to meet expectations of the Queensland community. SQ manages the state's major sports venues based on three key objectives for the community:

- » retain, attract and deliver major sport and entertainment events,
- » facilitate community sport and recreational participation opportunities, and
- » support athlete development and high performance training.

The Taskforce understands that of the roughly 4 million people that attended SQ venues in 2016-17, approximately 2.6 million attended major events, 1.2 million were involved in community participation activities and 0.2 million were related to elite athlete training. The nine venues within the SQ portfolio collectively help deliver these three objectives, however how each individual venue contributes to these objectives is based on its characteristics and usage and are presented in Figure 2.2 below.

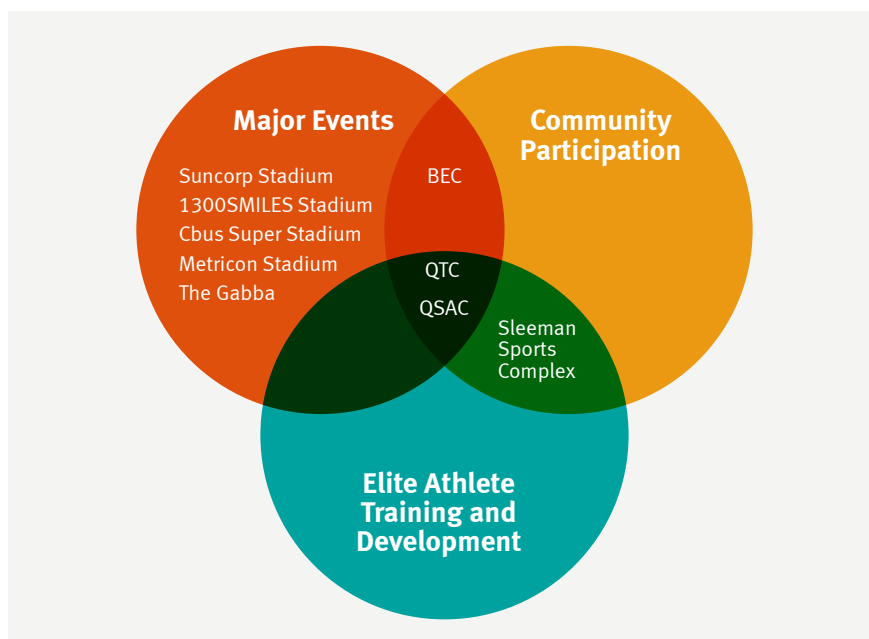


Figure 2.2: Delivery of Stadiums Queensland Objectives by Venue

Source: Stadiums Queensland data

Finding 2.2

Stadiums Queensland's asset portfolio delivers three main community objectives for Government:

- » retain, attract and deliver major sport and entertainment events,
- » facilitate community sport and recreational participation opportunities, and
- » support athlete development and high performance training.

2.3 Comparison of Asset Portfolio to Other Jurisdictions

In order to compare the operations of venues, the Taskforce has used a venue categorisation and tier matrix approach. The matrix largely revolves around the characteristics of venue capacity, the nature of events held at the venue and the primary purpose of the infrastructure. The full matrix is presented in Appendix 3. Table 2.3 below provides the categorise and Tiers of the SQ portfolio.

Category	Description	Venues
Tier 1 stadium	<ul style="list-style-type: none"> » Seating capacity of greater than 40,000 » Regularly host international level sporting events » Home ground for one or more sporting franchises playing in a national sporting competition 	<ul style="list-style-type: none"> » Suncorp Stadium » The Gabba
Tier 2 stadium	<ul style="list-style-type: none"> » Seating capacity of between 20,000 and 40,000 » Home ground for at least one sporting franchise playing in a national sporting competition 	<ul style="list-style-type: none"> » Cbus Super Stadium » Metricon Stadium » 1300SMILES Stadium
Tier 1 Entertainment and Convention	<ul style="list-style-type: none"> » Seating capacity of greater than 10,000 » Designed primarily to host indoor concert & entertainment events » May also host indoor sports events 	<ul style="list-style-type: none"> » Brisbane Entertainment Centre
Tier 1 Participation Facility	<ul style="list-style-type: none"> » Home of one or more national and state high performance sporting programs » Capable of hosting national level sporting events (e.g. aquatics / athletics) » Sporting and health facilities available to the general public 	<ul style="list-style-type: none"> » Queensland Sport and Athletics Centre » Sleeman Sports Complex » Queensland Tennis Centre

Table 2.3: Stadiums Queensland Venue Portfolio – Type of Infrastructure and Primary Purpose

Source: KPMG Analysis

In comparison to other Australian states (with the potential exception of New South Wales), the model of stadiums provision in Queensland is relatively decentralised. Whilst the stadiums in Brisbane (Suncorp Stadium and the Gabba) are multi-tenanted, the stadiums in regional centres (e.g. Townsville and Gold Coast) have a single tenant.

State Stadium Comparison		QLD	VIC	NSW	WA	SA	ACT	TAS
Tier 1	Rectangular	1	-	1	-	-	-	-
	Oval	1	1	1	-	1	-	-
	Multi	-	1	1	1	-	-	-
	Capacity	94,500	153,383	174,600	60,000	53,500	-	-
Tier 2	Rectangular	2	1	10	1	1	1	-
	Oval	1	1	1	1	-	1	1
	Multi	-	-	-	-	-	-	-
	Capacity	77,500	64,050	253,158	45,000	16,500	41,011	19,500
Teams	AFL	2	10	2	2	2	-	-
	Football	1	2	4	1	1	-	-
	NRL	3	1	10	-	-	1	-
	Rugby Union	1	1	1	1	-	1	-
	Cricket (Big Bash)	1	2	2	1	1	-	1
	Total franchises	8	16	19	5	4	2	1
Total stadium		5	4	14	3	2	2	1
Franchises per stadium		1.60	4.00	1.36	1.67	2.00	1.00	1.00
Total capacity		172,000	217,433	427,758	105,000	70,000	41,011	19,500
State population		4,948,697	6,358,948	7,895,819	2,587,135	1,726,909	412,617	22,042
Capacity % of population		3.48%	3.42%	5.42%	4.06%	4.05%	9.94%	3.74%

Table 2.4: Comparison of Tier 1 and 2 Stadium Assets in Australia

Source: KPMG Analysis

Table 2.4 shows that Queensland is one of only three states with multiple Tier 1 stadiums, with these three States (Queensland, New South Wales and Victoria) being both the highest population states and also the states with the most likely need for stadiums to accommodate rectangular sports due to the popularity of different sports. In regard to the provision of Tier 2 stadiums, most states have one oval stadium. Queensland and New South Wales are the only states with multiple rectangular Tier 2 stadiums. Overall, Queensland has the third highest capacity (172,000) of Tier 1 and Tier 2 stadiums across the country, and has a similar provision of seats as a percentage of the population as Victoria (3.48% vs 3.42%).

The large geographic spread of Queensland's sporting teams results in the number of franchises per stadium (1.60 teams per stadium) being significantly lower than Victoria (4.00). Queensland has two of its five Tier 1 and 2 venues multi-tenanted, whereas Victoria has four Tier 1 and 2 venues with three of these enjoying multiple anchor tenants. New South Wales, whilst having almost 2.5 times the number of sporting franchises as Queensland, currently still has an extremely decentralised stadium model that sees the franchises play out of 14 different home venues (largely a historical issue due to the NRL), leading to an average of 1.36 franchises per venue.

Finding 2.3

The number of Tier 1 and 2 stadiums in Queensland is consistent with other states, particularly New South Wales and Victoria.

Queensland has significantly less franchises than both New South Wales and Victoria, however, those states have historic ties to the creation of the NRL and AFL respectively from state competitions. For example, Victoria has two Tier 1 venues like Queensland, but these two main venues, the Melbourne Cricket Ground and Etihad Stadium, support nine Melbourne teams in the AFL competition between them and all their home games are played at either of these venues. Queensland's comparable Tier 1 venue, the Gabba, has one AFL franchise which equates to around 11 matches per season.



3.0

**Queensland
Environment**

3.0 Queensland Environment

Queensland is unique. It is the most decentralised state in Australia.

New South Wales, Victoria and South Australia all have their capital city and major population base essentially coast based but near to the geographic centre of the state. Western Australia has its capital city and main population base in the southern extreme of the state, but has few other significant population centres. Queensland, meanwhile, has its capital city and main population base to its extreme southern coastal location with the rest of the state extending 2000km to the north along the coast and then over 800km west. Queensland also, uniquely, has numerous large population centres of significance along its coast (Hervey Bay, Rockhampton, Mackay, Townsville, Cairns) as well as inland centres and centres near Brisbane (Toowoomba, Ipswich, Sunshine Coast, Logan, Gold Coast).

A decentralised population unlike any other comes with public expectation that large regional population centres are able to access public infrastructure of similar standard to that found in the capital city. The tyranny of distance in Queensland is real. Sydney is closer to Melbourne than Townsville is to Brisbane and Queensland communities would justifiably argue that the significant distances between population centres in Queensland does not mean those centres should be disadvantaged.

The northern parts of Queensland have led the way in Australia for the introduction and inclusion of regionally-based franchises competing in national sporting leagues. This has meant that Queensland currently has rectangular stadiums to international standard at the Gold Coast and Townsville. Townsville is a truly unique stadium in terms of geography, supporting demographics and corporate support potential. Queensland also has an international standard oval stadium in a regional location (Gold Coast).

Finding 3.1

Queensland and New South Wales are the only two states in Australia to have multiple regional Tier 2 stadiums. Both have three regional Tier 2 venues.

The uniqueness in Queensland's decentralised population impacts the viability of events. Clubs hiring the venues seek assets of equal quality to those found in capital cities. They are restricted by the smaller population (and associated infrastructure) and corporate populations within the catchments of the venue.

Townsville has the smallest population base for football franchises in Australia, but the largest catchment including Mackay, Cairns and Mt Isa. Saturday night games greatly enhance the financial viability of events held at 1300SMILES Stadium, due to the later start allowing patrons time to travel to Townsville to attend matches.

The Gold Coast is a destination venue for entertainment-focused tourism with numerous competing attractions for discretionary spending compared to other locations in Australia. The Gold Coast stadium venues have historically struggled to gain community support to sustain commercial sporting franchise particularly based on two competing codes in one regional centre with individually-tenanted stadiums.



Brisbane Lions vs Melbourne Demons, The Gabba
© Tourism and Events Queensland

3.1 Regional Venues

Queensland has a unique geography, with a total land size of approximately 1,700,000 km². This is compared to New South Wales which has a land size of approximately 800,000 km² and Victoria with a land size of approximately 230,000 km² – both of which have estimated resident populations significantly greater than that of Queensland (1.6 times and 1.3 times greater respectively).

To better understand regional provision of venues, Table 3.1 below presents venue provision across regions with a resident population in excess of 200,000 outside the greater capital city areas of Sydney, Melbourne, Perth, Adelaide and Brisbane.

Region	Estimated Population (30-Jun-17)	Venues (Tier 1 / 2)	Franchises	Comments
Hunter, NSW	645,679	McDonald Jones Stadium (33,187)	Knights (NRL) Jets (A-League)	Nil
Gold Coast, QLD	607,282	Cbus Super Stadium (27,400) Metricon Stadium (25,000)	Titans (NRL) Suns (AFL)	Nil
Moreton Bay, QLD	454,138	Nil	Nil	Largely serviced by venues in Greater Brisbane
Australian Capital Territory, ACT	410,301	GIO Stadium (25,011)	Raiders (NRL) Brumbies (Super Rugby)	Nil
Sunshine Coast, QLD	366,276	Nil	Nil	Largely serviced by venues in Greater Brisbane
Ipswich, QLD	342,386	Nil	Nil	Largely serviced by venues in Greater Brisbane
Central Coast, NSW	337,798	Central Coast Stadium (20,059)	Mariners (A-League)	Nil
Logan, QLD	334,217	Nil	Nil	Largely serviced by venues in Greater Brisbane
Illawarra, NSW	307,335	WIN Stadium (23,916)	Dragons (NRL)	Dragons currently play 5 regular season games at the venue
Mornington Peninsula, VIC	303,859	Nil	Nil	Nil
Wide Bay, QLD	294,522	Nil	Nil	Nil
Geelong, VIC	292,943	GMHBA Stadium (34,000)	Cats (AFL)	Nil



Region	Estimated Population (30-Jun-17)	Venues (Tier 1 / 2)	Franchises	Comments
Latrobe - Gippsland, VIC	278,188	Nil	Nil	Nil
Cairns, QLD	250,611	Nil	Nil	Nil
Richmond - Tweed, NSW	246,931	Nil	Nil	Tweed largely serviced by Gold Coast venues
Townsville, QLD	236,299	1300SMILES Stadium (26,500)	Cowboys (NRL)	New North Queensland Stadium under construction
Hobart, TAS	226,884	Blundstone Arena (19,500)	Hurricanes (Big Bash League)	Hurricanes (Big Bash League)
Capital Region, NSW	226,112	Nil	Nil	Nil
Central Queensland, QLD	226,025	Nil	Nil	Nil
Mid North Coast, NSW	218,077	Nil	Nil	Nil
Central West, NSW	211,717	Nil	Nil	Nil

Table 3.1: Regional Comparison of Venues in Australia

Source: KPMG Analysis

There are 21 ‘non-capital city’ regions with estimated resident populations in excess of 200,000 across Australia, including the Australian Capital Territory. Of these regions, nine (43%) are located in Queensland and five of these in south east Queensland. Seven (33%) are located in New South Wales, three (14%) in Victoria and one each in the ACT and Tasmania.

Of the 21 ‘non-capital city’ regions, eight (38%) have a Tier 2 stadium hosting home matches for a franchise playing in a national competition. Of these eight regions, three are in New South Wales (Newcastle, Illawarra and Central Coast) two are in Queensland (Gold Coast and Townsville) and one each are in Victoria (Geelong), Australian Capital Territory and Tasmania (Hobart). The Gold Coast is the only region in Australia with two Tier 2 stadiums.

Finding 3.2

Queensland has the most non-capital city population regions in excess of 200,000 in Australia. Of those regions, the Gold Coast is the only region with more than one Tier 2 stadium and Townsville is the second smallest region to have a Tier 2 stadium.

Of the eight regions with a Tier 2 stadium and national team, three have two teams (Hunter, Gold Coast and Australian Capital Territory) with the remaining regions having a single team. The following table presents a summary of the venue provision within each of these eight regions.

Region	Estimated Population	Venues (Tier 2)	Capacity % of Estimated Population	Home Teams
Hunter, NSW	645,679	McDonald Jones Stadium	5.1%	Knights (NRL)
				Jets (A-League)
Gold Coast, QLD	607,282	Cbus Super Stadium	4.5%	Titans (NRL)
		Metricon Stadium		Suns (AFL)
Australian Capital Territory, ACT	410,301	GIO Stadium Canberra	6.1%	Raiders (NRL)
				Brumbies (Super Rugby)
Central Coast, NSW	337,798	Central Coast Stadium	5.9%	Mariners (A-League)
Illawarra, NSW	307,335	WIN Stadium	7.8%	Dragons (NRL)
Geelong, VIC	292,943	GMHBA Stadium	11.6%	Cats (AFL)
Townsville, QLD	236,299	1300SMILES Stadium	11.2%	Cowboys (NRL)
Hobart, TAS	226,884	Blundstone Arena	8.6%	Hurricanes (Big Bash League)

Table 3.2: Regional Comparison of Tier 2 Stadiums in Australia with a National Franchise

Source: KPMG Analysis

In relation to the capacity of regional venues, the largest capacity venue is GMHBA Stadium (Kardinia Park Geelong) with a capacity of 34,000. The smallest venue is Blundstone Arena with a capacity of 19,500. The average capacity across these venues is approximately 26,000.

When considered as a share of the catchment population, GMHBA Stadium in Geelong Victoria is the largest venue representing 11.6% of the catchment population. Metricon Stadium is the smallest venue relative to its catchment representing 4.1% of the catchment population. The average capacity across the regional venues is 7.2% of the catchment population. It is noted that the combined capacity of Cbus Super Stadium and Metricon Stadium represents 8.6% of the catchment population.

Finding 3.3

McDonald Jones Stadium in Newcastle is the only regional Tier 2 venue in Australia with two regular season national league tenants.

Finding 3.4

Queensland has a smaller population than New South Wales and Victoria, however has a comparable number of Tier 1 and Tier 2 stadiums.

Understanding the decentralised nature of Queensland's population and the provision of stadiums within the state is important when considering the operation and performance of SQ, noting that its asset portfolio is unique in Australia.



4.0

**Stadiums
Queensland
Business Model**

4.0 Stadiums Queensland Business Model

The SQ business model is the way SQ coordinates and strategically manages its asset portfolio responsibilities. The SQ business model takes into consideration items such as SQ's approach to market testing and outsourcing of services, as well as to the shared support services for the organisation and portfolio and to SQ's role in stadium planning. At a venue level, the SQ business model incorporates SQ's consideration and determination of the preferred management approach for each of its venues, taking into account specifics of the asset, the use of the venue and historic operations.

SQ's intent of applying its business model is to implement management arrangements that maximise the likelihood of individual venues and the portfolio as a whole, operating as efficiently as possible. SQ achieves this by employing a variety of venue management, venue operations and venue hiring models, in addition to portfolio-wide arrangements.

Market Testing and Outsourcing

As a matter of business policy, SQ consistently tests the market to establish whether services are more cost effective if delivered on an outsourced basis. SQ is incentivised to do so because of customer requirements (hirers and patrons) to contain costs so that attending venues for patrons remains affordable. The Taskforce understands that a majority of SQ business is historically outsourced, including stadium services such as ticketing, catering, security, cleaning and waste management and corporate business functions such as audit, incident management, insurance and risk management. The final small percentage of services are directly delivered by SQ if it is more cost effective to do so, or if the risk to the Queensland Government is more effectively managed.

Finding 4.1

A majority of Stadiums Queensland business is outsourced, including stadium services, ticketing, catering, security, cleaning, waste management and corporate business functions including consultancies associated with audit, incident management and insurance.

Shared Support Services

SQ has created a central shared services hub to service all of the venues it manages (including co-source managed venues). Activities delivered through this hub include asset management, corporate services (IT, human resources, finance, etc.) and negotiation of commercial agreements. This approach reduces the need to duplicate these tasks and resources at each venue.

Stadium Planning

SQ leads the planning for the maintenance and minor capital works to the existing venue portfolio, but has a limited role in regards to the planning for major capital works and redevelopments. The development of new facilities at SQ venues or the construction of new stadiums throughout Queensland is a function of Government. SQ contributes to scoping of the project so as to ensure a proposed new venue is fit for purpose and will meet the specifications of the sport or event for which it is intended.

Standard Fees and Charges

The SQ Board approves standard fees and charges each financial year for:

- » access to sporting and entertainment facilities (and related services) at the Sleeman Sports Complex and Queensland Sport and Athletics Centre, and
- » hire of function rooms on non-event days at the Gabba, Cbus Super Stadium, 1300SMILES Stadium, Sleeman Sports Complex and Queensland Sport and Athletics Centre.

Under the standard fees and charges, discounted pricing is available to non-profit, community and sporting groups in order to help these groups access the facilities at the Sleeman Sports Complex and Queensland Sport and Athletics Centre. Board approval is required for waiving fees for hire of an SQ venue for the conduct of a charitable event, however this is rarely utilised.

Customised contracts have been negotiated with the Queensland Academy of Sport and the Australian Institute of Sport and for long-term access to elite training facilities by non-profit sporting associations, for example, Gymnastics Queensland's access to the Gymnastics hall at the Sleeman Sports Complex.

Customised agreements are negotiated with hirers to set the terms for major events.

Function Room Utilisation

The SQ assets have numerous quality spaces that operate as function and meeting room spaces on non-event days that are available for hire under SQ's standard fees and charges. Non-event day functions provide additional sources of revenue for SQ.

The function and meeting sector is competitive, particularly in Brisbane and the Gold Coast where there are multiple commercial, local government, State Government and Tertiary Sector facilities available that directly compete with SQ spaces.

For the SQ venues, there are some obvious benefits that competing facilities are unlikely to have which includes being located at iconic Queensland venues. The spaces typically overlook the fields of play at SQ venue. On event days they are premium corporate facilities which are serviced by appointed venue caterers.

The development of new facilities at SQ venues or the construction of new stadiums throughout Queensland is a function of Government.

SQ has recently started to increase the flexibility to negotiate and meet hirer's needs, with the venue or caterer responsible for function room business at an individual venue now delegated to negotiate bookings. This is a positive step for SQ and does not necessarily impact the SQ bottom line significantly. Hire fees often were retained by the caterer, with SQ's share of the function room business usually being a percentage of the catering revenue generated.

If SQ is to improve the performance of its function and meeting room business, the focus needs to be on enhancing the promotion and advertising of this opportunity as it is likely there is little public knowledge that there are rooms available for rent at the majority of the SQ venues.

Finding 4.2

Stadiums Queensland has recently changed operating practices to make it easier to hire Stadiums Queensland function facilities. In south east Queensland there is a significant supply of venues with commercial function spaces and any additional new capacity of the commercial function market within south east Queensland may financially impact Stadiums Queensland.

Break-Even Threshold Modelling for SQ Venues

There is no single break-even threshold for hirers of SQ venues used for major events, because the costs of hiring a venue are mainly variable rather than fixed. Under the typical SQ venue hire agreement model, hire fee costs vary with crowd size. Event costs, such as labour costs for cleaning, security and police, also vary according to how long the event runs for, whether it is conducted at the weekend, during the week, on a public holiday and also the time of day. The choice of venue to host an event also influences event costs with variances observed in items such as security potentially differing between venues for similar events.

Finding 4.3

There is no single break-even threshold for hirers of Stadiums Queensland venues used for major events, because the costs of hiring a venue are mainly variable rather than fixed and are influenced by the crowd size, event type, duration, timing and location.



Celine Dion Concert 2018, Brisbane Entertainment Centre
© Justin Ma Photography



Suncorp Stadium
© Tourism and Events Queensland

4.1 Venue Management Models

Venue management relates to the day-to-day operational responsibility of individual venues. Typically, a venue manager will have responsibilities including, but not limited to:

- » event management and planning,
- » negotiation of commercial arrangements,
- » security and emergency management,
- » risk management,
- » technology and event presentation,
- » asset management,
- » turf management,
- » management of service providers e.g. catering, cleaning,
- » corporate facilities,
- » media facilities and technology,
- » commercialisation of the venue,
- » broader event experience, and
- » operator input into venue design (where required).

Venue management options for individual venues and the portfolio at large aim to obtain the best operating environment for the venue, to enhance venue usage and maximise operating result. The approach to venue management also considers historic arrangements of the venue and other influencing factors.

4.1.1 Stadiums Queensland - Venue Management Model

There are four primary models of venue management in major sporting venues in Australia:

- » direct (in-house) management by the venue owner,
- » co-sourced management where a commercial venue manager is appointed to act as an agent for the venue owner,
- » management agreement between the owner and an organisation to be the venue manager for a venue, and
- » long-term lease for venue management rights for the venue with a peak sporting body.

SQ applies a venue-by-venue approach to venue management across its nine venues, applying an appropriate model to each venue. This is due to the legacy left by previous asset owners and the specific operational and risk profile of each venue, including the age, capacity, usage and profitability of each unique venue.

The following is a summary of the range of management models SQ employs for its venues:

In-house Management (Stadiums Queensland)	Co-sourced Management	Management Agreement	Lease
			

Table 4.1: SQ Approach to Venue Management of its Venue Portfolio

Source: KPMG Analysis

Co-sourced and in-house management approaches are where SQ has direct control over venue management. SQ does this only where:

- » an independent operator (not aligned with any of the hirers) is required to manage the venue because there are multiple users, each of whom would be disadvantaged in terms of access, the application of capital, and cost of use if any one of the other users has the venue management rights, or
- » there is a cost saving to Government, hirers and patrons.

In-house Management

SQ aims to generate sufficient revenue to meet the ongoing venue costs at in-house managed venues including the Gabba, Cbus Super Stadium, 1300SMILES Stadium, Queensland Sport and Athletics Centre and Sleeman Sports Complex.

Co-sourced Management - Suncorp Stadium

Operations at Suncorp Stadium are managed by AEG Ogden under a co-source management agreement. AEG Ogden, a private sector venue management company, was appointed the inaugural venue manager following the redevelopment in 2003.

Under this arrangement AEG Ogden acts as an agent of SQ with all costs and revenues passed through to SQ. AEG Ogden has primary responsibility for negotiating hiring agreements and other commercial arrangements.

SQ undertakes some functions for the venue centrally, including management of information and communications technology systems, asset management, financial management and financial reporting. These functions have been excluded from the management agreement to avoid duplication of effort as SQ already undertakes these functions centrally for all other venues. SQ also retains turf / grounds management responsibility at Suncorp Stadium given the high risk associated with this function and the expertise available within SQ.

Leroy Loggins Statue, Brisbane Entertainment Centre
© Brisbane Entertainment Centre



Brisbane International, Queensland Tennis Centre
© Stadiums Queensland



Management Agreement - Brisbane Entertainment Centre

Operations at the Brisbane Entertainment Centre are managed by AEG Ogden under a management agreement which provides for the risk of recovering venue operating costs being transferred to AEG Ogden. AEG Ogden has primary responsibility for negotiating hiring agreements and other commercial arrangements with limited formal approvals by SQ.

This model was inherited by SQ when the venue was transferred from Brisbane City Council in 2002. SQ have renegotiated terms with AEG Ogden on numerous occasions since taking on the venue.

Lease - Metricon Stadium

Metricon Stadium is managed by the AFL under a long-term lease arrangement for the venue. The long-term lease commenced in 2011 and transfers all operating, maintenance and asset renewal responsibilities of the venue to the AFL.

The lease arrangements are the result of the AFL seeking to introduce an expansion team on the Gold Coast. The AFL made a contribution (\$13.3 million) to the capital cost of the development of Metricon Stadium and signed a Memorandum of Understanding with the Queensland Government, with its terms transferred to the long-term lease agreement.

Lease - Queensland Tennis Centre

Operations at the Queensland Tennis Centre are managed by Tennis Queensland under a long-term lease arrangement for the venue which commenced in 2008. Under the agreement, Tennis Queensland is responsible for the majority of day-to-day repairs and maintenance and maintenance / replacement of the court surfaces. SQ is responsible for planned / routine maintenance and capital replacement.

Tennis Queensland has primary responsibility for negotiating hiring agreements and other commercial arrangements.

4.1.2 Interstate - Venue Management Models

There are various venue management approaches interstate. Tables below present a comparative analysis of each asset category within the venue categorisation and tier matrix.

State	Tier 1 Venue	Owner	Management model
QLD	Suncorp Stadium	Stadiums Queensland	Co-sourced management (AEG Ogden)
QLD	The Gabba	Stadiums Queensland	In-house Management
NSW	ANZ Stadium	Venues NSW	Third party management (VenuesLive)
NSW	Sydney Cricket Ground	Sydney Cricket & Sports Ground Trust	In-house
NSW	Allianz Stadium	Sydney Cricket & Sports Ground Trust	In-house
VIC	Melbourne Cricket Ground	Melbourne Cricket Ground Trust	Lease / third party management (Melbourne Cricket Club)
VIC	Marvel Stadium	AFL	In-house
SA	Adelaide Oval	South Australia Government	Lease (Adelaide Oval Stadium Management Authority)
WA	Optus Stadium	VenuesWest	Third party management (VenuesLive)

Table 4.2: Interstate Venue Management Models – Tier 1 Stadium

Source: KPMG Analysis

Third party management by a private sector venue management company has often been employed when commissioning a new venue. However, it appears that over time the value provided by a third party operator may decline as the operations and event calendar of the facility matures.

Finding 4.4

Management models at Queensland's Tier 1 stadiums, Suncorp Stadium and the Gabba, are consistent with practices in other Australian jurisdictions.

State	Tier 2 Venue	Owner	Management model
QLD	Cbus Super Stadium	Stadiums Queensland	In-house
QLD	Metricon Stadium	Stadiums Queensland	Lease (AFL / Suns)
QLD	1300SMILES Stadium	Stadiums Queensland	In-house
NSW	New Western Sydney Stadium (under construction)	Venues NSW	Third party management (VenuesLive)
NSW	McDonald Jones Stadium	Venues NSW	In-house
NSW	WIN Stadium	Venues NSW	In-house
NSW	Sydney Showgrounds	Royal National Agricultural Society of NSW (long-term lease)	In-house
NSW	Kogarah Park	Kogarah Council	In-house
NSW	Endeavour Field (Shark Park)	Cronulla Sutherland Sharks	In-house
NSW	Brookvale Oval	Northern Beaches Council (formerly Manly Council)	In-house
NSW	Campbelltown Sports Stadium	Campbelltown City Council	In-house
NSW	Leichhardt Oval	Inner West Council (formerly) Leichhardt Municipal Council)	In-house
NSW	Penrith Stadium	Penrith City Council	Third party management (Penrith Panthers)
NSW	Central Coast Stadium	Central Coast Council	In-house
VIC	AAMI Stadium	Melbourne & Olympic Parks Trust	In-house
VIC	GMHBA Stadium	Kardinia Park Trust	Lease / third party management (Geelong Football Club)
SA	Hindmarsh Stadium	Adelaide Venue Management Corporation	In-house
WA	Perth Rectangular Stadium	VenuesWest	In-house
WA	Western Australian Cricket Association (WACA) Ground	WACA	In-house
ACT	GIO Stadium	Territory Venues & Events	In-house
ACT	Manuka Oval	Territory Venues & Events	In-house
TAS	Blundstone Arena	Clarence City Council	Third party management (Tasmanian Cricket Association)

Table 4.3: Interstate Venue Management Models – Tier 2 Stadium

Source: KPMG Analysis

Only five of the 22 identified Tier 2 stadiums in Australia are not managed on an in-house basis by the venue owner.

There are a number of cases where management is undertaken by a sporting code / team or a third party. This is typically the result of legacy arrangements at a single-tenant facility or where facilities are owned / leased on a long-term basis by the relevant entity.

There is only one Tier 2 venue that is to be operated by a private sector venue operator, namely the new Western Sydney Stadium which will be operated by VenuesLive once development has been completed. The lack of private sector venue management for this level of facility is largely due to a more limited opportunity to ‘commercialise’ venues of this nature to the extent when a management fee can be justified.

Finding 4.5

Management models at Queensland’s Tier 2 stadiums, Cbus Super Stadium, Metricon Stadium and 1300SMILES Stadium, are consistent with practices in other Australian jurisdictions.

State	Venue	Owner	Management model
QLD	Brisbane Entertainment Centre	Stadiums Queensland	Third party management (AEG Ogden)
NSW	Qudos Bank Arena	TEG (long-term lease)	Third party management (AEG Ogden)
VIC	Melbourne Arena	Melbourne & Olympic Parks Trust	In-house
VIC	Rod Laver Arena	Melbourne & Olympic Parks Trust	In-house
SA	Adelaide Entertainment Centre	Adelaide Venue Management Corporation	In-house
WA	RAC Arena	VenuesWest	Third party management (AEG Ogden)

Table 4.4: Interstate Venue Management Models – Tier 1 Entertainment centres (10,000+)

Source: KPMG Analysis

There are six dedicated major entertainment arenas in Australia with a capacity of at least 10,000. All of these arenas, with the exception of Qudos Bank Arena, which is owned by TEG under a long-term lease, are owned by State Government entities.

Three of the six arenas are managed on an in-house basis, namely the venues in Victoria and South Australia, with the remaining three venues in Queensland, New South Wales and Western Australia managed by AEG Ogden.

Finding 4.6

The management model at the Brisbane Entertainment Centre is consistent with practices in other Australian jurisdictions.

State	Venue	Owner	Management model
QLD	Queensland Sport and Athletics Centre	Stadiums Queensland	In-house
QLD	Sleeman Sports Complex	Stadiums Queensland	In-house
NSW	Sydney Olympic Park Athletics Centre	Sydney Olympic Park Authority	In-house
NSW	Sydney Olympic Park Aquatic Centre	Sydney Olympic Park Authority	In-house
VIC	State Athletics Stadium	State Sports Centres Trust	In-house
VIC	Melbourne Sports and Aquatic Centre	State Sports Centres Trust	In-house
SA	SA Aquatic & Leisure Centre	Office for Recreation & Sport	Third party management (YMCA)
SA	SA Athletics Stadium	Office for Recreation & Sport	In-house
WA	Perth Superdome (Aquatic Centre)	VenuesWest	In-house
WA	WA Athletics Stadium	VenuesWest	In-house
ACT	Australian Institute of Sport (AIS)	Australian Sports Commission / AIS	In-house

Table 4.5: Interstate Venue Management Models – Elite and Community Participation

Source: KPMG Analysis

Of the major combined elite and community participation facilities (eg. aquatics and athletics) across Australia, only one is managed by a third party, namely the SA Aquatic & Leisure Centre in South Australia.

Finding 4.7

The management model at Queensland Sport and Athletics Centre and Sleeman Sports Complex is consistent with practices in other Australian jurisdictions.

4.2 Venue Management Models

Typically venues in Australia do not generate enough revenue to achieve a return on investment, which is the reason non-government operators of stadiums are usually reluctant to take on the total cost of venue maintenance, capital replacement and operating risk at such venues. The rationale for public ownership and acceptance of venue risk is that it is not commercially feasible for the market to provide such facilities. There is a public benefit in terms of attracting major events that has multiplier effects for the State economy, along with other social benefits. There are community expectations that the venues exist.

Venue management arrangements are a trade-off between risk and reward that are shared between SQ and leaseholders or agreement holders. The higher the risk (operations, capital and maintenance) accepted by the leaseholder/agreement holder the greater the opportunity for profits where usage is high. However, there is also a greater opportunity for loss where usage is low. All parties are interested in maximising their returns and minimising their risk. SQ's role is to balance the risk to the State (subsidies to SQ) versus the returns to leaseholders/agreement holders.

4.2.1 Stadiums Queensland - Venue Management Arrangements

Table 4.6 below shows the different risk responsibilities for operations, capital and maintenance based on the venue management model employed at SQ venues. Each venue management model carries different levels of risk for SQ and for the leaseholder/agreement holder. For example:

- » Metricon Stadium lease – the majority of risk is held by the leaseholder
- » Management agreement and Queensland Tennis Centre lease – both agreement holder and state accept some risk
- » Co-sourced and SQ managed – SQ accepts all risk.

Management Model	Operations Costs/Risk	Capital Costs/Risk	Maintenance Costs/Risk
Lease (Metricon Stadium & Queensland Tennis Centre)	Leaseholder	Queensland Government (SQ) & Leaseholder	Metricon Stadium = Leaseholder
			Queensland Tennis Centre - Queensland Government (SQ)
Management Agreement (Brisbane Entertainment Centre)	Agreement holder	Queensland Government (SQ)	Queensland Government (SQ)
Co-sourced Management (Suncorp Stadium)	Queensland Government (SQ)	Queensland Government (SQ)	Queensland Government (SQ)
In-house Management (Cbus Super Stadium, the Gabba, 1300SMILES Stadium, Queensland Sport and Athletics Centre, Sleeman Sports Complex)	Queensland Government (SQ)	Queensland Government (SQ)	Queensland Government (SQ)

Table 4.6: Stadiums Queensland Portfolio Venue Management Model and Associated Risk

Source: Stadiums Queensland data

SQ directly manages two significant community use and elite athlete training venues (Queensland Sport and Athletics Centre and Sleeman Sports Complex) that are ageing and are likely to require costly maintenance with significant costs/risk profiles. These venues have unpredictable revenues due to the nature of the market these venues supply, which comprises a limited number of hirers that experience widely fluctuating levels of support. It is not surprising there is little interest from third party venue managers in these assets.

Finding 4.8

Stadiums Queensland typically accepts the majority of venue operating, maintenance and capital costs and associated risks.

Stadium Maintenance

Table 4.6 above shows the responsibility for maintenance and asset replacement costs are determined by contractual obligations that are established under each of the venue management models used by SQ – lease, management agreement, co-sourced management and SQ in-house management.

Under all SQ in-house managed venues, SQ is responsible for the full maintenance and asset replacement costs for the venue. This includes Suncorp Stadium, where the co-sourced management arrangement means SQ accepts the full maintenance and asset replacement costs responsibilities for the venue.

Under the management agreement for the Brisbane Entertainment Centre, AEG Ogden accepts the full risk of generating sufficient revenue to meet venue operating costs/risks which includes day to day and planned maintenance. AEG Ogden shares any operating profit surplus with SQ as a means for SQ to contribute towards the asset replacement costs of the venue, which is SQ's financial responsibility.

As part of the negotiated lease arrangements, Tennis Queensland agreed to take on the full cost of maintenance and capital replacement for the hard court surfaces at the Queensland Tennis Centre. SQ is responsible for maintenance and asset replacement costs. Tennis Queensland shares any operating profit surplus with SQ and SQ uses this to contribute towards the maintenance and asset replacement of the venue.

As part of its Memorandum of Understanding (MOU) with the Queensland Government to secure the State's capital contribution to the development of Metricon Stadium, the AFL agreed to take on the full costs of asset maintenance, asset enhancement and asset replacement for the venue. These terms were then transferred to the head lease for the asset between the AFL and SQ. The Taskforce understands the AFL have passed on the responsibility for paying these costs to the Gold Coast Suns through the terms of their management agreement to operate the venue.

Under all SQ in-house managed venues, SQ is responsible for the full maintenance and asset replacement costs for the venue.

4.2.2 Interstate - Venue Management Arrangements

Co-sourced Venue Management Agreements

Co-sourced venue management agreements can vary widely, however, the commercial arrangement typically includes one of the following:

- » fixed management fee,
- » incentive based management fee (e.g. % gross operating profits or performance based), or
- » fixed fee plus an incentive based fee (including consideration of financial and non-financial metrics / targets).

The following presents a summary of the venue management agreement at Suncorp Stadium relative to three comparable venues.

Venue	Suncorp Stadium	Comparator 1	Comparator 2	Comparator 3
Term	5 years	5 years (+5 year extension option at the discretion of the venue owner)	5 years (+5 year extension option at the discretion of the venue owner)	5 years (+5 year extension option at the discretion of the venue owner)
Fixed fee	Yes	Yes	Yes	Yes
Variable / incentive fee	Nil	Yes, dependent upon meeting financial and non-financial targets	Yes, operator to retain and increasing proportion of Gross Operating Profit in excess of the fixed fee	Yes, dependent upon meeting financial and non-financial targets
Other	NA	NA	Some risk to fixed fee for underperformance	NA
Repairs and maintenance	Delivered by operator at the cost of SQ	Delivered by operator, included as operating cost	Delivered by operator, included as operating cost when calculating Gross Operating Profit	Delivered by operator, included as operating cost
Lifecycle costs (replacement)	Co-sourced delivery depending upon the scale of the project, all works delivered at the cost of SQ	Co-sourced delivery depending upon the scale of the project, all works delivered at the cost of venue owner	Responsibility of venue owner	Co-sourced delivery depending upon the scale of the project, all works delivered at the cost of venue owner
Capital enhancement	Responsibility of SQ as venue owner	Responsibility of venue owner	Responsibility of venue owner	Responsibility of venue owner

Table 4.7: Interstate Venue Management Arrangements – Co-sourced Management

Source: KPMG Analysis

Table 4.7 above shows that the term of a management agreement tends to be in the order of five years, with some agreements including an extension option of five years at the discretion of the venue owner.

All agreements have a fixed fee component, however, only the Suncorp Stadium agreement does not have a variable / incentive fee component. The AEG Ogden management agreement originally did have a variable fee component, however, this has been reduced and removed over time due to Suncorp Stadium being an established and mature operation, where the venue operator has limited control over key operating variables such as event content.

Repairs and maintenance are largely the responsibility of the venue manager and included as a venue operating expense. Lifecycle (i.e. replacement) activities are often delivered by the venue manager, however are typically funded by the venue owner. Major capital enhancement works are typically delivered by the venue owner.

Finding 4.9

The venue management agreement in place at Suncorp Stadium appears reasonable based on comparator agreements, noting that the agreement does not include a variable / incentive fee component which was removed due to the maturation of the event calendar.

Lease Agreements

Lease agreements differ in nature, partly due to legacy arrangements. Table 4.7 below presents a summary of the venue lease agreement at Metricon Stadium and the Queensland Tennis Centre relative to three comparator venues.

Venue	Metricon Stadium	Queensland Tennis Centre	Comparator 1	Comparator 2	Comparator 3
Term	Long-term lease	Long-term lease	NA	>50 years	Between 20 years and 50 years
Lease fee	Peppercorn	Peppercorn	Yes	Yes	Yes
Other	SQ retains a share of profit from events procured by SQ	SQ retains a share of operating profit	NA	NA	NA
Repairs and maintenance	Responsibility of lessee (amount defined in agreement)	Day-to-day maintenance and court replacement the responsibility of lessee, planned maintenance the responsibility of SQ	Co-responsibility of lessee and venue owner	Responsibility of lessee	Responsibility of lessee
Lifecycle costs (replacement)	Responsibility of lessee (amount defined in agreement)	Responsibility of SQ	Responsibility of venue owner	Responsibility of lessee	Co-responsibility of owner & lessee (project by project)
Capital enhancement	Responsibility of lessee (amount defined in agreement)	Responsibility of SQ	Responsibility of venue owner	Co-responsibility of owner & lessee (project by project)	Co-responsibility of owner & lessee (project by project)

Table 4.8: Interstate Venue Management Arrangements – Lease

Source: KPMG Analysis

Table 4.8 above shows that SQ leased venues are only required to pay a peppercorn lease fee, whereas other lessees are required to pay significant lease fees. The allocation of reward (eg. peppercorn rent) needs to be informed by an understanding of the allocation of risk (eg. asset maintenance responsibility). In the case of Metricon Stadium and the Queensland Tennis Centre, the Taskforce understands the peppercorn rent was part of terms agreed between the Queensland Government and the lessee of conditions of State funding for the venues at the time of construction, which included contributions by the lessees of capital funds towards the development of the venues.

Repairs and maintenance are typically the responsibility of the lessee, however, responsibility for lifecycle costs across interstate venues can be the responsibility of either the lessee or venue owner.

Responsibility for capital enhancement typically rests with the venue owner, except for Metricon Stadium where it solely rests with the leaseholder. The lease agreement terms for Metricon Stadium reflect arrangements agreed to in a MOU between the AFL and the Queensland Government as a condition of the stadium development, with the Metricon Stadium lease terms reflecting the MOU.

The lease agreement terms for the Queensland Tennis Centre is reflective of the limited event calendar at the venue (i.e. no fixed lease fee and limited exposure to maintenance expenses).

Finding 4.10

Lease arrangements for major sport venues in Australia usually include a substantial lease fee. However, both leased venues in Queensland (Metricon Stadium and Queensland Tennis Centre) only charge peppercorn rent as the lease reflects the terms agreed between the State and the lessees as part of conditions of State funding for the venue at the time of construction which included lease holder contributions of capital funds towards the venue developments.

Finding 4.11

The lease agreement structure at Metricon Stadium is somewhat unique due to the lessee being responsible for capital enhancement. This reflects the arrangements agreed between the State and the AFL as a condition of the stadium development.

Finding 4.12

The lease agreement structure at the Queensland Tennis Centre means that Tennis Queensland has limited exposure to maintenance expenses. This reflects the arrangements agreed between the State and Tennis Queensland and is reflective of the limited event calendar and resulting limits on income that can be generated from events.



5.0

**Stadiums
Queensland
Operating
Model**

5.0 Stadiums Queensland Operating Model

The construction and redevelopment of venues owned by SQ have typically been funded, wholly or mostly, by the Queensland Government. SQ exists to own and manage these venues on behalf of the State under the MSF Act. At each venue, SQ seeks to generate sufficient revenue to meet venue operating and asset maintenance costs. SQ applies its operating model to two levels:

- » venue services delivered at SQ venues, and
- » venue hire agreements for commercial use of SQ venues.

The operating model for SQ venue services is largely determined at the venue manager level, with SQ often seeking to apply its preferred services operating model across its asset portfolio. Hire agreements for commercial use of SQ venues are prepared for major events at SQ venues, either as one-off events or for seasonal and longer-term usage.

5.1 Operating Model - Venue Services

The operating model for venue services refers to the method that services are provided, typically in-house or outsourced. This section compares the venue operating model employed by SQ venues to that of comparable venues across a number of event services, including:

- » catering,
- » ticketing,
- » cleaning,
- » event day security and crowd control, and
- » turf / grounds maintenance.

Venue	Catering	Ticketing	Cleaning	Security/ Crowd Control	Turf/ Grounds
Suncorp Stadium	Outsourced	Outsourced	Outsourced*	Outsourced	In-house
The Gabba	Outsourced	Outsourced	Outsourced	Outsourced	In-house
Cbus Super Stadium	Outsourced	Outsourced	Outsourced	Outsourced	In-house
Metricon Stadium	Outsourced	Outsourced	Outsourced	Outsourced	In-house
1300SMILES Stadium	Outsourced	Outsourced	Outsourced	Outsourced	In-house
Brisbane Entertainment Centre	In-house**	Outsourced	In-house**	Outsourced	Outsourced***
Queensland Tennis Centre	Outsourced	Outsourced	Outsourced	Outsourced	In-house
Queensland Sport and Athletics Centre	Outsourced	Outsourced	Outsourced	Outsourced	In-house
Sleeman Sports Complex	Outsourced	Outsourced	Outsourced	Outsourced	In-house

*Delivered on arms-length terms by a company owned by AEG Ogden, the venue operator.

**Undertaken on an in-house basis by the lessee or venue operator.

***A grounds management / maintenance contract.

Table 5.1: Venue Services Operating Model at Stadiums Queensland Venues

Source: KPMG Analysis

Table 5.1 highlights SQ and its venue managers procure third party providers for most of the key event services across the venue portfolio, which is usually done through open tender processes to obtain value for money. Of the identified activities, only turf / grounds maintenance is typically delivered under an in-house model. Other services consistently outsourced across SQ venues include:

- » waste management,
- » AV and technical production,
- » hygiene services,
- » traffic management, and
- » non-event day functions and events (typically through the venue catering contract).

The Taskforce also compared the typical SQ approach to its venue services operating model against de-identified interstate comparator venues. It was identified that the model employed at SQ venues is largely in-line with the operating model at comparator stadiums across Australia.

Venue	Catering	Ticketing	Cleaning	Security/ Crowd Control	Turf/ Grounds
SQ typical approach	Outsourced	Outsourced	Outsourced	Outsourced	In-house
Comparator venue 1	In-house	Outsourced	Outsourced	Outsourced	In-house
Comparator venue 2	Outsourced	Outsourced	Outsourced	Outsourced	In-house
Comparator venue 3	In-house	Outsourced	Outsourced	Outsourced	In-house
Comparator venue 4	Outsourced	Outsourced	Outsourced	Hybrid	In-house
Comparator venue 5	In-house	Outsourced	Outsourced	Outsourced	In-house

Table 5.2: Venue Services Operating Model Interstate Comparison

Source: KPMG Analysis

Finding 5.1

The operating model for venue services at Stadiums Queensland venues is consistent with practices in other Australian jurisdictions.

5.2 Operating Model - Hiring Agreements

Use of SQ stadium assets for major sporting events is enabled through hiring agreements between SQ (or the co-sourced venue manager) and the event organiser. Hiring agreements need to be structured to cover the fixed and variable costs of owning, operating and maintaining a major sporting venue whilst also being on terms that allow for the financial sustainability of the hirers.

Like operating models, venue hire arrangements are a trade-off between risk and reward. The higher the risk accepted by the hirer, the greater the opportunity for profits where patronage is high. However, there is also a greater opportunity for loss where patronage is low. All parties are interested in maximising their returns and minimising their risk. SQ's role is to balance the risk to the State (subsidies to SQ) versus the financial viability of the hirers, while seeking to ensure events are as successful for both parties as possible. This will maximise the likelihood of event organisers returning to SQ venues for future events.

SQ is only able to apply any preferred approach to venue hiring agreements for those venues it manages in-house or through co-sourced venue management. The remaining venues have hiring agreements determined by the parties managing the venues through lease or management agreements, and outside SQ control (i.e. Metricon Stadium and Queensland Tennis Centre).

5.2.1 Stadiums Queensland - Hiring Agreements

There are typically three hire agreement models that venue owners / operators implement at their major sporting venues; clean venue, fixed price and purchased content. The three different hire agreement models carry different costs and levels of risk.

Under the Clean Venue model, the hirer accepts the majority of risk based on patronage numbers and therefore makes a potential profit where attendance is higher and a potential loss where attendance is lower. The hirer retains the bulk of venue revenue streams. The venue owner accepts little attendance risk because they receive a percentage of ticket sales that covers the marginal cost of additional patrons (cleaning security, transport etc.). This model may be attractive to hirers because potential profits increase based on patronage.

The Fixed Price model transfers all the risk based on patronage numbers to the venue owner that results in a potential profit where attendance is higher and a potential loss where attendance is lower. The content supplier accepts no risk because of the fixed venue hire price, which is set regardless of attendance. The venue owner and hirer may negotiate or share venue revenue streams.

Through the Content Purchase model, the venue owner accepts all the risk based on patronage numbers and therefore makes a potential profit where attendance is higher and a potential loss where attendance is lower. The content supplier accepts no risk because of the fixed appearance fee, which is set regardless of attendance, therefore the content supplier pays nothing more in the case of a loss and does not receive any profits. The venue owner retains all revenue streams.

Table 5.3 below demonstrates the major differences between the hiring agreement models typically used in stadiums in Australia.

Venue Hire Agreement Model	Venue Hire (1)	Ticketing Rights (2)	Signage Rights (3)	Pourage/Food Rights (4)	Outside Costs (5)	Ticket Sale Risk (3)
Clean Venue	% of ticket sales	Venue Owner / Operator (negotiable)	Hirer	Hirer	Hirer	Hirer
Fixed Price	Fixed Price (negotiable)	Venue Owner / Operator (negotiable)	Venue Owner / Operator (negotiable)	Venue Owner / Operator (negotiable)	Venue Owner / Operator	Venue Owner / Operator
Content Purchased	Venue Owner / Operator pays for content	Venue Owner / Operator	Venue Owner / Operator	Venue Owner / Operator	Venue Owner / Operator	Venue Owner / Operator

Notes

(1) Venue Hire – whether or how the venue user pays for use of the venue.

(2) Ticketing Rights – how ticketing provider is appointed, may be dependent on hirer or event.

(3) Signage Rights – for signage inside the venue that can be sold for advertising revenue.

(4) Food and pourage rights - includes four products at the choice of the hirer. Typically beer, wine, soft drink and a food product are selected by the hirer because they have high margin and are commercially attractive to sponsors.

(5) Outside Costs – includes security, traffic management and public transport costs

(6) Ticket Sale Risk – who accepts the risk of low ticket sales and resulting low revenue that may not meet costs

Table 5.3: Venue Operating Model for Hire Agreements

Source: KPMG Analysis

The Taskforce understands that SQ prefers to apply the Clean Venue model to its hiring agreement at its venues as it:

- » treats all hirers equally by not providing a hire agreement subsidy to commercial franchises for the conduct of an event,
- » ensures all hirers have access to a venue on equal terms, with no cross-subsidy between hirers, and
- » prefers to provide each hirer with opportunities to maximise revenues from their events by having access to a “clean venue” SQ stadium.

The Clean Venue model approach gives hirers control of stadium revenue streams and it incentivises hirers to promote their events to larger audiences to attract the highest possible crowd. Therefore, the clean venue model has the potential to encourage the best commercial outcome for both the venue operator and the hirer. The Clean Venue model may be most suited to those events that are well established and are therefore better able to attract crowds. The use of incentive payment or event attraction payment for new events may assist the development of new content or venues, particularly at venues that are located away from major population centres. This is discussed further at Section 8.3 and 8.4.

5.2.2 Interstate - Hire Agreements

There is no standard venue hiring agreement at Australian venues. There are, however, a range of potential revenue sources that both the venue operator and hirers can derive from event day operations. Each hire agreement is the outcome of negotiations, where the deal may be made in a number of different ways to provide returns and share risks and incentives across both parties. There is no standard or average hire agreement, with each agreement having a unique risk and reward profile.

Ticketing revenue and signage revenue is typically retained by the venue, however in Queensland, SQ ticketing revenue is held by SQ on behalf of the hirer to ensure SQ's event costs are settled and surplus ticket proceeds are paid to the hirer. Similarly, in Queensland, SQ typically retains naming rights revenue with the majority of all other signage revenue retained by the hirer. Pourage rights in Queensland are typically retained by the hirer, whereas in other states pourage rights are typically retained by the venue with no revenue share to the hirer. In the majority of cases, catering commissions / royalties are retained by the venue for the hiring arrangements considered above.

Hire agreement structures vary widely, making it very challenging to compare on a like for like basis. Some consistent themes exist across most major sporting venues in Australia, including:

- » hirers are typically responsible for 100% of event day costs,
- » hirers typically retain signage and merchandising rights, and
- » the venue typically retains ticketing and pourage rights, with at least one venue offering a rebate through an event rights fee to acknowledge the contribution of the hirer to the value of these rights.

Other factors impacting hiring agreements in other states can include:

- » level of government support for a hirer – a government may decide to support a hirer through a concessional arrangement, and
- » venue memberships – some venues have entered into 'non-commercial' hiring arrangements in order to secure content to support their membership programs e.g. ANZ Stadium.

Finding 5.2

Stadiums Queensland's overall approach to hire agreements is consistent with other comparable venues in Australia.



6.0

**Event Day
Costs**

6.0 Event Day Costs

To host an event at a stadium, costs are incurred inside the stadium in support of operations. There are also costs incurred outside the stadium precinct with these largely related to accessibility to the stadium precinct and the safety of people and local communities impacted by the event. These outside costs include police, security, public transport and traffic management costs.

The Taskforce's Interim Report has already considered aspects of outside stadium costs including public transport and traffic management at SQ venues. In summary, the Interim Report found:

- » Outside venue costs are greater for those stadiums in regional areas, particularly for the Gold Coast venues, when compared to Brisbane venues. This is largely a result of the venue locations being away from major population areas where there is limited multi-modal transport and due to the high reliance on bus transport.
- » Queensland has a policy of integrated ticketing for major sport events in south east Queensland, with costs for integrated ticketing being passed to hirers.
- » Bus transport is significantly more expensive than train transport to major sports venues across the portfolio. With the exception of Suncorp Stadium, SQ venues are not serviced well by existing rail infrastructure.
- » Significant transport related improvements will be achieved for the Gabba as a result of the Cross River Rail project.

The Interim Report also made recommendations to reduce outside venue costs, including, establishing an event transport cap of \$3.10 (excluding GST) per attendee, investigate options to source new bus charter arrangements through the Department of Transport and Main Roads and upgrade existing traffic management plans to improve their efficiency and cost effectiveness for all SQ venues.

There are many factors that influence and affect the success of major sporting venues in hosting events. For patrons, success may be measured in the event day experience, which is largely dictated by the built infrastructure and the event day overlay provided by the event hirers. For owners and venue managers, it may be measured through such factors as patron safety, operational efficiency, ease of access, standards of service provision and number and size of overall events held at the venue.

For hirers of major sport facilities, success is often measured through the financial viability of hosting matches at the venue, as strong financial performance can provide good revenue for the club, whereas bad financial performance of events may impact on the overall position of the club.

Event day costs refers to the direct cost of hosting an event at a stadium, the SQ approach is to on-charge these costs directly to hirers. The rationale for doing so is to charge hirers the actual costs incurred through hosting a major sporting event at an SQ venue, which includes a small contribution towards the maintenance costs of the venue.

Collectively, these costs are referred to as event day costs for hosting major sporting events at SQ venues and it is important to understand the costs involved in hosting events at each venue in order to investigate if there are further efficiencies available to support the financial viability of venue hirers.

Usual event day costs incurred in using major sporting venues, prior to additional costs the hirer may incur in providing event presentation overlay, comprise the following:

- » staff,
- » cleaning,
- » waste,
- » police,
- » security,
- » traffic management,
- » public transport,
- » ambulance / first-aid,
- » radio hire,
- » event presentation (including video screens),
- » venue hire catering expense, and
- » other expenses.

6.1 Event Day Costs for Stadiums Queensland Venues

A breakdown of event day costs for major SQ stadiums was included in the Taskforce's Interim Report.

Figure 6.1 below shows the event day costs as passed on to hirers for events at SQ's major stadium venues in south east Queensland that host major sporting events. To ensure consistency of data and comparisons, the graph uses information for the Gabba, Suncorp Stadium and Cbus Super Stadium which SQ directly controls.

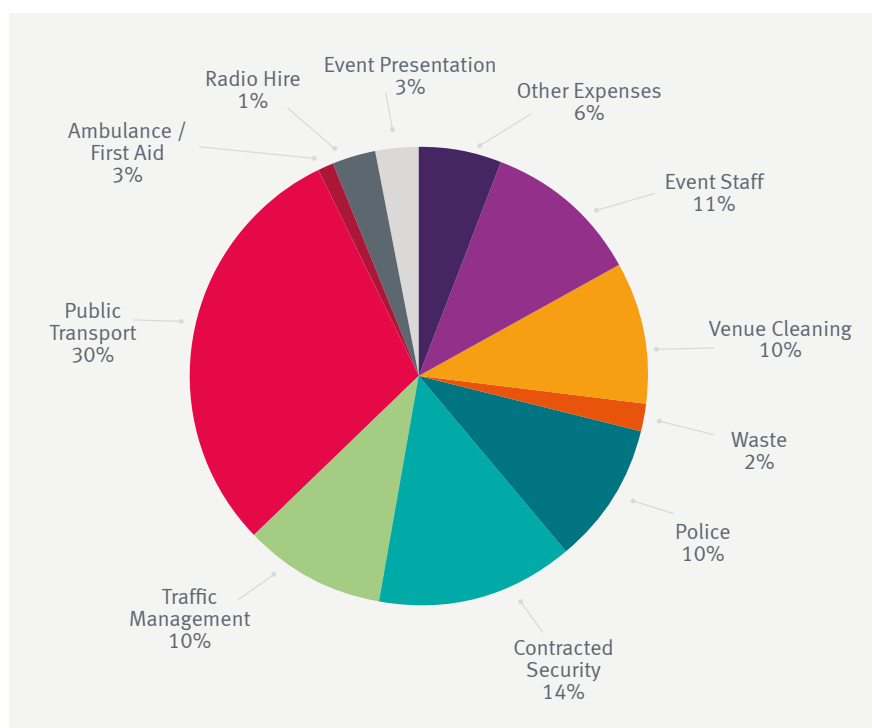


Figure 6.1: Average Event Day Costs (FY17) at South East Queensland Stadiums

Source: Stadiums Queensland Data

Across south east Queensland's venues, the major event day costs include public transport (30%), contracted security (14%), traffic management (10%) and police (10%). The Taskforce has identified that event day costs that relate to the provision of Queensland Government services in support of the event (police, public transport and traffic management) represent significant costs for venue hirers.

Finding 6.1

Across the three south east Queensland stadiums managed by Stadiums Queensland, public transport (30%), traffic management (10%) and police (10%) accounted for approximately 50% of total event day costs in FY17. These figures are generally consistent with other major venues not managed by Stadiums Queensland including Metricon Stadium.

The majority of SQ stadium event day costs are typically recovered from hirers. SQ recovered 86% of event day costs incurred in FY17, across the four major stadiums which were assessed (excludes Metricon Stadium). This translates to a subsidy of 14%, totalling approximately \$2,652,000 in FY17.

Finding 6.2

Stadiums managed by Stadiums Queensland do not fully recover event day costs. Stadiums Queensland provided an annual subsidy for event costs for major sporting events to the amount of \$2,652,000 or 14% in FY17.

6.2 Event Day Costs Comparison to other states

This section presents a comparison of event day costs incurred at venues within the SQ portfolio when compared to similar venues interstate. For the purpose of this analysis, total costs incurred have been compared, not costs on-charged to hirers (i.e. recoveries). This is to provide a like for like comparison before the application of any particular hiring deal or subsidies (e.g. the application of event day cost caps).





Queensland costs do tend to be higher per patron than comparator stadiums, with the exception of 1300SMILES Stadium. In general, the majority of expense drivers (e.g. cleaning, event presentation, ambulance) are in line with those experienced interstate. The Taskforce's analysis of available data indicates that policing costs tend to be higher in Queensland compared to other comparator stadiums, by between \$0.33 to \$1.01 per person. Whilst it was not possible to undertake a direct comparison of all State Government costs, anecdotal evidence suggest public transport and traffic management costs are typically higher at Queensland stadiums when compared to interstate comparators. This is particularly the case in the Australian States where integrated ticketing is not provided.

Finding 6.3

Stadiums Queensland stadiums, with the exception of 1300SMILES Stadium, appear to incur higher event day costs when compared to similar interstate venues. While the source of this discrepancy is not easily identifiable from the information available from interstate venues, it would appear that government services are a key contributor to the variance. This is supported by anecdotal evidence from stakeholders.

6.3 Security and Policing

In total, approximately 25% of all event day costs are related to security and policing of stadiums. Police costs make up around 10% of event day costs across the five major Tier 1 and Tier 2 stadium venues, in a range from 6% to 13%. Costs related to event security (minus police) makes up around 16% of event day costs. These costs are largely passed on to venue hirers as a cost of using the venue.

The cost of security is a direct product of the number of security staff engaged for individual events. SQ regularly undertakes competitive tender processes to engage security services. The sophistication of the security firm and the level of training of security staff affects the requirements for police services and the cost of police at stadium events. The more sophisticated the security firm, the more likely an efficient security overlay will be applied, which helps minimise the requirement for police.

SQ hirers have advised the Taskforce that police numbers and costs are greater for major events at SQ venues than interstate stadiums. In giving this consideration, the Taskforce understood that the Queensland Police Service had recently undertaken work to assess a range of models for the safe operation of stadiums including activities in Victoria, New South Wales and the United Kingdom, with this work believed to have been driven by Queensland hosting the 2018 Commonwealth Games. The work confirmed the United Kingdom model is very different from the models used in Australia as security staff are able to exercise additional powers that are typically reserved for the police.

The Taskforce found variation in both pricing and staffing requirements for police across inter-state jurisdictions. A direct cost comparison with other jurisdictions is difficult because there are a range of variables and different models. Further, the venue infrastructure is a significant influencer of police service requirements as is the type of event being held. The design of a stadium can greatly reduce the threat of security incidence and the related requirement for police services.

The Taskforce submission from Cricket Australia suggests that police costs in Queensland are 95% above the national average for Test matches and 251% above the national average for Big Bash League matches.

The cost for police services at the Brisbane International Tennis tournament at the Queensland Tennis Centre has increased significantly from \$18,802 in 2016 to \$108,901 in 2019 (budgeted).

Finding 6.4

According to Cricket Australia, Queensland Police Service costs are 95% above national average for test matches and 251% above the national average for Big Bash League matches at the Gabba.

Finding 6.5

The cost for police services at the Brisbane International Tennis tournament has increased significantly from \$18,802 in 2016 to \$108,901 in 2019 (budgeted).

The Taskforce is aware that the Queensland Police Service has established an internal working group to focus on a number of improvements to the service provided for stadiums in Queensland. These improvements include some that were commenced prior to the Stadium Taskforce being commissioned, as a result of consultation with the Taskforce and in response to the Taskforce's Interim Report.

The findings and recommendations contained in this report should be considered in the context that the Queensland Police Service is already seeking to address a number of the identified issues through the existing internal Queensland Police Service working group.

Finding 6.6

The Queensland Police Service has established a working group to move the police management of stadiums away from a strict crowd number threshold approach to a threat, risk and validation-based approach for the delivery of police services in Queensland.

6.3.1 Services Provided by the Queensland Police Service

The safety and security of the general public, including event attendees, is of prime importance to the Queensland Police Service. Of special interest for police in regard to events at stadiums is the security of large crowds from a public safety and anti-terrorism perspective. In addition to police for crowd management, the Queensland Police Service provides a range of services for stadiums in Queensland including:

- » safety and public security,
- » liquor licencing enforcement,
- » in-venue security,
- » railway police,
- » traffic management, and
- » other venue requests (ie security at taxi ranks).

In order to minimise the cost of police services that are paid by venue hirers, it is necessary to understand the different services that are provided by the Queensland Police Service.

Finding 6.7

Services that are provided by police at Queensland stadiums can be broken down into six categories; safety and public security, liquor licencing enforcement, in venue security, railway police, traffic management and other venue requests (ie security at taxi ranks).

6.3.2 Safety and public security

The number of police that are rostered to events at SQ is based on the benchmarks established under Chapter 10 of the Queensland Police Service, Management Support Manual.

It is understood by the Taskforce that the Queensland Police Service are reviewing chapter 10 of the Management Support Manual.

In consultation with representatives of the Queensland Police Service, it has become clear that learnings from the 2018 Commonwealth Games means that the Queensland Police Service have developed best practice learnings that are now being applied to stadium events in Queensland. Through the application of this best practice approach, it will be possible to minimise the requirement for police services at stadium events. This will materially reduce costs for event hirers.

Number of Police Required

At present, the Queensland Police Service determine the number of police required to attend the event, partly based on a ratio of police to patrons and other service requirements including internal venue crowd control and traffic management requirements. The costs associated with these services are predominantly met by event hirers, via invoice through SQ.

Recommendation 6.1

The Queensland Police Service to implement best practice learnings from the 2018 Gold Coast Commonwealth Games to the delivery of public safety services at stadiums in Queensland.

There appears to be variations in the number of police that are rostered for similar events between venues in Queensland. Whilst local knowledge and venue variations are a factor in determining the number of police required at an event, there appears to be significant regional and event to event differences between the number of police attending events in Queensland.

The Ed Sheeran concerts that occurred throughout Australia in March 2018, provides a reasonable comparison of the number of police rostered to provide services across different jurisdictions for a similar event. The concerts had 80 police in attendance in Sydney, 70 police in Brisbane but only 18 police in Melbourne. It is noted that while there are variations in crowd numbers and venue attributes, the Victorian event was a significant variation to Queensland.

This variation particularly between Melbourne events and Brisbane events can again be seen when comparing major sporting events that attract venue capacity crowds. The third game of the State of Origin series in 2017 attracted a crowd of 52,540 people to Suncorp Stadium, with 110 police officers attending. In comparison, the AFL Grand Final in 2017 was held at the Melbourne Cricket Ground and attracted 100,201 people. This event had a crowd approximately double the State of Origin game at Suncorp Stadium however had less police, with 90 police in attendance. Again it is noted that there are many variables that relate to the number of police required to provide services for events at stadiums.

A general comparison between the number of police rostered to similar events in other states shows that police numbers in Queensland are similar to New South Wales but much higher than similar events in Victoria. It is understood that the Queensland Police Service is examining the Victorian policing model as it appears to be approaching best practice for staffing stadium events.

As described in section 6.3.2 the aim is to move the management of stadiums away from a strict crowd number threshold approach to a venue and event specific threat, risk and validation-based approach for the delivery of police services. This approach will deliver more consistency and transparency to hirers in regards to costs they will incur for police services at major events.

Finding 6.8

The number of police currently attending events at stadiums in Queensland differs based on local circumstances and the event particulars.

Finding 6.9

The number of police attending events in Queensland and New South Wales are similar, however in Victoria significantly less police attend major events.





Celine Dion Concert 2018, Brisbane Entertainment Centre
© Justin Ma Photography

Cost of Police Services

Depending on the type of event, some states do not pass all police costs on to hirers. In some instances the discounting of police service costs can be seen as an event attraction strategy to reduce the overall cost of venue hire.

In Queensland, the Queensland Police Service charge a flat commercial rate for stadium hirers at a level equivalent to a mid-rate Senior Constable of \$128 per hour for each police officer regardless of rank. Victoria Police charge between \$90 and \$157 per hour, with the charge depending the rank of the officer working on the day.

For services that are passed on to venue hirers, Queensland Police Service officers are rostered onto Special Duty Police Services. These services are not categorised as business as usual because these events are variable and commercial in nature. The actual wage cost for Queensland Police Service officers could range from \$70 to \$120 per hour depending on rank. Police are paid double time rates for Special Duty Police Services and up to quadruple time on some public holidays. Any funds received by the Queensland Police Service for Special Duty Police Services that are not expensed through wages are retained by the Queensland Police Service to cover administration and operating costs including vehicles, motorbikes and other specialised equipment.

Some services are outside of scope for cost recovery as they are considered business as usual by the Queensland Police Service. Not all services deployed to support events at stadiums are passed on to the venue hirer. Some of the service costs not passed on to venue hirers include the Public Safety Response Team, Special Emergency Response Team, intelligence services, tactical response, behavioural management, investigation and senior command.

Finding 6.10

Not all jurisdictions pass police costs onto venue hirers. In Queensland, business as usual police service costs are not passed onto venue hirers, however costs directly associated with the commercial activities undertaken at stadiums in Queensland are passed onto venue hirers.

Finding 6.11

Any income the Queensland Police Service receives from stadium hirers that is not paid in officer wages is retained by the Queensland Police Service for administrative and operational expenses.

6.3.3 Other Services

Liquor Licensing

Based on the ratios applied by the Queensland Police Service under the existing Management Support Manual it appears that the presence of alcohol is a significant determining factor in establishing the level of police services required at an event.

It is understood by the Taskforce that beverage suppliers at SQ venues are responsible for compliance with the requirement of the responsible service of alcohol (RSA) and that hirers meet the cost of security personnel to satisfy these requirements. The majority of alcohol service areas are staffed by dedicated security personnel to ensure RSA standards are achieved at the point of sale at stadiums. The single source nature of alcohol service in stadiums (ie single beverage supplier contact) may increase the compliance with RSA provisions because any issues are traceable to the sole supplier in a stadium.

Recommendation 6.2

The Queensland Police Service consult with the Office of Liquor and Gaming Revenue to clarify their role in enforcing liquor licensing requirements at Stadiums Queensland venues.

In Venue Security

The provision of security within stadiums is the responsibility of the venue manager. Typically this is achieved through the engagement of contracted security staff. In some circumstances, particularly with regard to violence or refusal to accept direction from contracted security staff, it may be required to enlist the support of police inside the venue.

Some venue hirers request the presence of larger numbers of police inside the venue as part of an effort to curb additional unwanted behaviour, such as to reduce illegal gambling on sport matches. These services are in addition to any general requirement of police to manage the safety and security of stadium patrons and the general public. Requests of this nature are considered by the Taskforce to be related to the delivered specific types of content in a venue and as such should be fully recoverable from venue hirers.

Railway Police

When major events at south east Queensland SQ venues have expected crowds above 10,000 patrons, the Queensland Police Service stipulate that additional railway squad officers are required at train stations and/or on-board trains heading to and leaving the venue. The costs related to the railway squad are on-charged to SQ, which is then passed through to hirers. The presence of rail squad officers on trains and at stations is to ensure the safety of patrons travelling to and from the venue during the peak busy periods.

Traffic Management

The Taskforce Interim Report made a number of recommendations that were designed to improve traffic management around stadium venues and to reduce costs associated with stadium traffic management.

Traffic Management Plans are developed by local committees and although this takes into consideration local issues, it does not provide for consistency across venues for event days. It is apparent that changing the requirements of the Traffic Management Plans will have an impact on the number of police that are required to attend events. The planned upgrade of all Traffic Management Plans for stadiums in Queensland may lead to a reduction in the overall police costs for hirers.

Other Services

In addition to the core services that are delivered by the Queensland Police Service, venue hirers and venue managers have previously requested additional services such as the supply of police at taxi ranks. This type of service is regularly provided by contracted security staff at other locations such as entertainment precincts. The use of police to provide these services is more expensive than using contract security staff. It is important that venue hirers and venue managers recognise the cost implications of using police services that could reasonably be undertaken by contracted security services. SQ and the Queensland Police Service have a role to educate and manage the expectations of venue hirers and venue managers.

Finding 6.12

In some instances, venue hirers and venue managers request additional police services in excess of the services prescribed by the Queensland Police Service for example, police at taxi ranks. These additional services increase the overall cost of providing police services.

The development of analytical tools and technologies are seen by the Taskforce as an emerging significant technological advancement that can further reduce security and policing overlays and associated costs. The Taskforce recommends that the Queensland Police Service explore analytical tools and techniques for their application to further improve security at stadiums in Queensland.

Recommendation 6.3

Stadiums Queensland and the Queensland Police Service work with venue managers and venue hirers to reduce costs while maintaining security at Queensland venues.

Recommendation 6.4

The Queensland Police Service explore analytical tools and technologies to further improve security at stadiums owned by Stadiums Queensland.

7.0

Ticket Price Comparison

7.0 Ticket Price Comparison

Ticket prices for major events at SQ venues are not determined by SQ. They are set by the event hirer in accordance with the hirer's own pricing policies. The Taskforce understands that the governing body of the sport (eg. NRL, AFL etc.) may have a key role in the setting of price ranges that hirers are required to follow.

Finding 7.1

Ticket prices for major events at Stadiums Queensland venues are not determined by Stadiums Queensland, they are set by the event hirer, in accordance with the hirer's own pricing policy.

The Taskforce undertook an analysis to determine the pricing of general admission tickets at various regular-season sporting events at venues in Queensland against the rest of Australia. The costs considered take into account the general admission (GA) ticket price of an event, as well as an estimate of any associated public transport costs of getting to the venue.

Given the availability of ticketing data, information was collected for Super Rugby, AFL and NRL, as tickets were currently for sale for those fixtures. Other codes (Big Bash League, A-League) were excluded from this analysis as there was no current ticket pricing information available. The type of ticket that was selected was the cheapest single adult ticket (usually referred to as GA in ticketing websites). At multi-tenant venues (such as ANZ Stadium, or Optus Stadium), ticket prices were analysed to identify whether there were any variances between tenants.

In some states in Australia, 'integrated ticketing' is offered to patrons upon presentation of a match day ticket, whereby the holder is entitled to free public transport to and from the event. In states where this is not offered, the cost of public transport represents an additional cost to the patron and should be incorporated in any comparative analysis.



Australian Test Match, The Gabba
© Stadiums Queensland

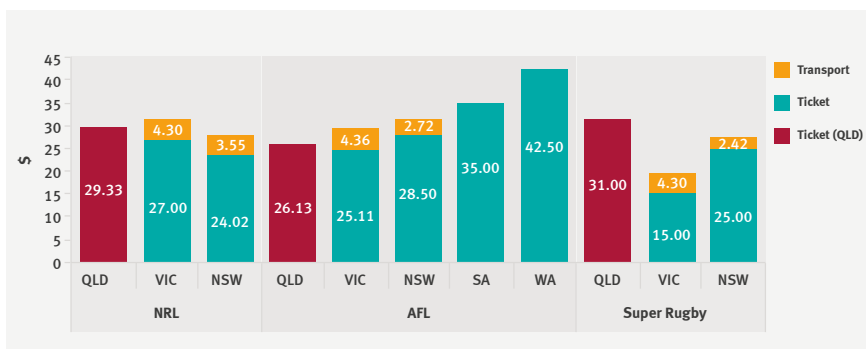


Figure 7.1: Code by Code Comparison of Ticket Prices (2018)

Source: KPMG Analysis

The chart above shows a comparison of each code by state. For the NRL, Queensland is more expensive than match-days in New South Wales, but cheaper than Victoria. For AFL, Queensland match-days are cheaper than all other States. For Super Rugby however, Queensland tickets are marginally more expensive than other states.

Finding 7.2

General admission ticket pricing for NRL matches in Queensland are on average marginally more expensive than matches in New South Wales but cheaper than Victoria. Tickets in Queensland for AFL matches are on average cheaper than all other states. Tickets for Super Rugby are typically more expensive in Queensland than in other states.

8.0

Stadium Subsidies and Event Attraction

8.0 Stadium Subsidies and Event Attraction

The cost of hosting major events at stadiums in Queensland and throughout Australia would be cost prohibitive without government financial support to build and operate the stadiums.

Government support to attract events to stadiums comes in a number of forms, including subsidies to reduce the cost of stadium hire fees, in-kind support through subsidised or free government services and through direct event/tourism attraction payments.

Some states in Australia provide upfront funding contributions to make their state more attractive for events and to attract stadium content. There are a number of examples where event/tourism attraction payments have been used to secure events for states that would not otherwise host events including the NRL selling a State of Origin game to South Australia in 2020 for a reported \$8 million (Courier Mail, 15 February 2018). Queensland does not appear to follow this practice to the extent of other states.

To a large extent, the location of major sporting events is a commercial decision for sporting codes. A significant barrier to attracting more content to Queensland is the cost of hosting the event, which includes stadium costs, outside costs and any event/tourism attraction payments. If Queensland is to attract more major sporting events, the total cost to host events would need to be more cost competitive in comparison with other competing venues.

SQ receives government support by way of operating grants which is consistent with other states and other stadium assets not managed by SQ. In FY2017, SQ received \$15.5 million as an operating grant, excluding the operating grant for Metricon Stadium debt repayments. This operating grant is provided to SQ to manage nine venues including stadiums, entertainment venues and general public participation venues. The result from this operating grant is to reduce the hire cost of stadiums in Queensland.

There are other third party subsidies provided to stadium hirers in Queensland. Reduced cost public transport and police services and the significant investment required by the State to build stadiums are all subsidies that flow through to stadium hirers in Queensland.

All scheduled public transport services are provided free for SQ major event ticket holders at south east Queensland SQ stadium events and extra event specific trains are charged to venue hirers at only 20% of the actual cost to the Department of Transport and Main Roads (DTMR). The provision of capital funds can be seen as a third party subsidy to stadium users in Queensland because the cost of building stadiums are paid for by government and generally not recovered from stadium hirers. The Queensland Police Service recovers some costs from venue hirers, however a range of police services are provided free of charge to support major events. Local councils that forego rates would also constitute a third party subsidy provided by some local councils.

Finding 8.1

A range of government subsidies are provided to support major events that are held at stadiums in Queensland including event incentives, venue operating grants and subsidised government services.

For venue hirers, the source of government support or subsidies are largely interchangeable. The combination of all government subsidies determines the total out-of-pocket cost to run their event. While all of the subsidies and financial support comes from government, venue hirers may not know the true extent of the subsidy, depending on the source of the subsidy. For the venue hirer, there is likely to be little difference between a free venue (venue support subsidy from government) with no event incentive compared to paying full venue costs with an event incentive (subsidy from government) equal to the venue costs.

8.1 Event Attraction Subsidy

The physical venue characteristics and model of venue management operations are important factors for choosing a venue for a major event. In many cases they are prerequisites, for example, venue size. From the perspective of event attraction, financial incentives can be very persuasive and can change the viability of events at different venues or be used to overcome limitations of a venue. For example, smaller venues create less income due to lower ticket sales, but this can be offset by event attraction incentives.

Event attraction can be viewed at local, regional and national levels:

- » At a local level, financial incentives can influence the number of events that are attracted to a particular stadium, potentially by making marginal events financially viable.
- » At the regional level these same attraction variables can be used to attract potential content from other stadiums in the same region, normally a capital city market. This type of regional event attraction strategy occurs particularly where there are two or more venue owners or operators with similar facilities in a single market. The regional competition to attract events can lead to a competition on price and venue offerings. This competition is attractive to event organisers and venue hirers, however, the most likely outcome is that this leads to an increase in government subsidy with little overall benefit to the State. Some markets are trying to minimise this type of competition through policy.
- » National event attraction establishes competition for events of national significance between stadiums and between states. There appears to be a historic reluctance to incentivise national event attraction to Queensland when compared to other states, the exception being Tourism and Events Queensland which can provide incentives where a direct economic benefit can be demonstrated.

In other states the regional competition between stadiums operated by different entities sets a continuing cycle of competition for differentiation either through better physical venues or the expectation of greater incentives to attract content.

Through the Taskforce consultation with sports codes, it is clear that the financial bottom line of events is becoming an increasing determining factor for where major sporting fixtures are played. This can be seen with the movement of a State of Origin to Melbourne, Perth and Adelaide and the lack of Football Federation Australia international matches in Brisbane since the 2015 AFC Asian Cup.



Brisbane Lions, The Gabba
© Tourism and Events Queensland



State of Origin, 2008 Game 2,
Suncorp Stadium © Stadiums Queensland

8.2 Event Attraction in Queensland

Tourism and Events Queensland (TEQ), has been established as a Statutory Authority that is managed through the Department of Innovation, Tourism Industry Development and the Commonwealth Games, with a remit to making Queensland an attractive destination for tourism, investment and events.

TEQ is responsible for identifying, attracting, developing and marketing major events for Queensland and supports major events as specified in the *Tourism and Events Queensland Act 2012* that:

- » contribute to the Queensland Economy,
- » attract visitors to Queensland,
- » enhance the profile of Queensland, and
- » foster community pride in Queensland

While TEQ invests in events held at Stadium Queensland's venues, its key focus is on investing in events that drive the economy and visitation, regardless of the venue for the event. TEQ does not support events that are a normal part of an entity's business plan and would happen regardless of TEQ investment.

The broader remit of the Department of Innovation, Tourism Industry Development and the Commonwealth Games is to work with industry partners to increase tourism growth and major events.

Finding 8.2

Tourism and Events Queensland is the primary event attraction entity in Queensland as opposed to Stadiums Queensland which does not provide direct event attraction subsidies. The Department of Innovation, Tourism Industry Development and the Commonwealth Games has a role in attracting major and multijurisdictional events to Queensland.

8.3 Regional Stadiums Event Attraction

Regional stadiums are important public and community assets that form part of the social fabric and desirability of an area. In regional cities, major events play a significant role in attracting visitors, contribute to the local economy, enhance the reputations of the cities and build community pride.

The regional Tier 2 venues in Townsville (1300SMILES Stadium) and the Gold Coast (Cbus Super Stadium and Metricon Stadium) have excess capacity, as each stadium only has a single sport as an anchor tenant playing home games. Given the limited likelihood of attracting additional anchor sport tenants to these venues, the primary opportunity to increase commercial usage would be via non-sporting content such as exhibitions, music concerts or one-off sporting fixtures.



*Foo Fighters Concert 2011, Metricon Stadium
© Stadiums Queensland*

Given that regional stadiums provide a benefit to local council areas and that each council has an event attraction economic focus, it is logical to incentivise councils to drive the attraction of further content to a regional stadium located in their area. It would be anticipated that these collaborations would combine local knowledge and resources, including financial, to develop strategies and incentives to attract events and content to the three regional stadiums. Local government could be represented by organisations such as Destination Gold Coast (www.destinationgoldcoast.com) and the City Events Unit within City of Gold Coast. In the north, Townsville Enterprise Limited (www.townsvilleenterprise.com.au) and the Tourism and Major Events unit of City of Townsville may be appropriate partners.

To support the Townsville and Gold Coast Councils to increase the usage of their stadiums, the Taskforce considers it appropriate for the State to provide limited additional incentives to councils to attract additional events (provided the events are not content that would typically be held at any SQ venue).

Finding 8.3

The regional Tier 2 stadiums in Townsville (1300SMILES Stadium) and the Gold Coast (Cbus Super Stadium and Metricon Stadium), are underutilised and would benefit from additional events and venue content.

Finding 8.4

Regional Councils within the cities that have a Tier 2 Stadiums Queensland stadium, the Gold Coast and Townsville, operate major events units, however, these units are not necessarily focused on incentivising and attracting events to these stadiums.

Recommendation 8.1

The Queensland Government allocate sufficient funding to contribute a third of any event attraction funding commitment given by the Gold Coast City Council and Townsville City Council for one-off events to be held at their respective Stadiums Queensland stadiums.

8.4 Event Attraction for Non-Stadiums Queensland stadiums

Many councils in Queensland have invested in smaller Tier 3 stadiums that are of an appropriate size for their council areas but are not large enough to warrant a Tier 2 stadium that are typically managed by SQ. The cost of building, operating and attracting content to these stadiums is considerable for regional councils. It is acknowledged that the State provides subsidies through the operations of SQ to build, operate and attract content to SQ's Tier 1 and Tier 2 stadiums. It is reasonable to expect that the State would provide some level of support to the operators of Tier 3 stadiums where they deliver a similar level of content to that regularly delivered by SQ. Sporting events that are of national significance, for example national competition events, should be considered for support by the Queensland Government into regional Tier 3 stadiums. This approach to support the attraction of an annual sporting fixture or event of national significance to larger council areas, with appropriate facilities, would offer a level of equality with other communities and provide economic support for these communities.

Finding 8.5

Regional Councils have made significant investments in Tier 3 regional stadiums and continue to invest in the ongoing operation and maintenance of these venues.

Finding 8.6

The Queensland Government provides financial support for national competition sporting events to be held at Stadiums Queensland Tier 1 and Tier 2 venues, however provides less support for similar content held at smaller venues not managed by Stadiums Queensland.

Recommendation 8.2

A regional event attraction fund, to be known as the 'Queenslander Fund', be established with the aim of attracting major sporting and entertainment events to all major Queensland populations not currently serviced by a SQ stadium including Cairns, Mackay, Rockhampton, Gladstone, Bundaberg, Fraser Coast, Sunshine Coast and Toowoomba. The focus of this fund is to attract content that would otherwise not have been held in Queensland and is not intended to cannibalise existing Stadiums Queensland content.



9.0

**Stadiums
Queensland
Financial
Performance**

9.0 Stadiums Queensland Financial Performance

A significant part of the Stadium Taskforce work was to look at the financial and operating models of SQ. The Taskforce engaged Queensland Treasury Corporation (QTC) to undertake the baseline financial performance analysis of SQ, which was undertaken utilising provided FY17 data.

9.1 Financial Analysis

The financial analysis of SQ identified an organisation with a unique and complex operating model employed to own and operate the portfolio of SQ assets.

At an individual level, the venues all have differing financial performance, which is largely determined by the location, amount and type of events, capacity, type of venue and other venue-specific variables:

- » Suncorp Stadium and the Gabba (Tier 1) generate small positive returns to SQ primarily because they are multi-tenant capital city venues that are able to spread fixed costs across more users.
- » All regional stadiums (Tier 2) are consistently generating operating losses primarily due to having single anchor tenants with limited ability to recover all fixed costs from the one hirer.
- » All participation venues are consistently generating operating losses with future forecasts showing deteriorating financial performance. These venues are used for elite training and community participation with less ability to recover sufficient revenues to cover operating costs. Increasing usage will increase the unrecovered operating costs of running these venues.
- » The Brisbane Entertainment Centre returned an operating surplus in FY14 to FY16, but returned an operating loss in FY17, which is typical for a venue largely reliant upon the cyclical international concert schedule.
- » The two SQ venues with long-term leases to sports (Metricon Stadium and the Queensland Tennis Centre) do not have the bulk of their operating position visible to SQ and therefore, for the purposes of this document, record small operating deficits only as the result of SQ's small ongoing responsibilities for these venues operationally.



Taylor Swift Concert 2018, The Gabba
© Stadiums Queensland

A key factor that determines the financial performance of individual venues, is the number of non-anchor tenant events that are held at the venue. The ability to fully utilise capacity of the facility drives financial performance.

Finding 9.1

Concerts and one-off events are a positive source of revenue and income for Stadiums Queensland, however, there are not enough new events available to enable Stadiums Queensland to fund its operating and capital budgets in their entirety.

Figure 9.1 below provides the components of SQ's FY17 net result. It demonstrates that the operating result of the individual venues is slightly negative overall for FY17. When corporate costs are accounted for (which include costs applied to the SQ portfolio but are not individually identified) the net result deteriorates, but the annual operating grant (\$15.5 million in FY17) provided by the State return SQ to a positive result operationally. SQ generated a positive result of \$2.3 million in FY17 for the administration and management of its portfolio and an average of \$7.7 million over the past three years (excluding the operating grant for Mettricon Stadium loan repayments).

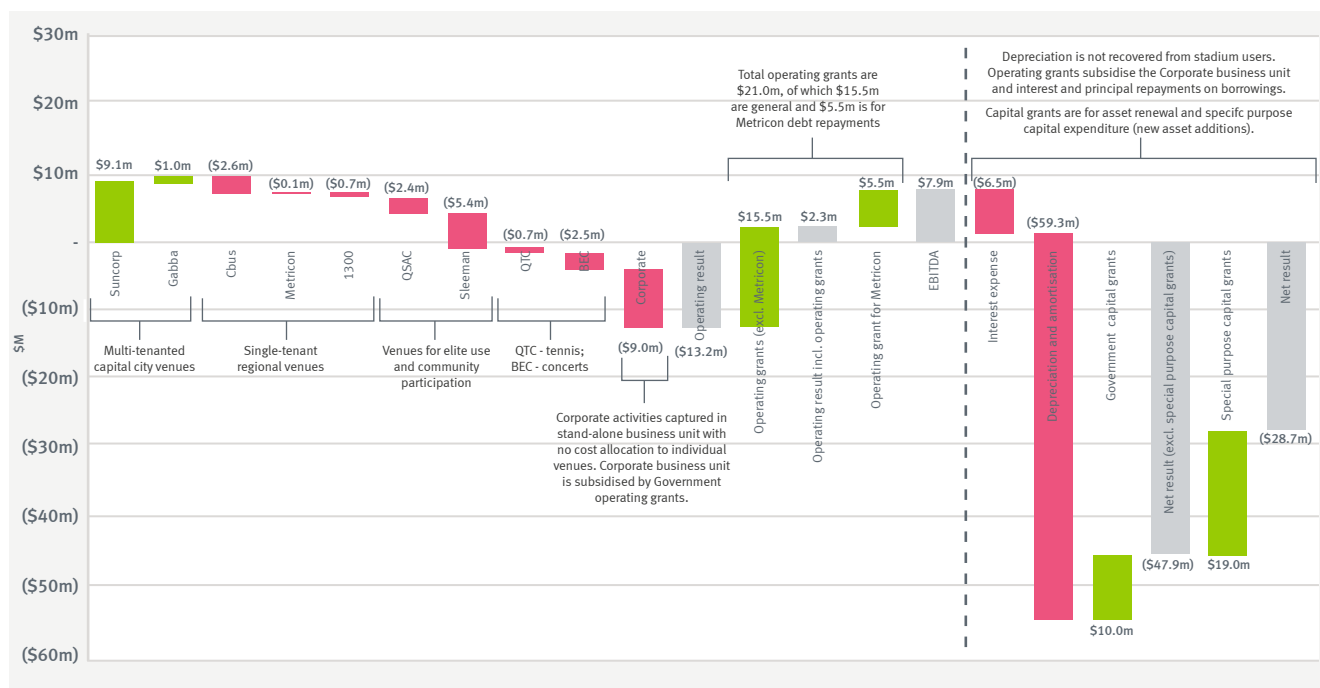


Figure 9.1: Stadiums Queensland 2017 Net Result Components

Source: QTC analysis

When the operating grant for the Mettricon Stadium loan repayments (\$5.5 million) are included, this provides SQ's EBITDA (Earnings Before Interest, Tax and Depreciation) result for FY17. The positive EBITDA result means that SQ is operating its venues positively and it is only when the high value of the asset portfolio and the corresponding depreciation charges are accounted for that SQ is observed to record large overall net losses. On a net result, SQ has recorded an average net deficit of \$36 million in FY14 to FY16, which increased to a net deficit of \$47.9 million in FY17. The overall net deficit is primarily due to depreciation not being funded by government grants or recovered from SQ's other revenue sources.

The QTC analysis confirms that capital city and multi-tenant SQ venues, in combination with government operating grants, subsidise the operations of SQ's regional stadiums and community participation venues.

Further to that, the historic performance of SQ shows generally positive operating results but a large overall net loss is recorded primarily due to high depreciation costs. SQ relies on government operating grants predominantly to offset the recurring losses from regional stadiums and community participation venues that are unable to fully recover costs.

Finding 9.2

Stadiums Queensland generated a positive result of \$2.3 million in FY17 for the administration and management of its portfolio, prior to depreciation.

Finding 9.3

On a net result Stadiums Queensland has recorded an average net deficit of \$36 million in FY14 to FY16, which increased to a net deficit of \$47.9 million in FY17. The overall net deficit is primarily due to depreciation not being funded by government grants or recovered from Stadiums Queensland's other revenue sources.

When comparing financial operating models to similar entities such as Venues New South Wales and VenuesWest, a number of differences in financing and funding can be observed. This relates to the method of state subsidy and borrowings. The proportion of total grant funding subsidy as a proportion of total revenue is substantial across all entities.

QTC has identified the most significant financial risk to the financial operations of SQ is increasing venue operating costs, without a corresponding increase in revenue, either from the operations of cash generating assets or from government grants.

QTC has expressed some concern with regard to SQ's available unrestricted cash balance, with the projected available (unrestricted) cash balance as at 30 June 2018 of \$8.4 million, indicating a possible liquidity issue in coming years. The 30 June 2018 cash balance (excluding cash reserved for capital expenditure) produces a cash expense ratio (a key financial metric for liquidity) of 1.8 times (1.8 months of operating expenses covered by cash reserves) against a benchmark for similar organisations of three times.

The 'unfunded' growth in SQ operating expenses is creating liquidity pressures and requires SQ to prioritise expenditure in order to maintain sufficient funds for operating purposes and to optimally manage its assets within those constraints. The prioritisation of expenditure has the potential to limit the distribution of funds towards maintenance and asset lifecycle expenditure. The deferral of maintenance and asset lifecycle expenditure will not be a viable long-term strategy as it will compromise SQ's ability to provide contemporary venues.

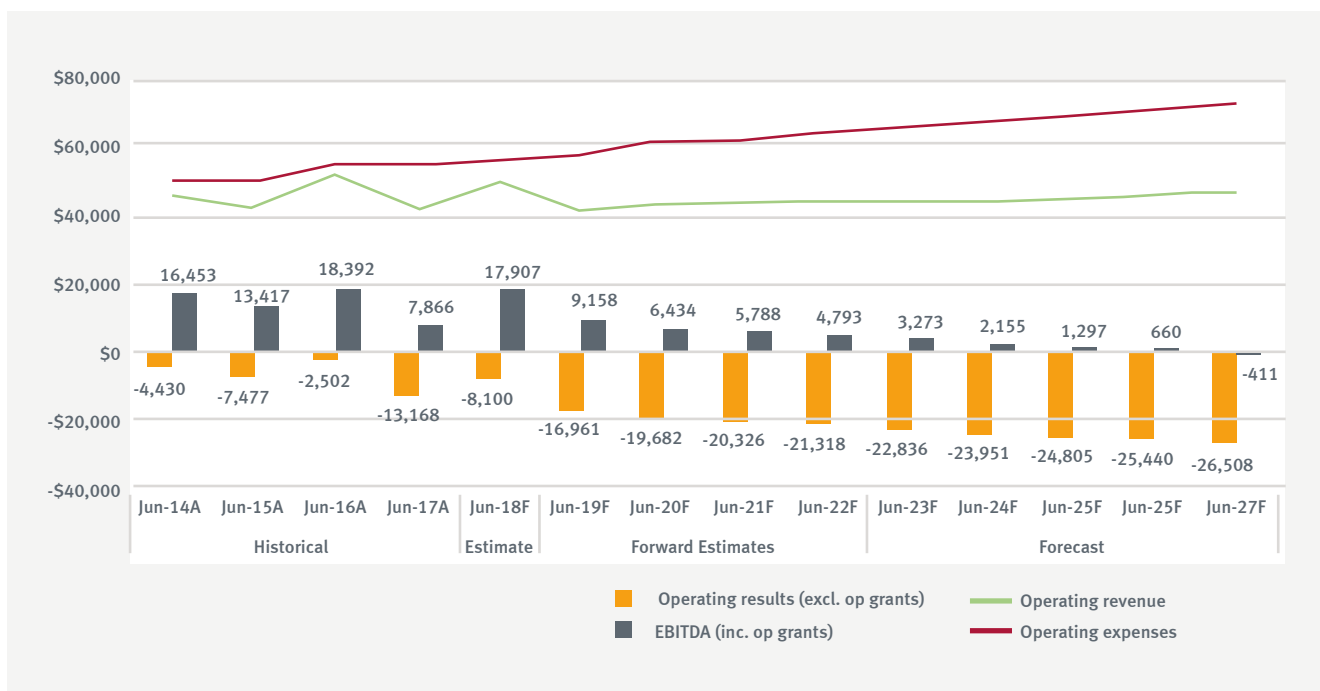


Figure 9.2: Historical and Forecast Performance and Revenues and Expenses (\$'000)

Source: QTC analysis

Figure 9.2 shows that SQ's EBITDA deteriorates over the forecast period primarily due to relatively flat, forecast operating revenue compared to forecast increasing operating expenses. Revenues are expected to increase by 1.5% and expenses are forecast to grow by 2.9% over the forecast period (FY19-FY27). Net deficits increase due to the lower forecast operating revenues compared to forecast expenditure.

SQ indicates that going forward, it will be challenging to increase revenues at the same rate as expenses due to little recent or current evidence to suggest an increase in patronage by current anchor tenants and limited scope for SQ to increase the venue hire fees payable by the anchor tenants.

9.2 Annual Grants

SQ receives two types of annual grants, operating grants and an annual general capital grant from the State. Operating grants consist of a general purpose operating grant (eg. community venue operation, debt repayments, land tax, local government rates, stamp duty) and a specific operating grant for Metricon Stadium loan repayments. The annual general capital grant is to assist with maintaining the venues as fit for purpose.

Both general purpose annual operating and capital grants have remained relatively steady for the past 10 years and have not had CPI applied. Analysis indicates that SQ would benefit if annual grants received an annual CPI increase to help support increased costs associated with operating the SQ asset portfolio.

Government operating grants do not fully cover all venue costs, unrecovered event day costs, and corporate costs incurred by SQ. Income generated from profitable venues is not projected to increase at a rate that would offset increasing operating deficits for regional stadium and participation venues and corporate costs. Most SQ venues (consistent with global stadium attendance trends) have recorded a downward trend in attendance, as a result SQ is forecasting low or no growth in attendance and number of available events.

In FY18, SQ received an annual operating grant increase of \$4.973 million. This increase was calculated based on the application of CPI to the operating grant over the previous 10 years. This increase in general purpose operating grant will assist SQ, however it will not resolve the underlying operating position for SQ.

Recommendation 9.1

All Stadiums Queensland annual operating grants and annual general capital grants should be indexed by CPI on an annual basis.

Recommendation 9.2

Stadiums Queensland to focus on increasing income and additional sources of revenue not related to event day costs. Additional income will allow Stadiums Queensland to focus more on event attraction, community use of venues and to limit cost increases for venue hirers.

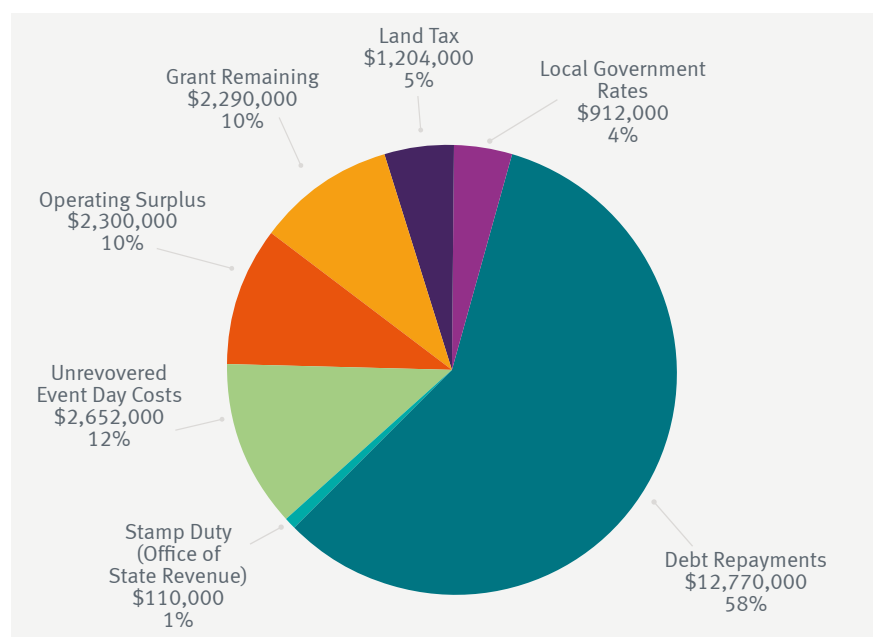


Figure 9.3: Notional Expenditure of FY17 Operating Grant

Source: Stadiums Queensland Data

The total operating grants received by SQ in FY17 (includes land tax operating grant of \$1.2 million) including the Metricon Stadium debt repayment grant was \$22.2 million. Figure 9.3 shows a range of SQ costs in FY17 representing a notional expenditure of funds against the \$22.2 million operating grants. In Figure 9.3 it can be seen that over 65% of the operating grant allocated to SQ is offset by government costs, including debt repayments, land tax, local government rates and stamp duty. Further, a large portion of the unrecovered event day costs are related to the delivery of Queensland Government services, including police, traffic management and public transport.

Finding 9.4

Over 65% of the operating grants paid to Stadiums Queensland in FY17 was used to pay government related costs including debt repayments, land tax, local government rates and stamp duty.

SQ venues are located in different local government areas across Queensland with little consistency as to how local government approaches SQ venues in regards to rates. As Figure 9.3 above shows, SQ paid over \$900,000 in local government rates in FY17.

During the analysis of SQ operations, it became apparent that SQ is eligible to use existing whole of government procurement processes. A number of existing whole of government arrangements may offer SQ the potential for lower costs, including insurance and electricity.

It is evident to the Taskforce that a significant portion of the annual operating grants provided to SQ are to repay debt. As at 30 June 2018, SQ had total loans outstanding of \$93.263 million for a range of previous improvements for their assets. The outstanding loans included the Gabba redevelopment, Suncorp Stadium redevelopment, Metricon Stadium redevelopment and Video Screens at the Gabba and Suncorp Stadium.

Finding 9.5

Stadiums Queensland has loans with a book value of \$93.263 million as at 30 June 2018 related to the Gabba redevelopment, Suncorp Stadium redevelopment, Metricon Stadium redevelopment and video screens at the Gabba and Suncorp Stadium with a significant portion of annual operating grants being applied to debt repayment by Stadiums Queensland.

Recommendation 9.3

Stadiums Queensland approach Councils to seek a rates exemption on the basis that 100% of savings would be directed to 'around the venue' upgrades and enhancements to traffic and accessibility in those local government areas that grant such exemption.

Recommendation 9.4

Stadiums Queensland to re-examine if using Whole-of-Government procurement arrangements would reduce costs for electricity and insurance.

9.3 Maintenance and Capital

Stadiums and venues are capital intensive businesses that require significant funds to construct, maintain, refresh and upgrade.

The State has made a significant investment in the construction and redevelopment of Queensland's major stadiums for elite sporting teams, national bodies, elite training and community sports facilities. Capital investment for new facilities is provided through specific grants and loans.

The State Government's position is that operating costs should be recovered from the hirers who use the stadiums. Hiring agreements are therefore negotiated on a 'commercial' basis to reflect these goals and to minimise the level of subsidy provided by the State. Historically, revenue from hirers has not been sufficient to cover expenses and recurrent operating and capital grants are provided to help fund SQ.

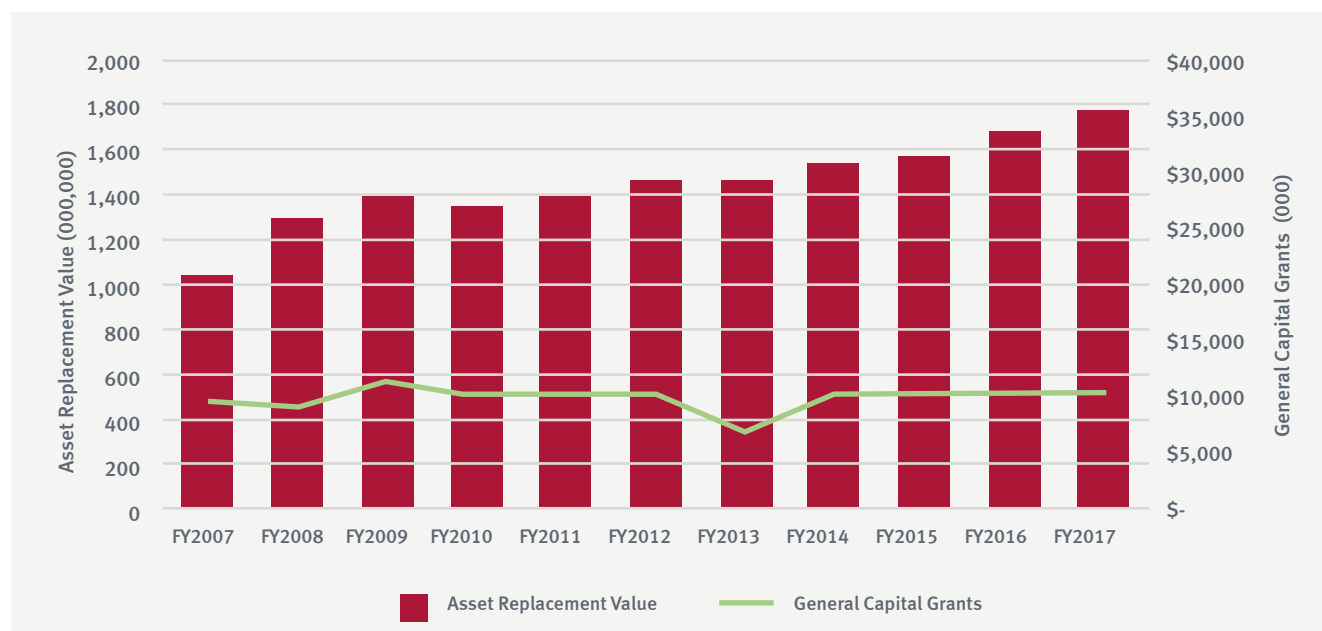


Figure 9.4: Asset Replacement Value (excluding Metricon Stadium) vs General Capital Grants

Source: Stadiums Queensland Data

Figure 9.4 shows that while the Asset Replacement Value (ARV) of the assets owned and operated by SQ has increased by 71% over the 10 years from FY07 to FY17 (\$1.04 to \$1.78 billion). Over the same period the general capital grant has remained largely steady at \$10 million.

Finding 9.6

Over the past 10 years, the annual general capital grant to Stadiums Queensland has remained largely steady at \$10 million, while the value of the assets managed by Stadiums Queensland has increased by 71%.

The 71% increase in ARV over the 10 years from FY07 to FY17 largely reflects the addition of new facilities and asset enhancements at existing venues. The number of venues in SQ's portfolio has increased from one in FY01 to nine in FY09 and there have been or will be additional assets constructed within Queensland Sport and Athletics Centre and Sleeman Sports Complex, such as the BMX track (FY11), 50 metre outdoor pool (FY12), the Anna Meares Velodrome (FY16) at the Sleeman Sports Complex and the Queensland State Netball Centre at the Queensland Sport and Athletics Centre (due in FY19).

Since 2011, the asset enhancements have predominantly been at the venues considered to service the needs of the community, recreational sports user/s and for the development of Queensland's elite athletes (Sleeman Sports Complex and Queensland Sport and Athletics Centre) and as such have generated minimal operating revenues. These facilities and asset enhancements have largely delivered qualitative benefits in the form of enhanced user experience and broader community and social benefits.

Maintenance Expenditure (\$ million)	FY13	FY14	FY15	FY16	FY17	4YR CAGR	2YR CAGR
Asset replacement value (ARV)	1,467	1,540	1,566	1,681	1,781	5.0%	6.6%
Maintenance expense	9.7	10.0	9.6	11.1	11.2	3.6%	8.0%
Maintenance expense / ARV	0.66%	0.65%	0.61%	0.66%	0.63%	-	-
MMF 1% benchmark (in \$ terms)	14.7	15.4	15.7	16.8	17.8	5.0%	6.6%
Spend below benchmark	5.0	5.4	6.1	5.7	6.6	7.5%	4.5%

Table 9.1: Historic maintenance expenses

Source: QTC Analysis

Maintenance expense presented in Table 9.1 relates specifically to building maintenance only (planned, condition based and unplanned maintenance). It excludes costs relating to furniture and equipment repairs, workshop tools and turf maintenance (chemicals and fertilizers, soils and sand), which are included in repairs and maintenance for financial reporting. In addition, the value of maintenance and ARV relating to Metricon Stadium has been excluded from the analysis as the AFL is responsible for maintenance under the lease arrangements.

In regard to the asset management strategy and performance of venues, SQ uses the Maintenance Management Framework (Department of Housing and Public Works, Second Edition, December 2017) (MMF) as a guide to maintaining its assets. The MMF establishes a minimum benchmark of 1% of an ARV should be spent on asset maintenance.

The maintenance expense to ARV ratio has remained largely flat since 2013, although the quantum to reach the benchmark has widened over time as the ARV has increased through capital investment.

Past maintenance expenditure has not met the recommended minimum MMF benchmark. SQ's maintenance expense to ARV ratio was 0.63% in FY17. This may result in an increase in future unplanned maintenance and have a negative impact on the condition of the assets.



SQ recently received an increase to its FY18 operating grant of \$4.973 million (to a total of \$20.45 million). It is expected \$3.5 million of the operating grant increase will be spent on repairs and maintenance, taking expected maintenance to \$14.7 million in FY18 (increasing the maintenance to ARV to 0.83%). The recent increase in the operating grant will help fund maintenance but it will not be enough to meet the MMF benchmark of 1%. Meanwhile, the annual general capital grant to SQ has remained steady for 10 years during a period of asset portfolio expansion, which has significantly restricted SQ's ability to undertake minor capital replacement and enhancement at its venues.

Community assets such as Sleeman Sports Complex and Queensland Sport and Athletics Centre have incurred additional operating and maintenance costs due to additional facilities being built at the venues. There has not been corresponding annual uplifts in operating funding to meet these additional liabilities.

Assuming the proposed forecast major capital expenditure provided to the Taskforce is successfully funded, the maintenance to ARV ratio is forecast to decline from 0.83% in FY18 to 0.62% in FY23. This signals forecast maintenance expense to FY23 (growing at 3.1% per annum) is not keeping pace with the forecast total capital program, which is increasing the portfolio's ARV.

It is understood that SQ considers maintenance prioritisation against funds and resources available in each financial year. Maintenance works are deferred by SQ if there is insufficient funds available as long as it does not impact risk, compliance and workplace health and safety. SQ undertakes a maintenance assessment process that considers the types of maintenance actions necessary to maintain an asset or restore an asset to the specified condition level. The SQ maintenance prioritisation process is based on an assessment of risk and appears to be comprehensive and in line with the MMF.



*New Zealand vs Kenya, Women's Rugby Sevens,
2018 Gold Coast Commonwealth Games, Cbus Super Stadium
© Getty Images for GOLDOC*

Finding 9.7

Stadiums Queensland's maintenance program appears risk based, comprehensive and in line with the Maintenance Management Framework.

Funds available after fixed costs (eg employee costs, rates and utilities) appears to be the main driver for the quantum of maintenance and capital works expenditure. Unplanned maintenance represents over 50% of maintenance spending at some venues. This could be symptomatic of funding constraints to maintain the portfolio. The average condition rating of SQ's portfolio has decreased since 2010 with the Gabba showing the largest fall.

SQ is not funded to undertake major capital expenses or improvements. For example the construction of the new North Queensland Stadium was commenced by the Department of State Development Manufacturing, Infrastructure and Planning.

Finding 9.8

Stadiums Queensland is not funded to undertake large capital works projects or planning activities.

SQ's 20 year forecast model provided to the Taskforce for this Final Report has identified forecast capital works. Inputs have been largely sourced from quantity surveyor and engineering reports, with the list being aspirational and financial costings should be considered early stage estimates. SQ have assumed that all major capital expenditure (new and major upgrade capital expenditure) is funded by external sources, with special purpose capital grants matching major capital expenditure over the forecast period. As SQ currently do not generate a return of capital (depreciation) this is in accordance with SQ's operating model and how it interacts with Government.

The State Government has spent over \$800 million on new or redeveloped stadium facilities since FY03, representing 75% of the total capital required. A mix of Commonwealth, council and private capital has funded the remainder.

Finding 9.9

Stadiums Queensland has previously funded some minor capital enhancements to stadiums from within their portfolio operating and capital grants. As a result of the increasing asset portfolio and static grants, it is not sustainable for Stadiums Queensland to adequately maintain the existing assets and undertake minor capital enhancement works.

This Final Report identifies that the Queensland Government has already significantly invested in the SQ asset portfolio, but needs to continue and increase its ongoing commitments through operating and capital grant funding to retain existing content, help support the attraction of new events and prolong the life of the asset base. The financial analysis has demonstrated that SQ is currently restricted in its ability to act in a proactive manner when it comes to ensuring the asset portfolio remains modern and fit-for-purpose to contemporary expectations. Based on its current operating position, SQ needs to focus its resources on the maintenance of its venues, with the more costly funding for capital venue enhancements to be broadly the responsibility of Government.

Recommendation 9.5

The focus of Stadiums Queensland from an asset maintenance, replacement and enhancement perspective should be on planned and unplanned maintenance as well as minor capital works (replacement and enhancement) for individual projects less than \$3 million. Government should be responsible for funding capital works for individual projects greater than \$3 million and major redevelopment works.

Recommendation 9.6

Stadiums Queensland should develop a 10 to 20 year capital enhancement and replacement plan which categorises capital and maintenance expenditure as planned maintenance, unplanned maintenance, minor capital works less than \$3 million, minor capital works greater than \$3 million and major capital enhancement works to increase transparency and clarity around Stadiums Queensland's capital expenditure. This will help to inform strategy about resource allocation and future maintenance and capital expenditure investment decisions by Government.

9.4 Food and Drink Prices

The cost of food and drinks at SQ venues has been raised by a number of hirers as impacting on the affordability of people attending stadium events in Queensland. The price of food and beverages in SQ venues is set annually by SQ.

The Stadium Taskforce is aware of annual analysis undertaken by independent experts on behalf of SQ to benchmark food and beverage prices against other entertainment venues and against interstate stadiums.

Finding 9.10

Food and beverage prices at Stadiums Queensland venues are reviewed annually by independent experts utilising benchmarking against other venues across Australia and noting local CPI changes.

Product	Stadiums Queensland	Interstate Stadiums			Other Comparable Locations Theme Parks, Cinemas and Airports		
	Average Product Price	Average Product Price	Average SQ Product Price Difference	Average SQ Product % Difference	Average Product Price	Average SQ Product Price Difference	Average SQ Product % Difference
Hot Chips	\$5.83	\$6.30	-\$0.47	-7%	\$8.59	-\$2.76	-32%
Pie	\$5.30	\$5.53	-\$0.23	-4%	\$8.00	-\$2.70	-34%
Fish & Chips	\$10.78	\$12.40	-\$1.62	-13%	\$14.59	-\$3.81	-26%
Hot/Super Dog	\$5.85	\$6.63	-\$0.78	-12%	\$8.37	-\$2.52	-30%
Beer Cup 425ml (mid strength)	\$8.05	\$8.73	-\$0.68	-8%	\$8.60	-\$0.55	-6%
Soft Drink PET 600ml	\$5.30	\$5.85	-\$0.55	-9%	\$5.15	\$0.15	3%
Magnum Ice Cream	\$5.43	\$5.75	-\$0.32	-6%	\$5.24	\$0.19	4%
Bottled Water	\$4.75	\$4.83	-\$0.08	-2%	\$4.74	\$0.01	0%

Table 9.2: Average Food and Beverage Price Comparison

Source: Independent analysis supplied by Stadiums Queensland undertaken by PSE Pty Ltd

SQ has engaged an independent expert to undertake a comparison of the price of food and beverage products between SQ venues, a range of interstate stadiums and other comparable facilities including theme parks, cinemas and airports. The SQ venues that have been included for comparison are the Gabba, Suncorp Stadium, Cbus Super Stadium and 1300SMILES Stadium. The interstate stadiums that have been included for comparison are Marvel Stadium, Adelaide Oval, Optus Stadium and Allianz Stadium/Sydney Cricket Ground. The other comparable locations that have been included for comparison are Dream World, Movie World, Sea World, Village Cinemas, Hoyts Cinemas, Melbourne Airport and Brisbane Airport.

Based on Table 9.2 it can be seen that SQ has on average cheaper food and beverages than other interstate stadiums, with the range of saving between 2% and 13%. In comparison to the other comparable locations, including theme parks, cinemas and airports, SQ average food prices are substantially cheaper by at least 26% and up to as much as 34% cheaper.

SQ venues on average have cheaper beer in comparison to interstate stadiums and other comparable locations including theme parks, cinemas and airports. Note that Marvel Stadium and the theme parks did have individual prices cheaper than the SQ average price.

It should be noted that there can be variation in the portion sizes between venues for similar products and not all venues offered similar products. Further it is noted that many of the other comparable locations offered meal deals of combos that may reduce the overall cost of individual products.

Based on the analysis of Table 9.2, it could be reasonably argued that the average price of food and beverages at SQ venues are competitive with other stadiums in Australia and other comparable locations including theme parks, cinemas and airports.

The Taskforce is aware of the pricing decisions that have been made by the AFL at the Melbourne Cricket Ground to reduce the price of food and non-alcohol beverages. The Melbourne Cricket Ground was not one of the interstate stadium that were included in the comparison in Table 9.2. Based on a number of products that are comparable between SQ venues and the Melbourne Cricket Ground discounted products, it appears that the price different is between \$0.90 (soft drink) and \$1.63 (hot chips). According to media releases from the Melbourne Cricket Ground, the cost of discounting these food and non-alcohol products is costing approximately \$2.5 million per year.

The cost of food and beverages inside SQ venues are high compared to the cost of similar products outside of the venues. Profits from food and beverage sales are typically shared between the caterer, venue owner and venue hirer. The ability to attract strong margins on food and beverage products inside the stadium are attractive to the venue owner and venue hirer because of the profits that can be achieved. These profits, from a venue manager perspective, mean the venue hire fees can be lower. From a venue hirer perspective, the additional income can be used to improve the fan experience, reduce ticket prices or invest in other parts of their business.

Finding 9.11

The average price of food and beverages at Stadiums Queensland venues are competitive with other stadiums in Australia and other comparable locations including theme parks, cinemas and airports.

Finding 9.12

Profits from food and beverage are typically distributed between the caterer, venue manager and venue hirer, this creates a strong incentive to maintain reasonable margins on food and beverage products at Stadiums Queensland venues. Reducing the price of food and beverages at Stadiums Queensland venues would reduce income for the caterer, venue manager and venue hirer.

Variety of Product

A competitive open tender process is undertaken by SQ to determine who will provide food and beverage products and services at SQ venues. A number of long term contractual arrangements have been entered into by SQ for the supply of food and beverages at SQ venues. The Taskforce welcomes the recent development by food and beverage suppliers at Suncorp Stadium to increase the variety of food and beverage options that are being offered to patrons through the use of concession stands at the Northern entry plaza. The Taskforce encourages increasing competition for the supply of food and beverages within SQ venues as a way of improving the variety of affordable food and beverages for patrons. Any changes to the existing food and beverage supply contracts could impact on SQ income and may only be achievable at the end of existing contracts.

Finding 9.13

Stadiums Queensland stadiums provide limited healthy option foods.

Pourage Rights

An issue that has been raised with the Taskforce is in regard to competition for pourage rights for one-off events at SQ venues. Contracts are in place for the supply of alcoholic beverages at a venue level. Typically this supplier will install and maintain fridges, beer supply lines and other infrastructure at their own cost.

Under some contracts, the venue hirer retains the rights to select the alcoholic beverage supplier. In these circumstances, the selected supplier, if different from the venue contract supplier, would be required to use the facilities developed and equipment installed under the venue level contract. The venue level contract has provisions allowing for others to use these facilities, by making a payment to the venue level contractor. The venue level contractor appears to be in a market dominant position for retaining the pourage rights, even where these rights are not covered under the venue level contract (ie one-off events), because they can charge a fee to their competitors to use their facilities. It is unclear how these fees are calculated which has the potential to create barriers for competition.

Recommendation 9.7

Stadiums Queensland to explore with the current suppliers of food and beverages, ways to increase the variety of affordable food and beverages at Stadiums Queensland venues. For example, increasing the number of subcontractors and smaller mobile operators within the Stadiums Queensland venues.

Recommendation 9.8

Stadiums Queensland initiate a trial of healthy food and beverage options to assess customer take up and benefits.

Recommendation 9.9

Stadiums Queensland undertake regular analysis to ensure that fees, charged by venue level contract holders for pourage rights, are transparent and fair and that they do not create an inappropriate barrier to competition where hirers have the rights to select alcoholic beverage suppliers under their hire agreement.



10.0

Future Needs

10.0 Future Needs

Requests of the Queensland Government for financial support to develop new or improve existing, large sporting venues and stadiums, are frequent and come from local governments, sporting clubs and bodies, federal government and State agencies, including SQ.

The State should consider adopting a stadium decision making framework to guide and inform future investment in major sports facilities and venues.

10.1 Needs Assessment

Consideration of State support for major sports facilities should commence with an assessment of the need. This includes an assessment of existing capacity of SQ venues to meet potential demand as well as the likelihood of new content entering the Queensland market.

Capacity at SQ Venues

The Taskforce assessed each of the SQ venues for unused capacity and any service gaps in the SQ provision of venues.

Venue	Assessment of Existing Use	Anchor Tenants	Potential Existing Capacity
Suncorp Stadium (Brisbane)	Three anchor tenants (2 winter, 1 summer) plus regular one-off major sporting events Frequent concert use	Brisbane Broncos Queensland Reds Brisbane Roar	Capacity for at least 1 additional anchor tenant Capacity for more one-off events
The Gabba (Brisbane)	Year round use through AFL (winter) and cricket (summer) Venue now used for concerts	Cricket Australia Brisbane Heat Brisbane Lions	Capacity for additional anchor tenants Capacity for more one-off events
Cbus Super Stadium (Gold Coast)	Single tenant venue Low concert use and low one-off sporting event use	Gold Coast Titans	Capacity for additional anchor tenants Capacity for more one-off events
Metricon Stadium (Gold Coast)	Single tenant venue Low concert use and low one-off sporting event use Cricket commencing at venue	Gold Coast Suns	Capacity for additional anchor tenants Capacity for more one-off events
1300SMILES Stadium / North Queensland Stadium (Townsville)	Single tenant venue Low concert use and low one-off sporting event use	North Queensland Cowboys	Capacity for additional anchor tenants Capacity for more one-off events



Venue	Assessment of Existing Use	Anchor Tenants	Potential Existing Capacity
Brisbane Entertainment Centre (Brisbane)	High level of fit-for-purpose use Event size restricted by venue	Various sporting organisations and entertainment events	Small capacity for additional events
Queensland Tennis Centre (Brisbane)	Annual major event and regular one-off major tennis events High-level of community use	Brisbane International	Capacity for additional tennis and non-tennis events
Queensland Sport and Athletics Centre (Brisbane)	High-level of community and elite athlete use Low concert use and low one-off sporting events use (main stadium)	Various sporting and community organisations	Capacity for more one-off events
Sleeman Sports Complex (Brisbane)	High-level of community and elite athlete use Vacant land for future facility development	Various sporting and community organisations	Capacity for additional purpose-built sport facilities to be constructed

Table 10.1: Assessment of Unused Capacity at SQ Venues

Source: Stadiums Queensland Data

The Taskforce has identified existing capacity across the SQ portfolio, specifically in its stadium assets, for additional long-term and one-off content. Therefore, Queensland is well placed to accommodate any requests or opportunities for additional major events through the SQ portfolio as it has available capacity in the heavily populated south east Queensland and north Queensland catchment areas.

The assessment in Table 10.1 above shows that the five stadiums all have capacity to host additional content. Suncorp Stadium can likely only support one additional anchor tenant. Two or more anchor tenants may result in deterioration of the playing surface. This is less of an issue at venues such as the Melbourne Cricket Ground, for while it hosts 50 AFL matches per annum, the playing surface does not have to be regularly maintained to a standard suitable for football (soccer). The regionally based stadium at the Gold Coast and Townsville are single-tenanted venues that have the capacity for additional tenants and one-off major events.

All SQ venues, except for the Brisbane Entertainment Centre, have strong capacity to host additional content. The Brisbane Entertainment Centre is restricted in hosting some larger events due to the size of the venue. Sleeman Sports Complex has capacity in available land for use for future facility developments such as the recent Anna Meares Velodrome. The Queensland Tennis Centre is well utilised, but its Pat Rafter Arena facility has capacity to host more events, subject to development agreement restrictions on the hosting of non-tennis events at that venue. Queensland Sport and Athletics Centre is heavily utilised from a community use and athlete development perspective, but its main stadium has capacity to host additional one-off major entertainment or sporting events.

Finding 10.1

The five major stadium assets within the Stadiums Queensland venue portfolio have more than adequate capacity to host additional regular and one-off major event content.

Finding 10.2

Capacity exists at Suncorp Stadium for at least one additional anchor tenant. However, multiple new anchor tenants may impact the high presentation standards of the stadium such as the quality of the playing surface.

Need for New Venues

As the SQ capacity assessment identified, there are two categories of potential content that will dictate the need for new venues in Queensland – regular content (anchor tenants) and one-off major events (sporting events and concerts).

There have been numerous recent public statements of interest for new Queensland-based teams to be added to expanded national competitions, including:

- » Cairns / Papua New Guinea NRL franchise,
- » Central Queensland NRL franchise,
- » Second Brisbane / Ipswich / Logan NRL franchise,
- » Second A-League franchise in Brisbane,
- » Gold Coast-based Big Bash League franchise, and
- » North Queensland-based (Cairns and Townsville) Big Bash League franchise.

The Taskforce understands that expansion of national leagues is something the governing bodies are always considering but appear reluctant to progress in the near future. The known interest in new franchises does not equate to a need for new stadiums in Queensland for the following reasons:

- » any greater Brisbane region or Gold Coast-based franchise seeking to play at a rectangular venue would be able to be based at Suncorp Stadium or Cbus Super Stadium,
- » any Gold Coast-based Big Bash League side would be able to be accommodated at Metricon Stadium, and
- » any other franchises would be able to play at existing local venues with appropriate bump in facilities based on anticipated crowds.

Finding 10.3

There is no immediate need for the development of any new build stadium in Queensland because there is existing capacity in the current suite of stadiums.

This is further supported by previous analysis presented in Section 3, for example, Queensland is the only State Government in Australia that owns three regionally-based Tier 2 stadiums, so has an existing provision of stadiums that is more spread across the state than other jurisdictions.

Recommended changes to the way the State approaches the attraction of major events to Queensland will support regional centres that do not have an SQ venue including Cairns, Mackay, Rockhampton, Gladstone, Bundaberg, Fraser Coast, Sunshine Coast and Toowoomba. Bringing major event content to these regional venues on an annual basis may reduce community interest in attracting additional national franchises to regional communities and the associated significant capital and operating expenses.

The finding that there is no current or foreseeable need for new stadiums in Queensland is reliant upon existing capacity within the current SQ portfolio being able to deliver new content requirements. This relies on the portfolio continuing to be fit for purpose and improved to meet market demands and community expectations. The priority for the State should be to focus on the existing SQ portfolio as opposed to the construction of new venues. The most effective way to deliver this into the future is to implement strategies that will maximise the use of the existing venues and extend their remaining useful life.

Recommendation 10.1

The Queensland Government should prioritise the attraction of semi-regular, one-off major event content to regional centres in Queensland that do not have Stadiums Queensland venues as a method of providing these regions with content without having to construct new stadium assets associated with additional national franchises.

Recommendation 10.2

The Queensland Government adopt a policy decision to prioritise the maintenance and enhancement and to maximise the use of existing stadiums in Queensland rather than build new stadium facilities.

10.2 Maximise Useful Life of Existing Stadiums Queensland Portfolio

The SQ venue portfolio contains ageing venues and there will be need to undertake asset replacement and enhancement works on some assets to ensure they remain fit for purpose, are relevant on the national / international stage and to have their useful life maximised. Without significant replacement and enhancement, the estimated remaining useful life of the SQ asset portfolio is shown in Table 10.2 below.

Venue	Remaining useful life (years)
Suncorp Stadium	18.1
Cbus Super Stadium	21.7
1300SMILES Stadium	14.8
Queensland Tennis Centre	20.3
Sleeman Sports Complex	9.9
The Gabba	11.6
Metricon Stadium	25.7
Brisbane Entertainment Centre	9.9
Queensland Sport and Athletics Centre	11.1

Table 10.2: Estimated Remaining Useful Life of Stadiums Queensland Venues, without enhancement

Source: Stadiums Queensland Data

As Table 10.2 shows, the SQ asset portfolio will be usable as major sporting venues for years to come. However, there is a point at which public and event hirer expectations are not met, particularly as assets reach the later stages of their life.

Only the Brisbane Entertainment Centre and Sleeman Sports Complex having remaining useful life under 10 years. Sleeman Sports Complex is a multi-purpose venue with multiple independent facilities located on site. As the oldest facilities are progressively updated, the remaining useful life of the venue will increase. The feasibility of a Brisbane-CBD located Brisbane Entertainment Centre replacement is currently being investigated by the State. Similarly, there are two venues with 11 years of useful life left – the Gabba and Queensland Sport and Athletics Centre. The Gabba is currently the subject of discussions regarding potential upgrades inside and outside the venue as part of the Cross River Rail project and these works would significantly increase the life of the asset. Queensland Sport and Athletics Centre currently has the new Queensland State Netball Centre facility scheduled to open in early 2019 and has recently replaced and upgraded the two synthetic athletic tracks at the venue. The Queensland Academy of Sport is based at the Queensland Sport and Athletics Centre within the western grandstand built in the 1970s ahead of the 1982 Commonwealth Games.

Finding 10.4

There is significant potential for the existing Stadiums Queensland venue portfolio to remain relevant and useful for the next 20 years in Queensland subject to moderate mid-lifecycle capital investment.

To estimate the capital enhancements required to maximise the use of SQ venues for the next 20 years and beyond, a high level forecast capital expenditure profile was utilised which helped the Taskforce assess proposed major investment into the SQ portfolio over the next two decades. While at a conceptual stage, the size of the investment identified is significant.

Despite this, there are strong community expectations that all of the events and SQ venues currently in Queensland will continue into the future. The capital investment required to keep the existing asset portfolio relevant and extend the life of the assets, through strategies such as mid lifecycle refurbishment, is likely to be significantly cheaper for the taxpayer than building new venues to replace the assets as their current useful life expires.

Finding 10.5

The capital investment proposed to extend the life of existing stadiums is likely to be significantly cheaper than the option of building new venues to replace the assets as their useful life expires.

Maximising the useful life of the SQ venue portfolio through mid-lifecycle capital investments will enhance SQ's ability to deliver the three intended benefits the SQ portfolio offers Queensland, which is to deliver major events, to provide participation opportunities in sport and recreation activities and to support the development of Queensland's elite athletes.

Finding 10.6

Investing in capital improvements of stadiums increases the ability to attract and retain events in Queensland, increase community participation opportunities and improve the development of elite athletes in Queensland.

Over the past 10 years SQ capital grants have remained steady. As a result, SQ has focused the bulk of its available budgets on maintaining the venues to ensure safety and continued operation. It is important that any future focus on capital enhancement should not come at the detriment of the existing maintenance regime or budgets. This focus on maintenance has constrained SQ's ability to undertake asset enhancement activities.

As previously discussed in Section 9.3, to best support the SQ portfolio deliver its objectives into the future, there needs to be a clear delineation between the role of SQ to fund planned and unplanned maintenance and minor capital works (up to \$3 million project value) of its assets.

To assist the State in planning for minor capital works and major capital works, the Taskforce recommends SQ be required to submit annual planned capital works updates to Government as part of the budget development processes.

Based on the annual capital updates, the Queensland Government will be well placed to plan and prepare for necessary funding of improvements to its major sporting venue portfolio to maximise its useful life and retain its relevance nationally.

Recommendation 10.3

Stadiums Queensland be required to submit a stand-alone, annual forward planning update to government well ahead of the annual budget process that details their rolling 10 to 20 year capital enhancement and replacement plan which includes short-term and long-term capital works estimates for the Stadiums Queensland venue portfolio.

10.3 Maximise Use of Existing Stadiums Queensland Portfolio

Section 10.1 identifies it would be cheaper and more efficient for the State to extend the useful life of the existing venue portfolio, rather than develop new or additional assets. In order to maximise the return on past investment, there is a need to maximise the utilisation of the SQ venue portfolio.

Many SQ venues have potential capacity to increase their overall utilisation, whether it be the hosting of additional sporting franchises, additional one-off major events or increased community usage.

Additional anchor tenants

As previously identified in Section 10.1, there is existing capacity in SQ's stadium assets to accommodate regular, seasonal hirers such as new NRL, A-League, AFL or Big Bash League franchises. Any new national league franchises that commence in the Brisbane, Gold Coast or Townsville regions, provided their sport fits the configuration of the existing SQ venues, should be based at SQ venues. The State should not consider the development of new venues within these catchment areas whilst there is capacity to accommodate major sporting events at existing SQ venues.

One-Off Major Events

One-off major events are concerts and ad-hoc major sporting event such as State of Origin, Wallabies tests, international cricket matches and World Cup matches in various sports.

All of SQ stadium assets (including the main stadium at the Queensland Sport and Athletics Centre) are capable of hosting concert events. Due to the cost of bumping in all stage and sound equipment necessary for these events, capital city locations are more likely to attract events than regional locations. Similarly, one-off major sporting events are more likely to be held at the Gabba and Suncorp Stadium due to the larger capacity of these venues with an increased financial return to the hirer. The Taskforce has identified that all of SQ's stadium assets have the immediate capacity to host additional one-off major events.

The Taskforce understands there is an increasing prevalence of competition between states to attract and retain these one-off major events, particularly sporting events, through either a commitment to increased capital funding of infrastructure or through an agreement with state tourism and event attraction entities to incentivise event promoters for the rights to host an event. Queensland is not currently as competitive in these activities. However the Taskforce has recommended methods through which the State can increase its potential in this area, including introducing an enhanced coordinated approach to major event attraction as described in Section 8.

Finding 10.7

All Stadiums Queensland venues have the capacity to host additional one-off major events. A competitive and coordinated event attraction strategy is key to increasing the number of major events at Stadiums Queensland venues.

Event Content and Venue Enhancements

Investments in significant sporting infrastructure across Australia have increasingly been tied to the securing of confirmed event content for the upgraded or new asset, as the following examples demonstrate:

- » **Melbourne Cricket Ground** – the AFL Grand Final will be played at the venue until 2057 in return for \$500 million in State funding towards AFL, which included upgrades to six local/regional AFL facilities, rebuild of the Melbourne Cricket Ground Southern Stand within the next 10 years and \$225 million investment in the AFL-owned Marvel Stadium and the surrounding Docklands precinct. (AFL media release 12 April 2018)
- » **Sydney stadiums** – while there is much ongoing public debate about the merits and final design of the proposed Sydney stadium redevelopments, the original NSW Government plan was to spend up to \$1.5 billion on redevelopment of Alliance Stadium, ANZ Stadium and Parramatta Stadium in return for the NRL Grand Final to remain in Sydney until 2042. (NRL media release 29 March 2018)

If the State were to give consideration to a significant capital enhancement to an existing stadium, or development of a new stadium, there should be consideration of any additional content guaranteed for the venue. Ideally additional content should be over and above what the anchor tenants would be expected to normally play at the venue and it should also protect any existing events from being poached by other States for example, retaining State of Origin matches.

Community Use of Stadiums and Venues

SQ already has in place standard fees and charges for the use and hire of all of its venues, which includes the stadium assets. SQ also has policies that provide concessional access and hire rates for community groups to use the stadiums and facilities. Community and not for profit groups may not be aware of the concessional access that is available.

Finding 10.8

Stadiums Queensland has standard fees and charges and policies that allow for concessional access and hire rates for community groups, however, community organisations are not necessarily aware of the ability to hire stadiums in Queensland.

Recommendation 10.4

Any significant capital works commitments to stadiums in Queensland should consider commitments from key sports for the securing of new and additional content to the venue, which does not cannibalise content at existing Stadiums Queensland venues.

It is important to note that stadiums exist primarily to allow the conduct of major sporting events, as there are a limited number of venues Australia wide that can accommodate these events. To ensure these events can be held, the stadiums need to meet strict standards that would typically be over and above what community users would require, for example the size of venue, levels of maintenance and the quality of playing surface. The MSF Act requires SQ to act commercially, which as a result sees commercial activity given preference. SQ manages to a hierarchy of use of SQ's stadium assets with international and national events being granted priority of use over regional, local and community use where a conflict exists.

Finding 10.9

The *Major Sports Facilities Act 2001* requires Stadiums Queensland to act commercially, as such, commercial activities are seen by Stadiums Queensland as being the priority for venue use over other uses, including community access.

International and national events are usually scheduled at least six to 12 months prior to the event, which allows for other users to be aware of potential windows of available use of the venue. Each of these has various continual processes, such as playing surface, amenities or accessibility maintenance being carried out in support of major events that may not allow concurrent use of the venue by community or other groups.

In support of SQ's existing access policies and community fees and charges, there needs to be an elevated public awareness of the potential use of SQ assets by community and other groups. SQ needs to implement a strategy that identifies accurate windows of usage availability, details the process through which venue hire can be sought and advertises these items more extensively than it does currently through low-cost means that might meet potential users. The Taskforce's intent is not to disrupt SQ's major event preparation, but to emphasise the importance of promoting and reporting on community use of its venues and the positive benefits that will be derived by the community, users, SQ and the State in achieving this.

Recommendation 10.5

Stadiums Queensland to identify a minimum of 10 days per annum in which each of its main stadium assets are available for hire by community organisations at concessional rates and Stadiums Queensland should promote this as a new opportunity to the wider public.

Recommendation 10.6

An annual benchmark for the number of community uses of Stadiums Queensland stadium assets be established and reported against in the Stadiums Queensland annual report.

10.4 Stadium Decision Making Framework for Government

Despite the Taskforce's finding that there is no current need for the development of new major sports facilities in Queensland, it is anticipated that there will still be requests for significant capital investment for major sporting venues. Decisions regarding future major investments should be made well in advance of the end of useful life of venues which is on average 16 years from now.

The Taskforce recommends the State consider adopting a stadium decision making framework to guide and inform future investment in major sports facilities, stadiums and venues. The stadium decision making framework may include the following components:

- » **Venue Scorecard Assessment** – to compare the functionality and potential of venues
- » **Venue Investment Criteria** – to assess the value of investing in venues
- » **Venue Responsibility Matrix** – to determine categories of venues the State has responsibility for.

The stadium decision making framework would assist with the consistent decision making approach to the assessment of future stadium investment proposals.

Recommendation 10.7

The Queensland Government consider adopting a stadium decision making framework to inform future investment in stadiums and major sports facilities.

Venue Scorecard Assessment

The Taskforce developed a venue scorecard to enable direct measurement and comparison of venues based on eight criteria in order to measure the relative “functionality” of venues. The scorecard framework was developed based on consultation with SQ and hirers and the experience of the Taskforce team and was designed to apply to rectangular and oval stadium infrastructure in Queensland. Full details of the scorecard approach is contained within the Interim Report (Appendix 1).

Criteria		Description
1	Utilisation	This criteria refers to the utilisation level of the venue, measured by the number of event days and the number of hirers.
2	Capacity	This criteria refers to the capacity of the venue relative to the average attendances of the events held at the venue.
3	Catchment	This criteria refers to the size of the catchment of the venue, being considered at both an absolute level and also relative to the capacity (i.e. number of seats) of the venue.
4	Quality	This criteria refers to the quality and availability of facilities at the venue including premium seating, food and beverage offerings, technology, proximity to the field of play, sight lines, player facilities, turf, media and broadcasting facilities, etc.
5	Economic contribution	This criteria refers to the contribution of the venue to the economic activity within the State and also the region in which it is located.
6	Financial viability	This criteria refers to the overall financial performance of the venue.
7	Transport connectivity	This criteria refers to the availability and adequacy of transport accessibility (private and public) to the venue.
8	Location	This criteria refers to the location of the venue relative to other hospitality and entertainment precincts for pre and post-game entertainment / activities.

Table 10.3: Venue Scorecard Criteria

In assessing venues against the criteria, each venue is given a rating of between 1 and 3 with 3 representing the highest score and 1 representing the lowest score. The maximum score for a venue is 10 with weightings applied to indicate the relative importance of each criteria. All criteria were weighted 10% except for utilisation and quality which were allocated weightings of 20%.

Criteria	Weight	Suncorp Stadium (Tier 1)	The Gabba (Tier 1)	Cbus Super Stadium (Tier 2)	Metricon Stadium (Tier 2)	1300SMILES Stadium (Tier 2)	Tier 1 Avg.	Tier 2 Avg.
Utilisation	20%	3	3	2	2	1	3.0	1.7
Capacity	10%	2	2	2	2	3	2.0	2.3
Catchment	10%	3	3	2	2	1	3.0	1.7
Quality	20%	2	1	3	3	1	1.5	2.3
Economic contribution	10%	3	3	2	1	1	3.0	1.0
Financial viability	10%	3	2	1	2	1	2.5	1.3
Transport connectivity	10%	3	3	1	1	2	3.0	1.3
Location	10%	3	2	2	1	1	2.5	1.3
Raw score	na	22	19	15	14	11	20.5	13.0
Weighted score	100%	9.0	7.7	6.7	6.3	4.3	8.3	5.6

Table 10.4: Summary of Stadiums Queensland Venue Scorecard Assessment

Source: Stadiums Queensland Data

Table 10.4 above represents how SQ's stadium assets performed against the scorecard framework. Suncorp Stadium recorded the highest raw and weighted scores of all SQ venues (22 out of 24 and 9.0 out of 10 respectively). 1300SMILES Stadium recorded the lowest raw and weighted scores (11 out of 24 and 4.3 out of 10 respectively), followed by Metricon Stadium (14 out of 24 and 6.3 out of 10 respectively).

The scorecard framework suggests those venues with low weighted scores (1300SMILES Stadium, Metricon Stadium and Cbus Super Stadium) have relative functional issues that may restrict the current and future “performance” of the venue.

The venue with the clear highest score, Suncorp Stadium, is the premier rectangular venue in Australia and based on the scorecard approach, would indicate there is less concern on the horizon about this venue’s future. This presents a potentially different decision making consideration for Government based not only on functionality but comparatively against venues in Australia as other states increase their investment in rectangular stadiums.

Finding 10.10

A venues scorecard approach is a robust method of measuring and comparing the relative functionality of stadium assets and should be included in any stadium decision making framework of the Queensland Government.

Investment Criteria

The Taskforce has developed a set of proposed criteria to guide future investment into Queensland’s stadium / venue portfolio. For clarity, the purpose of this stadium decision making framework is to guide significant investment decisions such as whether to undertake a major refurbishment, to significantly improve a venue, to replace a venue or to construct a new venue. It is not designed to be used to inform normal lifecycle capital replacement and maintenance activities throughout the venue’s economic useful life.

The investment criteria seeks to ensure the optimisation of performance of existing venues and to avoid investment that may hinder the performance of the existing SQ portfolio, which has already incurred significant State capital and operational investment commitments.

The proposed investment criteria includes stadium specific criteria as well as general major sports facility criteria. It also includes criteria for new venues as well as criteria for investment into existing venues.

Venue	Investment Criteria
New Stadium	<p>Investment should only be considered:</p> <ul style="list-style-type: none"> » Tier 1 raw score of at least 21 with a minimum score of 2 for each criteria. » Tier 2 raw score of at least 16 with a minimum score of 2 for each criteria. » if any increase in event days and / or hirers cannot be reasonably accommodated. » no net negative impact on the existing stadium utilisation. » certainty of the future event calendar / demand. » if appropriate funding is also made available for ongoing lifecycle capital requirements. » supported by a documented business case, including consideration of social and economic benefits and investigation of alternative funding mechanisms.
Existing Stadium	<p>Investment should only be considered:</p> <ul style="list-style-type: none"> » if it will result in generating an improved venue scorecard. » if it is the result of a facility (or sub-component of a facility): <ul style="list-style-type: none"> – not meeting relevant standards and not being in a fit for purpose condition, – being at the end of its useful life, or – having significant deficiencies as identified by the venue scorecard. » if there is certainty of the future event calendar / demand. » if appropriate funding is also made available for ongoing lifecycle capital requirements. » supported by a documented business case, including consideration of social and economic benefits and investigation of alternative funding mechanisms.
New Major Sports Facility	<p>Investment should only be considered:</p> <ul style="list-style-type: none"> » if any increase in event demand cannot be reasonably accommodated. » no net negative impact on the existing venue utilisation. » certainty of the future event calendar / demand. » if appropriate funding is also made available for ongoing operating and lifecycle capital requirements. » supported by a documented business case, including consideration of social and economic benefits and investigation of alternative funding mechanisms.
Existing Major Sports Facility	<p>Investment should only be considered:</p> <ul style="list-style-type: none"> » if it is the result of a facility (or sub-component of a facility): <ul style="list-style-type: none"> – not meeting relevant standards and not being in a fit for purpose condition, – being at the end of its useful life, or – having significant deficiencies e.g. quality of facilities. » certainty of the future event calendar / demand. » if appropriate funding is also made available for ongoing operating and lifecycle capital requirements. » supported by a documented business case, including consideration of social and economic benefits and investigation of alternative funding mechanisms.

Table 10.5: Summary of Stadiums Queensland Venue Scorecard Assessment

Finding 10.11

The application of a stadium investment criteria, similar to the investment criteria outlined in this report, is a robust mechanism for evaluating and prioritising stadium and venue investment opportunities and should be considered by the Queensland Government.

Venue Responsibilities Matrix

The third component of a decision making framework needs to help determine what type and level of facility the State should have.

All venues that deal with sporting events and participation in Queensland are able to be categorised into broad groups according to the type and nature of the facility:

- » stadiums,
- » indoor sport / entertainment centres, and
- » participation venues.

It is important to categorise facilities into the broad groupings as a first step so that comparisons of venues in Queensland for investment purposes are made between similar-type venues. Within each category of asset type, venues can then be further separated into Tiers which can be used to describe the differences in scope, scale, complexity, usage, profile and standard of venues within each asset category.

Appendix 3 is a Venue Responsibilities Matrix that categorises assets by type and by scale and shows the land owner and operator of the venues. Appendix 3 shows there are clear differences moving through the Tiers of venues. For example, Tier 1 venues across all three categories are generally large, well maintained, international standard, iconic venues capable of hosting high profile events and large numbers of patrons/users, whereas Tier 4 venues could be generalised as being small, community venues serving local areas.

In regards to the SQ portfolio of assets, all SQ venues are identified as being either Tier 1 or 2 in the stadium and indoor sport / entertainment centres categories and Tier 1 in the participation facility category. What this implies is that SQ is responsible for the majority of those venues in Queensland that are large, complex, iconic and host large scale events.

Finding 10.12

Sporting venues in Queensland can be categorised and placed into Tiers to enable the State to consider its support of different types and scale of major sporting venues through a venues responsibilities matrix approach. This categorisation and Tier approach could be adopted by the wider sporting sector in Queensland as a way of communicating consistently with the Queensland Government regarding sporting venue support and should be considered for inclusion in any stadium decision making framework of the Queensland Government.

The identification of where SQ portfolio assets are located in the Tier matrix is an example of the subsequent analysis that the Tier categorisation of Queensland venues provides for, which is to identify the usual primary responsible entity for each Tier of venue.

Appendix 3 also provides the current ownership and operating responsibility for each Tier of facility across the three categories of assets. It also highlights those existing venues that are outliers to the venue responsibility matrix due to the current primary responsibility being held by an entity not typical of the rest of the Tier venues.

Finding 10.13

Under the Venues Responsibilities Matrix, Stadiums Queensland owns and operates Tier 1 and 2 stadiums, Tier 1 and 2 indoor sport / entertainment centres and Tier 1 participation venues, due to their nature, size and profile.

The combination of the Venue Responsibilities Matrix with the proposed investment criteria and the venue scorecard assessment approach provides the baseline for a stadium decision making framework that Government can utilise to guide and make decisions relating to support for major sports facilities.

11.0

Venue Specific Considerations

11.0 Venue Specific Considerations



North Queensland Cowboys vs Brisbane Broncos, Round 20
2013, 1300SMILES © Stadiums Queensland

11.1 1300SMILES Stadium

The 1300SMILES Stadium was transferred to SQ from the Willows Trust / Townsville City Council in 2004. The new North Queensland Stadium, currently under construction in Townsville, is scheduled to be operational prior to the start of the 2020 NRL season and is effectively a replacement of the ageing 1300SMILES Stadium. 1300SMILES Stadium will then become surplus to SQ requirements as a declared major sports facility at some stage between the end of the 2019 NRL season and the commencement of the 2020 season.

Artist's impression of stadium grandstand and field of play (July 2018)
© Department of Housing and Public Works

11.2 North Queensland Stadium

The new North Queensland Stadium is currently under construction and is scheduled to commence operations prior to the start of the 2020 NRL season. The stadium is being built as a replacement of the ageing 1300SMILES Stadium and has been planned to deliver event day operations superior to that of its predecessor, being located in the Townsville CBD near to existing hospitality precincts, incorporating public transport accessibility and being purpose built to modern standards.

The Taskforce's Interim Report (Appendix 1) considered issues relating to the commissioning of the new North Queensland Stadium and specifically identified that:

- » the transition to the new North Queensland Stadium will significantly impact venue operations, venue costs and venue related incomes, and
- » that service requirements for the new North Queensland Stadium including public transport, traffic management, policing and security continue to be considered as part of the design and construction of the stadium.



11.3 Suncorp Stadium

Suncorp Stadium is the premier rectangular stadium in Australia and has retained that status since its redevelopment in 2003, taking over from ANZ Stadium which itself had taken over that title since its development for the Sydney 2000 Olympic Games. However, the reputation of Suncorp Stadium is at risk from significant investment in rectangular stadiums in NSW which will occur over the next four years.

In order to remain competitive with the best new venues in the country, SQ will need to consider ways to enhance and refresh the venue over the coming decade and work closely with the Queensland Government to deliver this. The Taskforce understands the capacity is thought to be ideal from hirers who host sell-out events with the SQ hire agreement model enabling hirers to make significant revenue from the venue.

Improvements to Suncorp Stadium over time need to deliver better venue offerings. The logical location is the western stand. Redevelopment of this stand would significantly modernise the venue and elevate the corporate and premium seating offerings to a new level comparable with new southern venues. Technology within the venue could be improved as could other various amenities.

Finding 11.1

Suncorp Stadium will likely need mid-life capital improvements made to its infrastructure within the next five to 10 years in order for the venue to retain its status as the premier rectangular venue in Australia.



11.4 The Gabba

The Gabba was transferred to SQ from the Brisbane Cricket Ground Trust in 2001. The Gabba has been in the public spotlight, following the redevelopment of Adelaide Oval (\$535 million) and construction of Optus Stadium in Perth (\$1.4 billion). There is strong potential for opportunity for the Gabba in the near future, with the introduction of a Cross River Rail station immediately adjacent to the ground by 2023.

Finding 11.2

The introduction of a Cross River Rail station immediately adjacent to the Gabba will provide an unmatched opportunity to significantly improve accessibility and connectivity for the Gabba venue and precinct.

The Taskforce's Interim Report (Appendix 1) identified a number of recommendations to improve the viability and performance of the venue in the immediate future, while also to prepare and support potential opportunities that come with the introduction of the Cross River Rail precinct adjacent to the venue and potential stadium improvement works:

- » The government put out to tender the management rights for the Gabba if it is cost effective to do so, to be undertaken on the basis of no frontline job losses.
- » The naming rights for the Gabba be put out to tender, subject to retaining Gabba in the stadium name.
- » Fast track the consolidation of ownership of assets adjacent to the Gabba to provide a once off opportunity to develop a seamless major entry and activation point for the Gabba.
- » That land declared under the MSF Act may be used for commercial outcomes by SQ or leaseholders, where a compatible social or community benefit can be demonstrated.
- » Enhancements to the Gabba be made in conjunction with stadium access improvements delivered through the Cross River Rail project and any potential 2032 Olympic bid.
- » DTMR to upgrade all Traffic Management Plans to ensure consistency with the principles based Traffic Management Plan framework.

Recommendation 11.1

Any significant internal upgrade or improvement to the Gabba should be carefully considered by Stadiums Queensland and the Queensland Government in alignment with the proposed stadium decision making framework.



11.5 Metricon Stadium

Metricon Stadium is a regional, single tenant venue that has underlying issues relating to reduced public transport options and is unique within the SQ and Australian sporting landscape due to its management arrangements. The AFL holds a long-term lease for the asset that includes all maintenance, asset enhancement and asset replacement responsibilities. The Gold Coast Suns hold a sub-lease with the AFL for daily management rights for the venue.

The Taskforce's Interim Report (Appendix 1) recommended the Government undertake certain actions that will help reduce the costs currently imposed on the Gold Coast Suns for event day costs and annual asset replacement costs.

The Taskforce estimates if the Interim Report recommendations are implemented, the Suns will potentially benefit from an improvement in their annual position relating to the operation of Metricon Stadium of approximately \$830,000, comprising:

- » reduction in annual Asset Replacement contributions of approximately \$440,000,
- » potential to generate new revenue from commercial opportunities of approximately \$250,000 per annum, and
- » annual public transport levy savings from application of the cap of \$140,000.

Finding 11.3

The implementation of recommendations of the Interim Report of the Stadium Taskforce may save the Gold Coast Suns, as the appointed venue management on behalf of the AFL, approximately \$830,000 per annum.

Gold Coast Suns Sub-Lease / Venue Hire Arrangements

Towards the end of the Taskforce's consultation process, the Gold Coast Suns wrote to SQ and to the Taskforce notifying of intent to seek alternative use arrangements for Metricon Stadium if the management of the venue remains unsustainable despite the implementation of the Taskforce's recommendations and the impending additional content. In order for SQ or the State to be able to influence the Suns hiring arrangements at the venue, the AFL would have to relinquish the lease back to SQ.

When Metricon Stadium was developed and the AFL lease was entered into, the State agreed to contribute capital funding to the development of Metricon Stadium and accept ownership responsibility, at nil ongoing cost to the State or SQ.

Finding 11.4

The State agreed to provide funding to the construction of Metricon Stadium if the AFL agreed the venue would operate at no cost to the State or Stadiums Queensland. The AFL lease reflects the terms agreed to in a Memorandum of Understanding between the AFL and the State at the time of the State approving funds to deliver the stadium.

Recommendation 11.2

The State adhere to the existing terms of the Metricon Stadium lease regardless of the operating model adopted by the lease holder, the AFL. Under the lease, the AFL are responsible for all costs involved with the operation, asset maintenance, asset replacement and asset enhancement of Metricon Stadium for the duration of the AFL lease.

Future Capital Enhancements

Future infrastructure requirements for Metricon Stadium are a matter for the AFL to consider. The design of the stadium to provide a capacity of 26,000 left the option for the venue to be increased to 40,000 if desired at a future point. Based on existing and anticipated utilisation, there is no current need for this expansion to be planned in forward estimates.

Finding 11.5

Metricon Stadium has a capacity of 26,000, the stadium was designed with the ability to increase this capacity to 40,000 if required. Based on existing and projected utilisation, there is no current need for this expansion.



11.6 Cbus Super Stadium

Cbus Super Stadium is a regional, single tenant venue that opened in 2008. The stadium has underlying issues relating to its location including a small land parcel for the type of facility, significant local road network issues (located on a cul-de-sac and lack of public car parking) and lack of options in the supply of public transport bus operators.

Interim Report

The Taskforce's Interim Report identified a number of recommendations to improve the operation of the venue on event day which would likely lead to improved access, new revenue generating opportunities and reduced event costs which is hoped will lead to an increase in patronage through enhanced event day experiences.

In regards to the Interim Report recommendations, it should be noted that many of the items that are intended to deliver a reduction in event day costs will be realised by SQ and not the Gold Coast Titans. This is due to the Titans recently entering into a long-term hire agreement with SQ which is a different hire model to the bulk of SQ hire agreements. SQ is the entity that holds the operating risk of not generating enough revenue from matches to cover costs. Therefore, any cost savings that are realised to venue costs (such as police, traffic management and public transport) will be realised by SQ.

The Taskforce considers the Titans hire agreement is amongst the strongest agreements in favour of the hirer in Queensland. As such, SQ will be operating Cbus Super Stadium at an increased operating deficit. It is anticipated that the combination of the new hire agreement and Interim Report recommendations will improve the financial viability of the Gold Coast Titans and place them in a much stronger and viable position for future seasons.

Future Capital Enhancements

Cbus Super Stadium is only 10 years old and is in very good condition. Therefore no significant works are scheduled by SQ until 2034 at which point it will need to undertake grandstand refurbishment works.

Finding 11.6

The recently entered into hire agreement for the Gold Coast Titans at Cbus Super Stadium has arrangements that strongly support the Gold Coast Titans, this in addition to the recommendations in the Taskforce's Interim Report should improve the operating position of the Gold Coast Titans, and has the potential to reduce Stadiums Queensland operating loss of hosting Gold Coast Titans events at Cbus Super Stadium.

Finding 11.7

No major capital works are currently required for Cbus Super Stadium for the next 15 years based on current usage.



11.7 Brisbane Entertainment Centre

The Brisbane Entertainment Centre was opened in 1986 and is an ageing venue nearing the end of its useful life. Despite its age and location (20km from the Brisbane CBD), the venue usually performs soundly due to the amount of concert and entertainment event content it attracts. The Taskforce understands that the development of a Brisbane CBD-based new entertainment centre would see an increase in this level of content coming to Queensland.

Finding 11.8

The Brisbane Entertainment Centre is an ageing venue nearing the end of its useful life. The location of the Brisbane Entertainment Centre does not meet contemporary standards for a major entertainment facility including limited access to scheduled high frequency and multi-modal public transport.



Replacement Entertainment Centre for Brisbane

The Queensland Government has committed \$5 million to develop a business case for the Brisbane Live proposal, which includes a 17,000 seat arena, similar to the LA Live complex. A CBD-located entertainment centre, such as the Brisbane Live proposal, would be a replacement for the Brisbane Entertainment Centre, and therefore there was little requirement for the Taskforce to closely consider the future of the Brisbane Entertainment Centre. If the Brisbane Live proposal did not proceed, an alternative replacement investment in a new entertainment centre would be required.

Finding 11.9

The Queensland Government has committed \$5 million to develop a business case for the Brisbane Live proposal. If a similar proposal is not to proceed, an alternative replacement investment for a new entertainment centre in Brisbane would be required.

To replicate the existing events held at the Brisbane Entertainment Centre, any new entertainment centre in Brisbane would likely be declared as a major sports facility under the MSF Act. If this occurs, responsibility for the venue would then rest with SQ. The capital cost to construct a Brisbane Entertainment Centre replacement will be significant and there is potential for the State to be the primary funder of capital costs.

Future Use of Brisbane Entertainment Centre Site

If the Brisbane Entertainment Centre was replaced through the construction of a new entertainment centre in Brisbane, the Brisbane Entertainment Centre as an entertainment centre becomes surplus to SQ requirements. The Taskforce understands there would be continual need for the community sports hall facility. A standalone community sports hall would not meet required definitions under the MSF Act to be managed by SQ. It would be logical for this component of the Brisbane Entertainment Centre site to be transferred from SQ to the Queensland Government.



11.8 Queensland Tennis Centre

The Queensland Tennis Centre is leased to Tennis Queensland on a long term agreement with responsibilities for the asset and revenue surplus shared between Tennis Queensland and SQ. The venue hosts the successful Brisbane International tennis tournament annually and the Taskforce understands there is a mutually shared view that the venue's management approach works well for both parties.

To increase the viability of the Queensland Tennis Centre, Tennis Queensland is seeking to host additional, non-tennis events at the venue.

The lease between SQ and Tennis Queensland reflects the terms of the Queensland Government agreement with Mirvac to protect the amenity of the residential development adjacent to the Queensland Tennis Centre and built as part of the Queensland Tennis Centre's Public-Private-Partnership approach. Under the lease are conditions that do not allow the venue to specifically host rock concerts and regular non-tennis events.

The Queensland Tennis Centre was developed as part of the Tennyson Riverside Development with residential properties immediately adjacent. It is understood that the lease conditions mirrored the State's development agreement with Mirvac, which were established to limit the impact of the Queensland Tennis Centre on the Mirvac development.

The open aired design of the Queensland Tennis Centre would not likely be suitable to rock concerts but is suitable to host other types of non-tennis and low-impact events. Noting this, Tennis Queensland should pursue other compatible venue uses to help increase utilisation and viability within the parameters of the existing Development Agreement.



Future Capital Enhancements

As the venue was opened in 2009, it is in very good condition, with no significant asset replacement works required (outside of planned court surfaces), for at least 10 years. However, from a tennis perspective, there is interest in expanding the capacity of the venue to accommodate the Brisbane International tournament which has grown significantly since the inaugural event in 2010. Since the approval of the Queensland Tennis Centre, there has been land immediately to the east of the venue that has been quarantined from other development (a Transit Oriented Development is occurring immediately adjacent to the Queensland Tennis Centre) for the future expansion. The Taskforce understands Tennis Queensland views the future expansion as including a second undercover show-court with a capacity of over 2,000 along with other outdoor courts and facilities.

The Taskforce views the opportunity to incorporate other indoor activities such as non-tennis sport events or rock concerts will be limited in a venue such as this, so the primary use would likely relate to tennis and low-impact activities. The contract to host the Brisbane International expires in 2020 and Tennis Australia and TEQ are negotiating the future of major tennis events at the Queensland Tennis Centre. The State supported the development of the Queensland Tennis Centre on the commitment of regular major tennis events being held at the venue and this should be included in any consideration the State gives to supporting the expansion of the Queensland Tennis Centre.

Finding 11.10

The Queensland Tennis Centre was opened in 2009 and is in very good condition, with no significant asset replacement works required (outside of planned court surfaces), for at least 10 years.

Recommendation 11.3

Any expansion or upgrade of the Queensland Tennis Centre should be carefully considered by Stadiums Queensland and the Queensland Government in alignment with the proposed stadium decision making framework.

11.9 Sleeman Sports Complex

The Sleeman Sports Complex was transferred to SQ from the Brisbane City Council in 2002. Sleeman Sports Complex is one of two venues within the SQ portfolio that is used predominantly for community participation and elite athlete development, training and competition purposes.

The site has extensive infrastructure which also includes the Chandler Indoor Arena, Chandler Theatre, Queensland State Gymnastics Training Centre, Dry Diving Training Hall, State Weightlifting Facility and Chandler Lodge and Cabins. SQ has done extensive maintenance and improvements on all of the venues, but the majority of them are ageing and will continue to need minor investment to continue to deliver the current benefits and the site overall has a significant depreciation value attached to it.

This means that the venue typically operates at a loss due to its (largely) ageing and extensive infrastructure on site and the subsidised and non-commercial utilisation patterns. Unlike the other community facility, the Queensland Sport and Athletics Centre, Sleeman Sports Complex does not host profitable major events (ie. concerts) and therefore it is a financial drain on SQ in an accounting sense. However, the venue has over 700,000 users per annum and delivers significant benefit to the Queensland community. The venue has seen significant one-off capital funding provided to it by the Queensland Government in recent years in order to deliver a national-standard BMX track, a second 50 metre pool at the Brisbane Aquatic Centre and the Anna Meares Velodrome which hosted the 2018 Commonwealth Games track cycling events.

Finding 11.11

The Sleeman Sports Complex is a significant contributor to Queensland community participation and elite athlete development outcomes. Recent infrastructure investment has confirmed its long term future, however the cost of managing the venue is increasing due to the age and expanse of facilities and subsidised utilisation.



Future Land Use Opportunities

One on-site facility that is now largely surplus to SQ and user requirements is the outdoor velodrome which has been replaced by the Anna Meares Velodrome located elsewhere on site. This site presents a potential future opportunity for SQ to demolish the outdoor velodrome facility built for the 1982 Commonwealth Games and to utilise the site for commercialisation opportunities to introduce new revenue generating streams to the site, or to develop additional sporting facilities if SQ or Government determines a need to fund and construct a new facility.

Finding 11.12

Surplus land is available at Sleeman Sports Complex as a result of the planned decommissioning of the old velodrome that has reached the end of its useful life. Opportunities exist to develop additional sporting facilities or commercial opportunities that could reduce the operating deficit of Stadiums Queensland.

Recommendation 11.4

Stadiums Queensland explore commercial and or facility development options for surplus land including the old velodrome site at the Sleeman Sports Complex, noting that this development would require State capital funding.



11.10 Queensland Sport and Athletics Centre

The Queensland Sport and Athletics Centre was transferred to SQ from the Brisbane City Council in 2002. The Queensland Sport and Athletics Centre is one of two venues within the SQ portfolio that is used predominantly for community participation and elite athlete development, training and competition purposes. This means that the venue typically operates at a loss due to its (largely) ageing and extensive infrastructure on site and the subsidised and non-commercial utilisation patterns. Unlike the other community facility, Sleeman Sports Complex, the Queensland Sport and Athletics Centre hosts occasional profitable major events (ie. concerts) and therefore is a smaller financial drain on SQ in an accounting sense. The venue can have over 300,000 users in a year and delivers significant benefit to the Queensland community. The venue has seen significant one-off capital funding provided to it by the Queensland Government in recent years, including the Queensland State Netball Centre and the Queensland Academy of Sport Aquatic Recovery Centre which is helping the venue, in combination with the Brisbane Aquatic Centre, become the home of elite swimming in Australia. Additionally, SQ has been able to fund the full replacement of the two international-standard athletics tracks on site which now affords the venue the title of being the only location in Australia with two, 10-lane IAAF tracks.

Future Capital Enhancements

With the above mentioned developments and improvements, particularly the soon to be completed Queensland State Netball Centre, the long-term future of the Queensland Sport and Athletics Centre as a major sport facility in Queensland is assured. However, there are still ageing assets on site, such as the western stand which was built for the 1982 Commonwealth Games and the main stadium's north, east and south aluminium grandstands which were originally installed as temporary stands for the Commonwealth Games. There is strong potential to continue and enhance the good outcomes for community use and elite athlete development that the venue currently delivers through ongoing enhancement and refurbishment of the site, including the development of contemporary facilities and office accommodation for an expanded sports house model.

The temporary grandstands are able to be retained but with a significant maintenance cost. The amount of events that utilise them (concerts and major entertainment events) is reducing over time as a result of better options at Suncorp Stadium and the expanding of the Gabba for one-off major events.

Finding 11.13

The number of major events that use all stands in the main stadium at the Queensland Sport and Athletics Centre are reducing over time as a result of better options being available at Suncorp Stadium and the expanding of the Gabba for one-off major events. The temporary aluminium grandstands at either end of the main stadium were built for the 1982 Commonwealth Games. The cost of maintaining these stands is inconsistent with the amount of use they receive for one-off major events.

Removal of surplus aluminium stands surrounding the main stadium oval at the Queensland Sport and Athletics Centre would open up the site to significantly improve site accessibility and circulation as well as providing additional space for future development of additional sporting facilities to support community participation or elite athlete development. The introduction of new space for development at the Queensland Sport and Athletics Centre could also be used for commercial initiatives that are compatible to the existing Queensland Sport and Athletics Centre utilisation while contributing to a reduced SQ operating deficit.

Finding 11.14

Removing the temporary grandstands would open up the Queensland Sport and Athletics Centre site and allow for future further development of the site including potential commercial developments that could be used to reduce Stadiums Queensland deficit.

The Queensland Sport and Athletics Centre western stand is a mix-use facility with a significant indoor footprint that is the administrative and training headquarters of the Queensland Academy of Sport and contains high performance training spaces, gymnasium and an indoor sports hall. The stand also houses numerous community sport and recreation office tenancies (eg. Athletics Queensland, Little Athletics Queensland) as well as multiple function spaces that SQ is able to hire and utilise in support of major events such as concerts and national athletics championships.

Recommendation 11.5

Stadiums Queensland undertake a cost benefit analysis of retaining the existing temporary aluminium stands at the Queensland Sport and Athletics Centre. The stands should be removed if it is beneficial to the State or Stadiums Queensland to do so.



11.11 Playing Surfaces

SQ places a significant priority and focus on the development and maintenance of its grass playing surfaces. SQ retains ground maintenance staff in-house and closely manages the event timetable to provide the surfaces appropriate time to recover from periods of heavy use.

Finding 11.15

The playing surfaces for all Stadiums Queensland stadiums is generally considered excellent including the surface of Suncorp Stadium for the summer football seasons and is comparable in quality to that offered in similar venues in other states.

11.12 Sporting High Performance Centres

With respect to high performance centres within Queensland, such as Bupa National Cricket Centre, detailed consideration of these facilities is not in scope of this Final Report. However, the Taskforce is aware that many sporting codes are in regular contact with the relevant Minister in regards to their high performance facility needs through the development of a Queensland Sport and Active Recreation Strategy.

11.13 Ballymore

Ballymore is a rectangular stadium facility located in inner-Brisbane which is the spiritual home of rugby union in Queensland and is owned and operated by Queensland Rugby Union (QRU) under a deed of grant in trust (DOGIT), which was provided in 1973. Prior to the redevelopment of Suncorp Stadium, Ballymore was the host venue of Wallabies internationals and Queensland Reds matches. Ballymore had a capacity of 25,000 at that time and its current capacity is 18,000. It is noted that current use of the venue rarely approaches capacity due to the aging state of the facility.

The venue hosts the administration and training headquarters of the Queensland Reds and QRUs programs and has been the training venue for the Queensland Roar A-League sides. The Ballymore site, as it is currently constituted, is a relatively high cost venue, with the Taskforce understanding maintenance requirements are high for the QRU.

Finding 11.16

The Ballymore venue maintenance and operational costs are increasing and the asset is continuing to degrade with an annual net loss of \$1.5 million.

Ballymore as a Major Events Venue

The Taskforce is aware of the venue's history which includes obtaining Development Approval from Brisbane City Council for National Rugby Academy. The Development Approval includes scope to return the stadium asset to a functional major event venue.

Finding 11.17

The Queensland Rugby Union has a development approval to build a 24,000-seat stadium at Ballymore.

As a major event destination, the Ballymore site does not meet contemporary standards that the Taskforce has identified as preferred for major sports facility development in Queensland, as it is land locked, located in a residential neighbourhood and has limited potential for high frequency and multi-modal public transport. Further to those constraints, to bring the infrastructure on-site up to modern standards would require a significant capital investment that would not alleviate the underlying location issues the site contains.

The Taskforce recommends the Ballymore site should remain as a Tier 3 stadium and not be considered a major stadium facility (eg. Tier 1 or 2 under the Queensland venue responsibility matrix), either now or into the future.

Finding 11.18

The Ballymore venue is not ideal as a location for a major stadium facility as it does not meet contemporary standards for a major stadium facility including, limited road access to the site, close proximity to the residential neighbourhood and no access to scheduled high frequency and multi-modal public transport. The Ballymore venue is more aligned to being a training, club participation and administrative hub for rugby and compatible sports as opposed to being a location for a major stadium.

Recommendation 11.6

The Queensland Government to continue talks with Queensland Rugby Union around the intended future scope of the Ballymore site, in-particular the scale of developments to help fund the development of a sport and community centre. Consideration should also be given to any limitations that result from the current conditions of the Deed of Grant in Trust (DOGIT).

QRU Ballymore Vision

The QRU has a contemporary vision for the future configuration of Ballymore, which is to redevelop the site into a National Rugby Training Centre with particular emphasis on Rugby 7s. The Taskforce considers this a more palatable and appropriate future use of the Ballymore site as it more aligns with being a training and local use facility in the longer term. It is a central location in Brisbane which is attractive to training camps, sport specific expertise, local and regional competition and administrative bases. However, there is still a significant potential cost associated with this vision for the site.

Finding 11.19

To help fund the Ballymore redevelopment, the Queensland Rugby Union has a preference to unlock some of the land value on the site through residential and commercial development sympathetic with the local area, while retaining a majority use of the precinct for sport and recreation.

To enable the proposed associated residential or commercial development on parts of the Ballymore site, the QRU would seek ability to utilise parts of the land parcel that are currently controlled through the DOGIT.

To further minimise ongoing and capital costs for any future refurbishing of the site, the Taskforce recommends the QRU seek ways to minimise ongoing and redevelopment costs, such as demolishing ageing stands on site and containing the main oval to a community and training venue with capacity for small, community matches.

Recommendation 11.7

That the current Ballymore grandstands be demolished and a community facility be constructed that caters to training and local community rugby union matches.



11.14 Boutique Stadium

For the purposes of this report, a boutique stadium refers to the introduction of a State-funded and/or owned stadium that is located within the greater Brisbane region that has a capacity up to around half of the existing capacity of the Gabba (oval) and Suncorp Stadium (rectangular). Publicly, this has been proposed by sporting codes to host events that do not require the large capacities of the existing Brisbane SQ venues. The Taskforce has consulted with all key stakeholders that hire SQ stadiums in south east Queensland as well as governing bodies that would be key decision makers and drivers for the perceived need for a boutique stadium in the greater Brisbane region.

Finding 10.5 above identifies it is more fiscally responsible and viable for the State to maximise the utilisation of SQ's existing major sporting venues instead of constructing, managing and operating new assets.

Section 9 of this Final Report identified that SQ operates at a deficit, the addition of another asset would likely further deteriorate this position particularly without significant new income-generating content. Finding 10.1 of this Final Report also identified that the five stadium assets within the SQ portfolio, including Suncorp Stadium and the Gabba, have capacity to host additional regular and one-off major event content. The potential view that a boutique stadium may attract new concert and entertainment events to Brisbane is potentially a false economy argument as Brisbane is already well serviced for major concert events between Suncorp Stadium, the Gabba, the Queensland Sport and Athletics Centre, the Brisbane Entertainment Centre, Sirromet Winery, the RNA Showgrounds and Brisbane City Council's Riverstage.

Finding 11.20

Capacity is available within the existing Stadiums Queensland portfolio, and other existing venues around Brisbane, to facilitate additional entertainment content. There is also more than adequate unused capacity at Suncorp Stadium and the Gabba to host additional regular or one-off sporting events.



Rectangular Boutique Stadium

The Taskforce has not identified a current or foreseeable future need for any new stadium or major sports facilities in Queensland. This would include a boutique rectangular stadium in the Brisbane region for the following reasons:

- » Suncorp Stadium has capacity to accommodate additional content,
- » there is currently no new or additional content at the major sporting event level that is likely to be attracted to Queensland based on the development of a new venue,
- » the clean stadium policy hire agreements in place for Suncorp Stadium allows for the hosting of events that have less than 10,000 patrons with reduced hire fees (as they are usually a percentage of ticket sales), and
- » event day costs for venue hirers that are controlled by the Queensland Government (police, public transport and traffic management) should be reduced once recommendations of the Taskforce's Interim Report and this Final Report are implemented.

Finding 11.21

Capacity is available within the existing Stadiums Queensland portfolio at Suncorp Stadium to cater for additional content including multi-year anchor tenants. Any increase in operating costs incurred to accommodate additional content would be exponentially less than the cost of developing and operating a new venue.



Oval Boutique Stadium

The Taskforce has not identified a current or foreseeable future need for a boutique oval stadium in the Brisbane region. This is primarily due to two reasons:

- » the Gabba has capacity to accommodate major sporting events requiring oval stadiums, and
- » there are already plans and proposals to construct a boutique stadium in Springfield by AFL Queensland and the Brisbane Lions that will accommodate the Brisbane Lions training needs as well as be a competition venue for smaller matches such as Brisbane Lions WAFL matches.

The AFL-preferred Springfield boutique stadium proposal requires \$30 million in capital funding to be realised, with the proponents seeking matching \$15 million commitments from the State (committed in the 2018/19 budget) and Federal Governments. The Taskforce understands the Queensland Government has confirmed it will match any Federal Government funding towards the facility up to \$15 million. If this facility proceeds, between the Gabba, Metricon Stadium and this venue, the AFL event day needs of south east Queensland will be met.

In regards to cricket, the Gabba and Allan Border Field (the existing boutique cricket venue in Brisbane) have capacity to accommodate additional match days. Cricket Australia and Queensland Cricket have plans for upgrades to Allan Border Field. The Taskforce understands a request for funding has been submitted to the Queensland Government. Any future upgrade of Allan Border Field, would likely lead to the relocation of some Sheffield Shield matches (annual matches in February to April post-Big Bash League season) from the Gabba to this venue.

Finding 11.22

Capacity is available within the existing Stadiums Queensland portfolio at the Gabba to cater for additional content including multi-year anchor tenants. Any increase in operating costs incurred to accommodate additional content would be exponentially less than the cost of developing and operating a new venue.

Recommendation 11.8

There is no current need for additional stadiums, either major or boutique, in Brisbane because there is current capacity for additional content within the existing venues that are managed by Stadiums Queensland and other existing operators.



Glossary

Term	Meaning
1300SMILES Stadium	14 Golf Links Dr, Kirwan QLD 4817 Also known as Townsville Stadium and The Willows Sports Complex
AFL	Australian Football League
Ballymore	91 Clyde Rd, Herston QLD 4006
Brisbane Entertainment Centre	Melaleuca Dr, Boondall QLD 4034 Also known as BEC and Boondall
Cbus Super Stadium	Centreline Place, Robina QLD 4226 Also known as Robina Stadium
Interim Report	The initial report submitted by the Stadium Taskforce to the Queensland Government on 16 July 2018
Maintenance Management Framework	The Maintenance Management Framework is the whole-of-Government policy for managing building maintenance. http://www.hpw.qld.gov.au/SiteCollectionDocuments/MMF.pdf
Metricon Stadium	Nerang Broadbeach Rd, Carrara QLD 4211 Also known as Carrara Stadium
MSF Act	<i>Major Sports Facilities Act 2001</i>
MSF Regulation	<i>Major Sports Facilities Regulation 2014</i>
North Queensland Stadium	3 Redpath St, North Ward QLD 4810 Under construction, due for completion by the start of the 2020 NRL season Also known as NQS
NRL	National Rugby League
QTC	Queensland Treasury Corporation
Queensland Sport and Athletics Centre	Kessels Rd, Nathan QLD 4111 Also known as QSAC and QEII
Queensland Tennis Centre	190 King Arthur Terrace, Tennyson QLD 4105 Also known as the QTC and Tennyson Tennis Centre
Sleeman Sports Complex	Cnr Old Cleveland & Tilley Roads, Chandler QLD 4155 Also known as Sleeman and Chandler
SQ	Stadiums Queensland
Suncorp Stadium	40 Castlemaine St, Milton QLD 4064 Also known as Brisbane Stadium and Lang Park
TEQ	Tourism and Events Queensland
The Gabba	Vulture St, Woolloongabba QLD 4102 Also known as the Brisbane Cricket Ground

Appendices

Appendix 1

Stadium Taskforce – Interim Report

Stadium Taskforce Interim Report

Interim Report to the Minister for Housing
and Public Works, Minister for Digital
Technology and Minister for Sport
16 July 2018



Queensland
Government

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The Honourable Mick de Brenni MP
Minister for Housing and Public Works
Minister for Digital Technology
Minister for Sport
GPO Box 2457
Brisbane QLD 4001

Dear Minister

I write in regard to the work of the Stadium Taskforce. The Taskforce has undertaken consultation with a number of key stakeholders regarding Queensland Government policy, the Stadiums Queensland management model, and contractual arrangements.

The Taskforce met with a range of stakeholders including sporting codes, sporting organisations, government departments, venue managers, Stadiums Queensland, event promoters and local councils.

A significant amount of work has now been completed which provides the Taskforce with an opportunity to submit an interim report. This will allow an appropriate timeframe for hirers and Stadiums Queensland to make decisions for the season 2018/19.

It is important to recognise that Queensland, as a decentralised state, operates several regional stadiums, this is a unique model in Australia. The focus of the Taskforce's work has been in relation to the two regional stadiums at Carrara and Robina (Metcon Stadium and Cbus Super Stadium) where the operational issues are problematic when compared to those in Brisbane. The issues include:

- being located away from where fans live
- traffic and parking limits that disadvantage fans and teams
- only having one regular user which makes it costly and inefficient
- require dedicated and expensive bus services (mainly) to get fans to games

This results in significant costs for hirers to manage and then pass onto the fans. Please find attached more detailed initial findings and recommendations for your consideration based on these early findings. It is vital for any improvement of these operating arrangements that a focus on the current outside user charges be modernised and fixed.

Additionally, there are a number of recommendations regarding the State's major oval – the Gabba. The Taskforce has identified a number of ways that Stadiums Queensland could operate more efficiently to allow for a better outcome for fans and hirers at the Gabba.

Further findings and recommendations that address the full taskforce terms of reference will be provided shortly for your consideration.

Yours sincerely



John Lee
Chair
Stadium Taskforce

Executive Summary

The Stadium Taskforce was established on 22 April 2018 to review the pricing and practices of Stadiums Queensland (SQ). The Taskforce is led by Mr John Lee and includes representatives from the Department of Housing and Public Works, and consultants from the Queensland Treasury Corporation and KPMG. As part of this review, the Taskforce was requested to examine the current operating and pricing models for major sports events for each of the venues within the SQ portfolio. The Taskforce was also asked to examine how these models impact hirers, patrons, major event attraction, and the costs and benefits to the Queensland community. The terms of reference also included consideration of the State's future major sports facility infrastructure needs. In undertaking its review, the Taskforce is identifying findings and recommendations associated with:

1. Stadiums Queensland, including how the model works, its effectiveness and appropriateness for the management of state government major sports infrastructure across the state
2. Stadium outside venue costs (police and public transport), including how these costs are significant factors in the cost of delivering major sporting and other major events for the Queensland public
3. Future infrastructure needs, with a focus on maximising existing venues to meet government, hirer and public need
4. Venue specific issues that impact on the performance and hiring of specific venues.

The terms of reference focus the Taskforce's work on the following SQ assets that host major sports events: Suncorp Stadium (Brisbane Stadium), the Gabba (Brisbane Cricket Ground), Cbus Super Stadium (Robina Stadium), Metricon Stadium (Robina Stadium), and 1300SMILES Stadium (Townsville Stadium).

Key elements of the work of the Taskforce have now been completed, the Taskforce is providing an interim report setting out initial findings and recommendations allowing SQ and the Queensland Government to make decisions which may impact hirers and teams for the 2018/19 sport seasons.

The Taskforce is still progressing work on event attraction, future infrastructure needs and the SQ operating model. Findings and recommendations on these topics will be included in the final report.

Venue Score Card

As part of the assessment each of the major venues were objectively assessed against eight key criteria including location, capacity, patron catchment, utilisation, quality of asset, transport connectivity, economic contribution and financial viability. The following table summarises each venue. Suncorp Stadium remains Queensland's premier venue while 1300SMILES Stadium's low score confirms the Government's decision to replace this asset.

Venue	Ranking (out of 10)	
1	Suncorp Stadium	9.0
2	The Gabba	7.7
3	Metricon Stadium	6.7
4	Cbus Super Stadium	6.3
5	1300SMILES Stadium	4.3

These rankings confirm the benefit of planning and building venues close where people work (i.e. CBD) and live (i.e. close to densely populated areas).

Unique Queensland

A major initial finding is that Queensland's major sport facility portfolio is unique with significant major sports infrastructure built outside of the capital city, specifically on the Gold Coast and Townsville. This provides an excellent community asset that can be accessed by residents of these regions. The venues however do expose both SQ and hirers to additional costs due to their physical location. On the Gold Coast both stadia are some distance from the densely populated areas along the coastline. This has led to costs disproportionately impacting hirers at the Gold Coast. For this reason, the interim report primarily deals with regional venues, improving outcomes for the hirers at the Gold Coast venues of Cbus Super Stadium and Metricon Stadium.

Metricon Stadium

Metricon Stadium on the Gold Coast is currently leased to the AFL. This lease agreement is with SQ as the owner of the asset. The lease for this venue includes a government imposed term requiring the AFL to pay a sinking fund for maintenance and renewal of the asset.

The Gold Coast Suns (the Suns), who currently play out of Metricon Stadium, have advised the Taskforce that they are experiencing financial difficulties due to costs imposed for the use of the stadium, through their lease with the AFL. The AFL entered into a venue management agreement with the Suns for the use and management of the stadium, the requirement for sinking fund payments is subsequently passed through to the Suns. A sinking fund is not imposed on other sporting teams who have entered into hiring agreements with SQ.

There are differing views as to how the original sinking fund contributions were calculated. Metricon Stadium has only ever hosted 10 -12 events per annum which is well short of the maximum number of events that could be held at the venue. The Gold Coast Suns suggest that the lack of ability to attract events is due to the high venue costs, particularly for transport, police and security when compared to Brisbane venues. Due to the low number of events, it has been suggested that wear and tear is less than anticipated under the original calculations of the lease. In addition, in delivering the Commonwealth Games, the State recently funded refurbishments and enhancements to Metricon Stadium. This work is likely to have reduced the actual maintenance required to return the stadium to the standard required at the end of the lease.

Cbus Super Stadium

An immediate problem identified for the Gold Coast Titans (the Titans) as the major hirer of Cbus Super Stadium is the difficulties that supporters and attendees have in accessing the stadium. The stadium is located at the end of a cul-de-sac, limiting vehicle movements (both private cars and buses) to the venue. This also impacts the crowd efficiency for the bump in and out of patrons. The constrained vehicular access to the Cbus Super Stadium, and resulting traffic management, public transport and car parking issues affect the fan experience which in turn reduces the likelihood of patrons attending future events. Short to medium term solutions to marginally improve this situation have been identified and include:

- opening the car park at Robina Train Station for limited pre-paid game day parking,
- the Department of Transport and Main Roads to upgrade the Cbus Super Stadium Traffic Management Plan,
- a principles based Traffic Management Plan framework to be developed to inform precinct wide and event specific Traffic Management Plans, and
- upgrade all Traffic Management Plans to ensure consistency with the principles based Traffic Management Plan framework.

To improve the sustainability of the stadium for hirers and SQ significant long-term solutions could be made:

- constructing a bridge over the Mudgeeraba Creek to link Stadium Drive to Gooding Drive or Robina Parkway,
- provide access to additional carpark capacity in the stadium precinct at the Robina Town Centre, Robina Train Station, and Robina State High School, and
- utilising the nearby field of the Robina Raptors Junior Rugby League Club, near the hospital grounds for limited parking for major events.

Gold Coast Transport

The costs for transport to Metricon Stadium and Cbus Super Stadium are greater than for the major sports stadiums in Brisbane (Suncorp Stadium and the Gabba). This is due to limited options for train services, which are highly efficient for mass transit, and the limited number of bus transport providers in the local area which leads to premium charges to hirers. To reduce costs, it is recommended that Translink provide the management of bus services on behalf of SQ, to the Gold Coast venues. It is also recommended that a contestable bus service regime be considered to reduce the profiteering by monopoly private bus operators.

There is a disparity (albeit it is hidden in ticket pricing) in Queensland in the amount paid by patrons for public transport to and from event venues. This results in a situation that is not equitable for all Queenslanders. Due to the mix of transport available around Queensland venues, there is also a layer of complexity for SQ and hirers in contract negotiations regarding transport costs. To address this inequality issue and to simplify hiring agreement negotiations, it is recommended that an event transport cap be applied for all major events held by multi-year venue hirers at Stadiums Queensland owned venues in south east Queensland.

North Queensland Stadium

The commissioning of a new stadium creates a number of transition challenges for venue managers, operators, hirers and suppliers. The operation of the Gold Coast stadiums provide learnings that can be applied in the commissioning of the new stadium at Townsville. The transition from the ageing 1300SMILES Stadium located in the outskirts of Townsville into a new contemporary facility in the centre of the Townsville CBD will significantly affect venue operations, venue costs and venue related incomes. The move from 1300SMILES Stadium to the North Queensland Stadium will result in the North Queensland Cowboys experiencing changes in pass through costs from SQ for costs including public transport, traffic management, policing and security. To assist the North Queensland Cowboys in preparing for their move to the new stadium, it is recommended that pass through costs including for public transport, traffic management, policing and security be determined well in advance of the transition to enable better planning.

The Gabba

Finally, in the context of the Taskforce identifying that there are several advantages for major Brisbane sports venues as a result of their location, the Taskforce has made several findings and recommendations around the performance of the Gabba. Analysis and stakeholder feedback has identified that performance of the Gabba could be adversely impacted by the management of the venue, which is viewed by hirers as being less entrepreneurial, too bureaucratic, and risk averse.

There is evidence that commercial opportunities for the Gabba are not being realised to the same extent as for Suncorp Stadium. It is proposed that naming rights for the facility be explored, and put to a market sounding. Whilst cricket venues in Australia have traditionally opted not to enter into naming rights agreements, the landscape has changed, with cricket played at both Etihad Stadium and the new Perth Optus Stadium, the time is right to explore this initiative. This potential new revenue stream will decrease the need for additional taxpayer subsidies at the venue and may be used to modernise some of the services (e.g. turnstiles). There may also be opportunity to increase the event calendar at the Gabba. Further opportunities identified for commercialisation of the Gabba include better utilisation of Sports House South and other uses for offices currently occupied by the Brisbane Lions.

The Taskforce proposes that there are several potential advantages of co-sourcing the management rights for the Gabba. A dynamic private sector venue manager may be better placed to increase utilisation and revenue from realising commercial opportunities. It is therefore recommended that the government put out to tender the management rights for the Gabba if it is cost effective and in government's best interest to do so.

Finally, the Taskforce recognises that the Gabba is a "tired" venue in need of enhancement, particularly when compared with the major upgrade to the Adelaide Oval and the new Optus Stadium in Perth. Recommendations regarding enhancements to the venue should be made in conjunction with stadium access improvements delivered through the Cross River Rail project and/or as part of any successful 2032 Olympic bid currently under development.

Summary of Findings and Recommendations

Metricon Stadium – Sinking Fund	
Finding 1.1	Due to the lower than potential number of events being held at Metricon Stadium and the recent refurbishments and upgrades delivered as part of the Commonwealth Games it is likely that the sinking fund requirements are lower than originally calculated.
Finding 1.2	The Metricon Stadium lease between the AFL and Stadiums Queensland required the AFL to maintain the Metricon Stadium to a high standard, and keep it in good and substantial repair, including through any necessary capital replacement, regardless of the sinking fund balance.
Recommendation 1.1	The Asset Replacement component of the sinking fund contributions be amended in line with the independent quantity surveyors report, subject to AFL agreement as head lease holder.
Metricon Stadium – Commercial Opportunities	
Recommendation 1.2	Supplementary sources of income for sporting franchises should be supported and encouraged as they reduce the pressure to increase ticket prices.
Finding 1.3	There may be development opportunities at Stadiums Queensland venues that could potentially be utilised to generate additional sources of revenue from operations that are compatible with Stadiums Queensland business.
Recommendation 1.3	That land declared under the MSF Act may be used for commercial outcomes by Stadiums Queensland or leaseholders, where a compatible social or community benefit can be demonstrated.
Cbus Super Stadium – Parking and Access	
Finding 2.1	Due to the stadium being located on a no through road, access to the Cbus Super Stadium is limited, significantly impacting traffic management arrangements, public transport (bus) access and car parking.
Finding 2.2	The constrained vehicular access to the Cbus Super Stadium, and resulting traffic management, public transport and car parking issues affect the fan experience which may reduce the likelihood of future patrons attending events at the Cbus Super Stadium.
Recommendation 2.1	The current commuter car park at Robina station be opened for pre-purchased game day parking available for hirers to position sponsors, members and limited general admission car parking.
Recommendation 2.2	The Department of Transport and Main Roads to upgrade the Cbus Super Stadium Traffic Management Plan to a contemporary arrangement that allows access to both traffic and public transport with the view to reducing Traffic Management Plan restrictions, road closures and parking restrictions, particularly for events of up to 10,000.
Recommendation 2.3	The Department of Transport and Main Roads are ideally placed to support greater consistency in Traffic Management Plans across Stadiums Queensland venues. To increase consistency, a principles based Traffic Management Plan framework should be developed to inform precinct wide and event specific Traffic Management Plans.
Recommendation 2.4	The Department of Transport and Main Roads to upgrade all Traffic Management Plans to ensure consistency with the principles based Traffic Management Plan framework.
Recommendation 2.5	That significant long-term solutions be explored to improve traffic solutions around the Cbus Super Stadium. These solutions could include: <ul style="list-style-type: none"> Constructing a bridge over the Mudgeeraba Creek to link Stadium Drive to Gooding Drive or Robina Parkway Providing access to additional carpark capacity in the stadium precinct at the Robina Town Centre, Robina Train Station, and Robina State High School, and Utilising the nearby field of the Robina Raptors Junior Rugby League Club, near the hospital grounds for limited parking for major events.

Gold Coast Transport - Background	
Finding 3.1	Stadiums Queensland seeks to recover the cost of providing public transport for events from hirers, however due to contractual arrangements it is not able to recover the full cost of providing public transport for the venues it manages in south east Queensland.
Finding 3.2	The costs of providing public transport to Cbus Super Stadium and Metricon Stadium is more than the cost of providing public transport to the Brisbane stadiums due to Brisbane's existing high frequency multi-modal network.

Gold Coast Transport – Train Transport	
Finding 3.3	Train charges are more expensive for Cbus Super Stadium than Suncorp Stadium due to the need for additional services for smaller crowds and the additional kilometres travelled by the trains to service the venue.
Recommendation 3.1	That the Department of Transport and Main Roads explore if it is feasible for Gold Coast event train services to start and finish at Beenleigh, reducing the length of trip by 80km.

Gold Coast Transport – Bus Transport	
Finding 3.4	Contracted bus service rates for Gold Coast events are significantly more expensive than Brisbane rates. Bus services for comparable Sunday events are between 21% - 52% more expensive for Gold Coast events than for Brisbane events.
Recommendation 3.2	Translink provide the management and delivery of bus services on behalf of Stadiums Queensland and AFL, to Cbus Super Stadium and Metricon Stadium.

Gold Coast Transport – Integrated Ticketing	
Finding 3.5	Every hirer of stadiums in Queensland is paying a different price per attendee for event transport. In FY2017, the average cost per attendee to provide the additional event transport (in addition to the scheduled services) ranged from \$2.85 at the Gabba to \$4.10 at Metricon Stadium.
Recommendation 3.3	An annual event transport cap of \$3.10 (excluding GST) per attendee be applied for all major events held by multi-year venue hirers at Stadiums Queensland owned venues in south east Queensland. The event transport cap is to be escalated by Brisbane CPI on an annual basis.

North Queensland Stadium – Commissioning	
Finding 4.1	The transition from the ageing 1300SMILES Stadium located in the outskirts of Townsville into a new contemporary facility in the centre of the Townsville CBD will significantly impact venue operations, venue costs and venue related incomes.
Finding 4.2	Because of the move from 1300SMILES Stadium to the North Queensland Stadium, the North Queensland Cowboys may require different services from Stadiums Queensland including public transport, traffic management, policing and security.
Recommendation 4.1	That service requirements for the new North Queensland Stadium including public transport, traffic management, policing and security continue to be considered as part of the design and construction of the stadium.

The Gabba – Commercial Opportunities	
Finding 5.1	Hirers and stakeholders have advised that there are commercial opportunities that are worth exploring at the Gabba.
Finding 5.2	There are several advantages of co-sourcing the management rights for the Gabba, which include increasing utilisation and revenue from better realising commercial opportunities.
Recommendation 5.1	The government put out to tender the management rights for the Gabba if it is cost effective to do so.
Recommendation 5.2	That co-sourcing of the Gabba management be undertaken on the basis of no frontline job losses and back office saving be utilised to reduce Stadiums Queensland operating deficit.
Recommendation 5.3	The naming rights for the Gabba be put out to tender, subject to retaining Gabba in the stadium name. This will reduce the need for taxpayer subsidy and allow investment in ageing infrastructure, including turnstiles and facilities.
Finding 5.3	A major benefit of the Cross River Rail project is that travel time from the Brisbane CBD to the Gabba will reduce to 3 minutes from the current travel time of up to 40 minutes.
Finding 5.4	It is the view of Stakeholders that the Gabba requires improvements to remain competitive against interstate oval stadiums.
Recommendation 5.4	Fast track the consolidation of ownership of assets adjacent to the Gabba to provide a once off opportunity to develop a seamless major entry and activation point for the Gabba via the proposed new Woolloongabba Station.
Recommendation 5.5	Enhancements to the Gabba be made in conjunction with stadium access improvements delivered through the Cross River Rail project and any potential 2032 Olympic bid.

Interim Report – Introduction

On 22 April 2018 The Honourable Mick de Brenni, Minister for Housing and Public Works, Minister for Digital Technology and Minister for Sport announced that a Stadium Taskforce would be established, chaired by Mr John Lee. The Taskforce consists of representatives from the Department of Housing and Public Works, and consultants from the Queensland Treasury Corporation and KPMG.

The Taskforce is undertaking a review into the operation of the state's major sports facilities administered by Stadiums Queensland (SQ). SQ is a statutory body established by the *Major Sports Facilities Act 2001* (MSF Act) to manage, operate, use, develop and promote major sports facilities in Queensland. SQ is responsible for the nine facilities declared under the Major Sports Facilities Regulation 2014 outlined at Appendix 1. The MSF Act provides that SQ must perform its functions in a way that is both consistent with sound commercial principles and has regard to tenants of the facilities.

The Taskforce was provided a terms of reference, refer Appendix 2. These terms of reference, requested the Taskforce to examine the current operating and pricing models for major sports events at SQ venues. The Taskforce was to examine how these models impact hirers, patrons, major event attraction, and the costs and benefits to the Queensland community. The terms of reference included consideration of the State's future major sports facility infrastructure needs. In undertaking its review, the Taskforce is identifying findings and recommendations associated with:

1. The SQ model, including how the model works for the management of capital city and regional venues, and its effectiveness and appropriateness

2. Stadium outside venue costs (police and public transport), including how these costs are significant factors in the cost of delivering major sport events for the Queensland public
3. Future infrastructure needs, with a focus on maximising existing venues to meet government, hirer and public need
4. Venue specific issues that impact on the performance and hiring of specific venues.

It is acknowledged that several SQ assets do not regularly host major sports events, and instead primarily host entertainment events, or provide for community participation and elite training and competition. The terms of reference for the review primarily focus the Taskforce's work on those facilities that host major sports events, with large crowds and television broadcasting rights, such as AFL, cricket, football, NRL and rugby union. The review, therefore focused on these facilities, which include: Suncorp Stadium (Brisbane Stadium), the Gabba (Brisbane Cricket Ground), Cbus Super Stadium (Robina Stadium), Metricon Stadium (Carrara Stadium), and 1300SMILES Stadium (Townsville Stadium).

The review is investigating the arrangements, obstacles, and charges for running major sport events at SQ venues. The effect of the operating environment for all stakeholders, including SQ, hirers, the government and the public is being examined, in order to assess value and equity for fans and patrons, efficiencies in venue management and equity for stakeholders. The purpose of the analysis is to identify a balance between the needs of venue users (hirers and leaseholders) with government objectives for stadium management and ensure fairness in outcomes. Future infrastructure needs are being assessed in consultation with venue hirers and SQ.

Key elements of the work of the Taskforce have now been completed, the Taskforce has been asked to deliver initial findings in advance of the final Taskforce report where they are actionable and appropriate to do so. This will allow an appropriate timeframe for hirers and SQ to make decisions for the 2018/19 sporting season.

To date the Taskforce has consulted with all the major stakeholders, called for and then reviewed submissions to inform the findings. The Taskforce examined Queensland Government policy, the SQ management model, and contractual arrangements, financial and other corporate data, and the views and experiences of stakeholders to inform the findings and recommendations.

The Taskforce has consulted with the following stakeholders:

- Stadium hirers and lease holders, including: AFL; AFL Queensland; Gold Coast Suns; Brisbane Broncos; Brisbane Lions, Cricket Australia; Queensland Cricket; Australian Rugby Union; Queensland Rugby Union; Queensland Reds; NRL; QRL; Gold Coast Titans; North Queensland Cowboys; Football Federation Australia; Football Queensland; Brisbane Roar FC; Netball Australia; Netball Queensland; Brisbane Bullets; Tennis Australia; Tennis Queensland; and AEG Ogden
- Stadiums Queensland, and the Gold Coast City Council
- Queensland Government departments, including: the Department of the Premier and Cabinet; the Queensland Treasury; the Department of Innovation, Tourism, Industry Development and the Commonwealth Games; the Department of State Development, Manufacturing, Infrastructure and Planning; the Queensland Police Service; and the Department of Transport and Main Roads.

Further consultation is planned with event promoters and local councils.

The Stadiums Queensland Model

The major sports facility asset portfolio in Queensland is unique. Whilst state government are the most common owners of stadiums across Australia, Queensland and Western Australia are the only states where government's major sports facilities are administered by one state government body. Analysis is ongoing, however it has been identified that there are significant benefits to the state in there being one single owner of government major sports facilities. These benefits include:

- a co-ordinated, whole of government approach to the planning, development and management of all venues of a similar nature across the state,
- economies of scale in operations across the venue portfolio,
- the consolidation of activities/functions across the venue portfolio,
- the elimination of competition between government owned venues for the attraction and retention of events, providing greater returns for state owned assets,
- consistent delivery of wider government objectives across the venue portfolio, and
- centralisation of government expertise.

The Taskforce is currently considering issues that hirers have raised regarding the operating arrangements of SQ. Hirers report that the lack of competition in Queensland inflates prices and may result in lower quality venues. The Taskforce is also investigating amendments to the MSF Act to improve and contemporise SQ's operations. These include providing clarity on the skills required by the SQ Board, and providing a head of power for Ministerial direction to the SQ Board in relation to public safety and the public interest.

The Queensland Context

In examining the SQ venue portfolio and the characteristics of hirers, it has become apparent that the portfolio reflects the de-centralised nature of Queensland. With the exception of Tasmania, Queensland has a higher proportion of its population living outside the capital city than any other state or territory. Reflecting this, Queensland has a number of major sports facilities outside of Brisbane, including on the Gold Coast and Townsville.

A major initial finding is that Queensland's major sport facility portfolio is unique due to the decentralisation of Queensland's population. This means that not only does SQ manage major sports facilities within the capital city (Brisbane), it also manages significant major sport infrastructure in regional areas, specifically the Gold Coast and Townsville. This regional investment provides an excellent community assets that can be used by residents in these regions. This report focuses on the venue specific operational issues that have been identified as disproportionately impacting hirers at regional venues. At this point in time, it is primarily the hirers at the Gold Coast venues that are experiencing major hardship due to these operational issues, which include:

- venues being built in areas away from where fans live and work,
- vehicle access and parking issues at the venues,
- limited market opportunities for stadium hirers in these areas exacerbating costs, and
- venue locations away from multi-modal and multi-directional transport infrastructure, resulting in the need for dedicated and expensive bus services, the price of which is integrated into ticket prices and ultimately venue hire costs which impacts a regional hirers profitability.

The existence of major sports facilities outside of the capital city is unique and brings with it a number of additional costs and risks to managing the Queensland major sports facility venue portfolio. The additional costs and risks arise due to the regional venues being in areas with smaller population bases, resulting in a smaller major sport event market and catchment. The venues typically only have one major hirer. The regional nature of the venues also means that the venues are not in areas with multiple cross-directional public transport options.

How do Queensland venues compare to others within Queensland and also interstate?

The consultation process revealed consistent feedback on different experiences hirers (in-particular) have at venues both in Queensland and interstate. This provided an opportunity to develop a framework by which to assess SQ's stadia network, and by which to compare SQ's venues against interstate venues. It has been developed based in consultation with SQ and hirers and the experience of the Stadium Taskforce team. It is noted this framework only applies to outdoor turf stadium assets and does not apply to SQ's other asset types.

Assessment criteria

The following table presents the key assessment criteria underpinning the venue scorecard.

Criteria		Description
1	Utilisation	This criteria refers to the utilisation level of the venue, measured by the number of event days and the number of hirers.
2	Capacity	This criteria refers to the capacity of the venue relative to the average attendances of the events held at the venue.
3	Catchment	This criteria refers to the size of the catchment of the venue, being considered at both an absolute level and also relative to the capacity (i.e. number of seats) of the venue.
4	Quality	This criteria refers to the quality and availability of facilities at the venue including premium seating, food and beverage offerings, technology, proximity to the field of play, sight lines, player facilities, turf, media and broadcasting facilities, etc.
5	Economic contribution	This criteria refers to the contribution of the venue to the economic activity within the State and also the region in which it is located.
6	Financial viability	This criteria refers to the overall financial performance of the venue.
7	Transport connectivity	This criteria refers to the availability and adequacy of transport accessibility (private and public) to the venue.
8	Location	This criteria refers to the location of the venue relative to other hospitality and entertainment precincts for pre and post-game entertainment / activities.

Ratings / measurement

In assessing venues against the criteria, each venue is to be given a rating of between 1 and 3 with 3 representing the highest score and 1 representing the lowest score. The scoring system for each criteria is outlined in the following table.

Criteria		Rating / score	
1	Utilisation	3	3 or more home regular season hirers, 40+ event days per year
		2	1 or 2 home regular season hirers, 15 to 39 event days per year
		1	0 or 1 home regular season hirers, less than 15 event days per year
2	Capacity	3	Average attendance is greater than 50% of stadium capacity
		2	Average attendance is between 30% and 49% of stadium capacity
		1	Average attendance is less than 30% of stadium capacity
3	Catchment	3	Catchment population in excess of 500,000 and stadium capacity less than 5% of catchment population
		2	Catchment population in excess of 500,000 and / or stadium capacity less than 5% of catchment population
		1	Catchment population less than 500,000 and stadium capacity greater than 5% of catchment population
4	Quality	3	All facilities and venue offerings are in line with modern expectations and leading practice benchmarks
		2	The majority of facilities and venue offerings are in line with modern expectations and leading practice benchmarks
		1	The majority of facilities and venue offerings are below modern expectations and leading practice benchmarks
5	Economic contribution	3	Regularly hosts international level events (i.e. every year) that attract interstate and international visitors.
		2	Occasionally hosts international level events (i.e. every 2-3 years) that attract interstate and international visitors.
		1	Rarely hosts international level events that attract interstate and international visitors.
6	Financial viability	3	Venue generates a cash surplus after consideration of lifecycle capital expenditure (excluding financing costs)
		2	Venue generates a cash surplus before consideration of lifecycle capitals costs, however, not sufficient to fully fund lifecycle capital expenditure (excluding financing costs)
		1	Venue generates a cash deficit before consideration of lifecycle capital expenditure (excluding financing costs)
7	Transport connectivity	3	Multiple public transport options and adequate private vehicle access and parking
		2	At least one public transport option and adequate private vehicle access and parking
		1	No public transport and / or inadequate private vehicle access and parking
8	Location	3	Venue is within 1km of an entertainment / hospitality precinct
		2	Venue is within 2km of an entertainment / hospitality precinct
		1	Venue is 2km+ from an entertainment / hospitality precinct

The maximum score for a venue is 24.

Weightings

In addition to the criteria and scoring system, weightings have been applied to indicate the relative importance of each criteria. This is presented in the following table.

Criteria		Weighting
1	Utilisation	20%
2	Capacity	10%
3	Catchment	10%
4	Quality	20%
5	Economic contribution	10%
6	Financial viability	10%
7	Transport connectivity	10%
8	Location	10%

When the weightings are applied the highest weighted score a venue can receive is a score of 10.

Assessment of SQ venues

The following provides an assessment of SQ venues using the venue scorecard framework.

Summary of SQ venue assessment								
Criteria	Weight	Suncorp Stadium (Tier 1)	The Gabba (Tier 1)	Cbus Super Stadium (Tier 2)	Metricon Stadium (Tier 2)	1300SMILES Stadium (Tier 2)	Tier 1 Avg.	Tier 2 Avg.
Utilisation	20%	3	3	2	2	1	3.0	1.7
Capacity	10%	2	2	2	2	3	2.0	2.3
Catchment	10%	3	3	2	2	1	3.0	1.7
Quality	20%	2	1	3	3	1	1.5	2.3
Economic contribution	10%	3	3	2	1	1	3.0	1.0
Financial viability	10%	3	2	1	2	1	2.5	1.3
Transport connectivity	10%	3	3	1	1	2	3.0	1.3
Location	10%	3	2	2	1	1	2.5	1.3
Raw score	na	22	19	15	14	11	20.5	13.0
Weighted score	100%	9.0	7.7	6.7	6.3	4.3	8.3	5.6

Tier 1 stadium are those venues that have a capacity of over 40,000 while Tier 2 have capacity between 20,000 and 40,000. The Tier 1 and 2 averages are of other Australian venues.

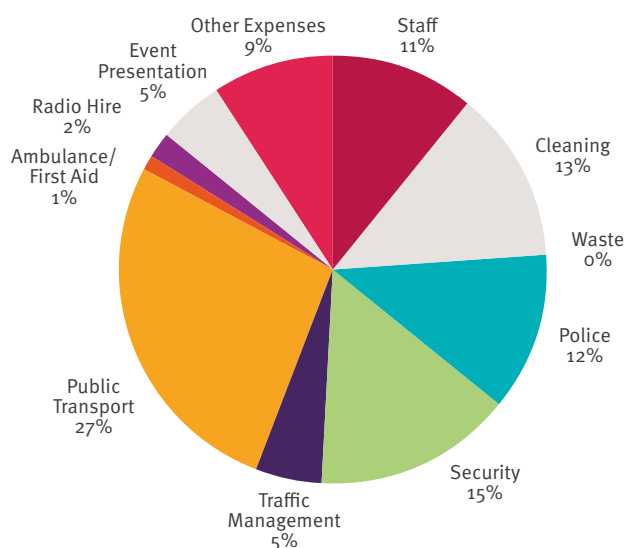
As presented in the table above, Suncorp Stadium recorded the highest raw and weighted scores of all SQ venues (22 out of 24 and 9.0 out of 10 respectively). 1300SMILES Stadium recorded the lowest raw and weighted scores (11 out of 24 and 4.3 out of 10 respectively), followed by Metricon Stadium (14 out of 24 and 6.3 out of 10 respectively).

It is recognised that the new North Queensland Stadium is under construction. For the purposes of this report, this stadium is considered to be an asset replacement of 1300SMILES Stadium rather than a stadium servicing a new market.

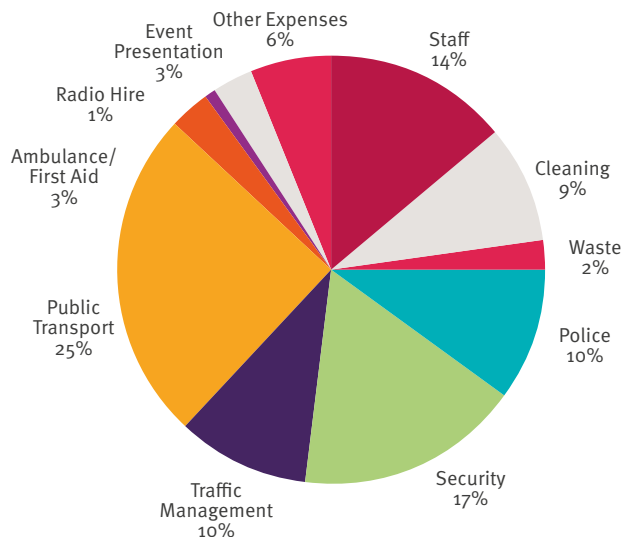
Outside Venue Costs

‘Outside venue’ costs, which include transport, traffic management, security and police costs, contribute significantly to the overall cost of staging major sports events at SQ venues (evidenced below in Figure A).

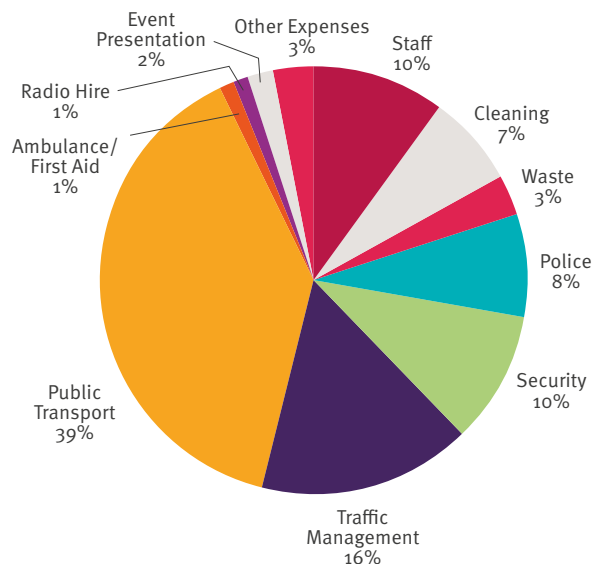
Hirer event day costs – Suncorp Stadium FY17



Hirer event day costs – The Gabba FY17



Hirer event day costs – Cbus Super Stadium FY17



Hirer event day costs – 1300SMILES Stadium FY17

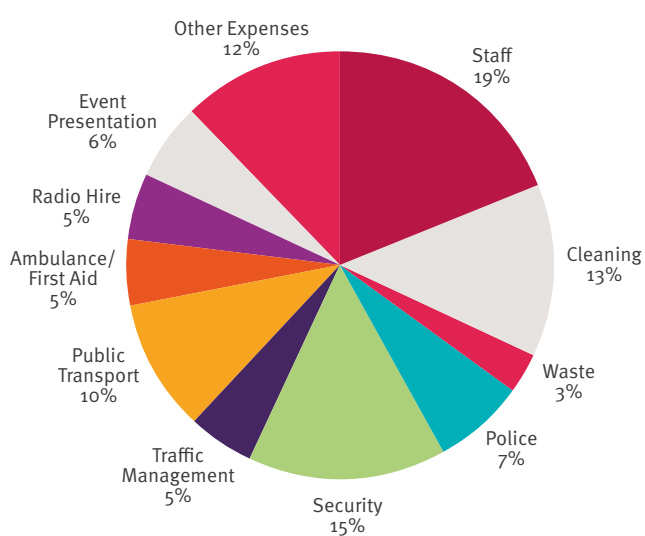


Figure A: Event day cost percentages at available Stadiums Queensland Venues FY2017

Evidence considered by the Taskforce has identified that the outside venue costs are greater for those stadiums in regional areas, and at this time particularly for the Gold Coast venues. This is a result of the venue's locations away from major population areas where there is limited multi-modal transport and existing police resources. However, 1300SMILES Stadium is considerably different to the other regional venues due to its age, infrastructure type, construction and development history and legacy agreements. 1300SMILES Stadium is being replaced by the new North Queensland Stadium and the taskforce considers that its outside venue costs will more closely resemble typical regional costs once operational.

Queensland has a policy of integrated ticketing for major sport events in south east Queensland. Integrated ticketing means that major event ticketholders travel free on public transport to and from the event venue. The cost of providing additional transport services are administered by the venue manager, who seeks to pass these costs to the venue hirer. Initial findings indicate that bus transport is exponentially more expensive than train transport to major sports venues. This is significant for all venues, with the exception of Suncorp Stadium, as the venues within SQ's portfolio are not serviced well by existing rail infrastructure. There is evidence that transport costs are much higher on the Gold Coast than Brisbane, due to the limited number of bus transport providers in the local area, as well as the limited carrying capacity of each bus and the extended time required to return each bus to pick up zones for patrons. Ticket prices however vary little between Gold Coast and Brisbane venues, meaning that the cost to Gold Coast sporting franchises for event transport can be higher than for Brisbane based teams. In some instances this can be in excess of 40% higher, which is inequitable. This report presents recommendations to reduce the transport costs for the Gold Coast teams and venues. Options being explored include applying an event transport cap of \$3.10 (excluding GST) per attendee, applied for all major events held by multi-year venue hirers at Stadiums Queensland owned venues in south east Queensland, investigating options to source new bus charter arrangements and or the reduced supply of bus services for low patronised games.

The cost of providing security at major sports events at SQ venues is passed on to venue hirers. Venue hirers report that police costs and police ratios are greater for Queensland stadiums than anywhere else in Australia. It is understood that at present there is no guideline or policy that provides for consistency in policing major

events in Queensland, and therefore there are significant regional, and event to event, differences. It is a welcomed development that the Queensland Police Service are cognisant of this post the Commonwealth Games and will apply more objective methodology to the provision of police resources to events. Hirers claim that there is not a sufficient risk assessment that allows for the fair consideration of police numbers. For many events, hirers are charged for police operating on "special duties" which provides that police working at these events are paid overtime rates. There are also additional costs for police depending on event days, with costs on public holidays significantly more. Police requirements are also dependent on traffic management plans. Traffic Management Plans are developed by local committees, and although this takes into consideration local issues, it does not provide for consistency across venues for event days. The taskforce is currently investigating these costs in collaboration with the Queensland Police Service to identify options to appropriately reduce expenses without compromising event security.

Future Infrastructure

The Taskforce is investigating the need for future infrastructure, which is being informed by a venue scorecard. The Taskforce is currently investigating a range of venue enhancements at a number of SQ venues and these will be considered in the Taskforce's final report.

Venue Specific Issues

Through its consultation with stakeholders, the Taskforce has identified specific issues that impact the success and effectiveness of individual venues. The venue scorecard provides an overview of the relative functionality of each facility.

At this point in time the findings and recommendations are available for the following issues:

- 1.0 Metricon Stadium – Sinking Fund,
- 2.0 Cbus Super Stadium - Parking and Access,
- 3.0 Gold Coast Public Transport,
- 4.0 North Queensland Stadium – Commissioning, and
- 5.0 The Gabba - Commercial Opportunities.

Further venue specific findings and recommendations will be conveyed in the Taskforce's final report.

Further findings and recommendations addressing the Taskforce's full terms of reference will be provided to the Minister shortly.

Interim Findings and Recommendations

1.0 Metricon Stadium – Sinking Fund

Metricon Stadium was transferred to the SQ portfolio in 2011. The stadium was funded by the AFL (\$13.3 million), the Queensland Government (\$71.9 million), the Commonwealth Government (\$36 million) and the Gold Coast City Council (\$23 million). The AFL pursued the construction of the facility to provide a venue for a Gold Coast AFL franchise.

At the time that this asset was transferred to SQ it included government-agreed terms for the stadium's management provided by a memorandum of understanding between the Queensland Government and the AFL. The MOU:

- outlined the contributions of all parties towards the stadium's construction,
- prescribed that the venue be operated under a lease between the AFL and SQ for a term of 20 years, and
- required that the AFL met all costs associated with the operation, maintenance and events at the venue.

Under the MOU, the AFL is required to pay peppercorn rent to SQ and is entitled to retain profits from all events, except where SQ introduces or brings an event to the premises, where profits are to be shared under a revenue share arrangement. The effect of the MOU is that SQ and the Queensland Government is absolved from the financial risks from managing and maintaining the stadium, in exchange for limited revenue opportunities from the stadium's operations. The terms of the MOU have been reflected in the lease between the AFL and SQ.

Subsequently, the AFL entered into a venue management agreement with the Gold Coast Suns (the Suns) for the use and management of the stadium. The Suns have informed the Taskforce, that the agreement, which SQ is not a party to, provides that the club receive

all the theoretical benefits of the venue, such as naming and supply rights, but also bear all of the significant costs. The Suns have advised the Taskforce that the net cost of the stadium business is a loss of \$1.7 million – \$2 million per annum. The Suns advise that a number of venue related costs incurred have resulted in the club experiencing significant financial stress. In addition to the sinking fund, the Suns advise that the cost at Metricon Stadium for the provision of public transport, traffic management, police and security costs are higher than interstate venues, and other SQ venues, including the Gabba. The Suns also advise that electricity charges are also high, particularly for night events.

The Gold Coast Suns submission to the Taskforce identifies three proposals to improve their financial sustainability:

- reduction in sinking fund payments based on independent advice that this will sustain the sinking fund's requirements for asset replacement,
- allocation and approval to utilise stadium land for a community education and child care centre,
- increase stadium event attraction, facilitated by reduced costs, including police, security and transport costs.

Sinking Fund

Under the lease, the AFL is required to maintain a replacement sinking fund for Asset Replacement and Asset Enhancement. The lease outlines the amounts to be paid into the sinking fund for Asset Replacement and Asset Enhancement. The sinking fund requirements of the lease are unique in regard to the SQ portfolio of venues, however this was a condition of the Queensland Government funding the development of a new stadium for a second Queensland AFL team, rather than a second team playing out of the Gabba.

Metricon Stadium has only ever hosted 10-12 events per annum which is well short of the maximum number of

events that could be held at the venue. The Gold Coast Suns have engaged an independent quantity surveyors to undertake an updated assessment of the stadium life cycle and sinking fund calculation. This assessment takes into account the actual usage of the venue, due to the low number of events, it has been shown that wear and tear is less than anticipated under the original sinking fund calculations of the lease and therefore, the sinking fund could be reduced. It is further considered that that recent \$26 million Queensland Government funded refurbishments and enhancements to Metricon Stadium for the Commonwealth Games are likely to have reduced the actual maintenance required.

Finding 1.1

Due to the lower than potential number of events being held at Metricon Stadium and the recent refurbishments and upgrades delivered as part of the Commonwealth Games it is likely that the sinking fund requirements are lower than originally calculated.

The lease provides that the AFL are required to maintain the Metricon Stadium to a high standard, and keep it in good and substantial repair, including through any necessary capital replacement, regardless of the sinking fund balance. If the facility is not maintained to a high standard SQ has the ability to carry out any necessary works and recover the costs from the AFL.

Finding 1.2

The Metricon Stadium lease between the AFL and Stadiums Queensland required the AFL to maintain the Metricon Stadium to a high standard, and keep it in good and substantial repair, including through any necessary capital replacement, regardless of the sinking fund balance.

As part of their submission to the Taskforce, the Gold Coast Suns have requested that the Asset Replacement component of the sinking fund be amended in line with the recommendation of the updated quantity surveyors report. The annual contributions to Asset Maintenance and Asset Enhancement would remain unchanged.

Recommendation 1.1

The Asset Replacement component of the sinking fund contributions be amended in line with the independent quantity surveyors report, subject to AFL agreement as head lease holder.

Commercial Opportunities

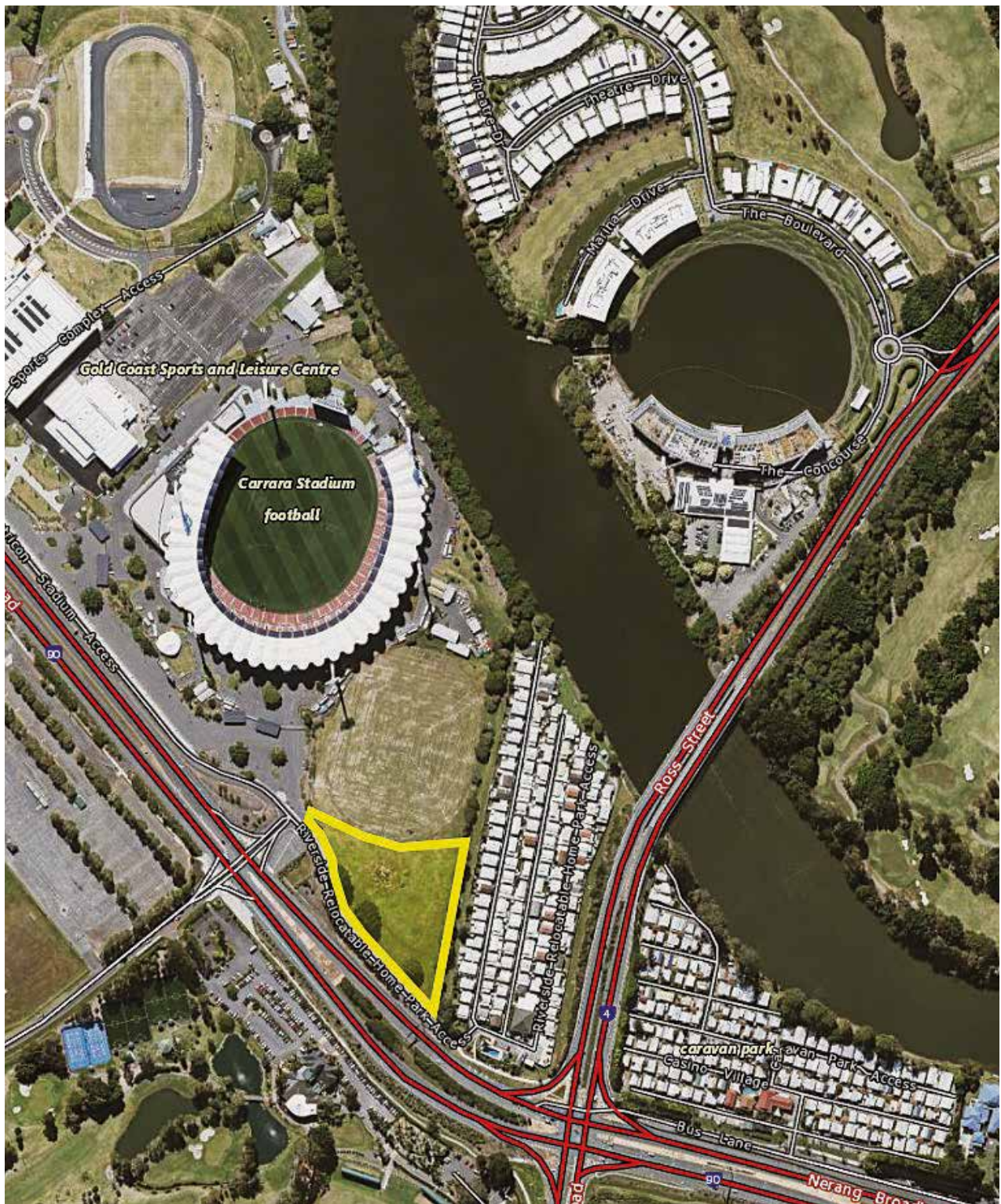
As part of their submission to the Taskforce, the Gold Coast Suns identified three proposals to improve their financial sustainability. These proposals included seeking an approval to utilise stadium land for a childcare industry training college and child care centre.

This proposal offers an opportunity for the venue operator to develop a supplementary source of income, separate to the operations of the Stadium. In other jurisdictions and at other stadiums in Queensland, the development of supplementary income sources for sporting franchises has been seen to improve the financial viability of the organisation. In terms of the Gold Coast Suns, additional revenue streams would reduce their operational deficit and subject to appropriate measures, should be supported and encouraged. The additional income would reduce the pressure to increase ticketing cost to patrons.

Recommendation 1.2

Supplementary sources of income for sporting franchises should be supported and encouraged as they reduce the pressure to increase ticket prices.

There is currently a proposal to establish an early learning centre and childcare industry training college within the Metricon Stadium land parcel as indicated by the yellow outline in Map 1.1 below.



Map 1.1: Indicative location of the childcare proposal at Metricon Stadium

The proposal is understood to be joint venture agreement between the Gold Coast Suns and an early learning childcare provider. The aim of this proposal would be to provide an additional revenue stream to the Gold Coast Suns as they would charge a commercial rental to the childcare provider whilst only being charged a peppercorn fee on the land by SQ.

The land that comprises Metricon Stadium is declared as major sports facility via the Major Sports Facilities Act 2001 (MSF Act) and the associated Major Sports Facilities Regulation 2014 (MSF Regulation). Further legal advice and analysis would need to be undertaken to determine if this type of development is allowed under the existing act.

The development of this project is supported by the Taskforce as it provided additional sources of revenue to the stadium operator. However it is the Taskforce's opinion that if commercial use of declared land in the MSF Act is permitted, then the use needs to be a compatible social or community benefit.

Consideration also needs to be given to the possibility of the Suns and/or AFL no longer being associated with Metricon Stadium and the implications this would have on any successful consideration of the early learning centre proposal. Of particular importance is the need for SQ to ensure it does not become liable for any out of pocket expenses relating to this proposal, now or in the future, including legal costs.

Finding 1.3

There may be development opportunities at Stadiums Queensland venues that could potentially be utilised to generate additional sources of revenue from operations that are compatible with Stadiums Queensland business.

Recommendation 1.3

That land declared under the MSF Act may be used for commercial outcomes by Stadiums Queensland or leaseholders, where a compatible social or community benefit can be demonstrated.

2.0 Cbus Super Stadium – Parking and Access

The location of Cbus Super Stadium has a significant impact on the traffic management, transport activities and the costs required to support events held at the venue. The most significant design issue is that the stadium is located near the end of a no through road. Limited access to the stadium restricts the movement of all traffic including cars, buses and pedestrians and limits drop off and pick up options. This increases the time it takes to empty the stadium, reduces the efficiency of public transport services as buses cannot easily access the area, and limits the ability to use car parking as part of the transport mix. Event day costs including transport, traffic management, policing and security are higher as a result.

SQ and the Department of Transport and Main Roads have a benchmark of 60 minutes to clear all patrons from events at SQ facilities. The ability to move patrons, particularly at large events, is restricted at the Cbus Super Stadium. Egress timeframes are impacted as pedestrians leave first, before cars and buses. It is not uncommon for corporate hospitality guests to have to wait over 40 minutes before being allowed to exit the limited car parking available because of the highly restrictive pedestrian protection measures put in place with no regard for the crowd size or time taken to 'bump out' the patrons.

Car parking in the vicinity of the stadium is limited, in part, due to the limited traffic flow during events. Also, car parks at the nearby Robina Train Station or the Robina Town Centre cannot currently be used by stadium patrons. Parking restrictions are also imposed on the streets surrounding the venue. These limits are too restrictive and a different approach is required. The limited car parking impacts on the Titans ability to attract corporate sponsors, reduces transport opportunities for patrons and may impede access to the stadium for disabled patrons. According to the Titans, these issues also affect the fan experience and the likelihood that people will attend future games at the Cbus Super Stadium. There are also significant public transport costs and scheduling issues for Cbus Super Stadium, which exacerbates access and the problems associated with poor vehicular access and parking. Further findings and recommendations related to public transport as it relates to the Cbus Super Stadium are outlined in section 3.0 of the report.

Finding 2.1

Due to the stadium being located on a no through road, access to the Cbus Super Stadium is limited, significantly impacting traffic management arrangements, public transport (bus) access and car parking.

Finding 2.2

The constrained vehicular access to the Cbus Super Stadium, and resulting traffic management, public transport and car parking issues affect the fan experience which may reduce the likelihood of future patrons attending events at the Cbus Super Stadium.

Recommendation 2.1

The current commuter car park at Robina station be opened for pre-purchased game day parking available for hirers to position sponsors, members and limited general admission car parking.

A number of hirers at Stadiums Queensland venues have identified Traffic Management Plans as an area of inconsistency between stadiums. In some instances, the Traffic Management Plan is used as an opportunity to coordinate the activities of police, traffic management and public transport activities around Stadium. The development of a Traffic Management Plan requires the input from many interested parties including local councils, venue hirers, venue managers, police, transport providers, and the Department of Transport and Main Roads.

There is a requirement that stadiums, including the Cbus Super Stadium, have a Traffic Management Plan in place for major events. Stakeholders have advised the taskforce that this requirement is overly restrictive and significantly impacts event day costs particularly for events of up to 10,000 attendees.

Recommendation 2.2

The Department of Transport and Main Roads to upgrade the Cbus Super Stadium Traffic Management Plan to a contemporary arrangement that allows access to both traffic and public transport with the view to reducing Traffic Management Plan restrictions, road closures and parking restrictions, particularly for events of up to 10,000.

Recommendation 2.3

The Department of Transport and Main Roads are ideally placed to support greater consistency in Traffic Management Plans across Stadiums Queensland venues. To increase consistency, a principles based Traffic Management Plan framework should be developed to inform precinct wide and event specific Traffic Management Plans.

Recommendation 2.4

The Department of Transport and Main Roads to upgrade all Traffic Management Plans to ensure consistency with the principles based Traffic Management Plan framework.

It has been identified significant long-term solutions are required to improve traffic and parking around the venue to ensure its sustainability and the viability of its tenants. There are opportunities to improve vehicle movement by constructing a bridge over the Mudgeeraba Creek to extend Stadium Drive to Gooding Drive to the North or Robina Parkway to the east (see Map 2.1 and 2.2). There is also additional car parking capacity at the Robina Town Centre, Robina Train Station, Robina State High School to be explored.

Recommendation 2.5

That significant long-term solutions be explored to improve traffic solutions around the Cbus Super Stadium. These solutions could include:

- Constructing a bridge over the Mudgeeraba Creek to link Stadium Drive to Gooding Drive or Robina Parkway.
- Providing access to additional carpark capacity in the stadium precinct at the Robina Town Centre, Robina Train Station, and Robina State High School, and
- Utilising the nearby field of Robina Raptors Junior Rugby League Club, near the hospital grounds for limited parking for major events.



Map 2.1: Cbus Super Stadium Location Map 1



Map 2.2: Cbus Super Stadium Location Map 2

3.0 Gold Coast – Public Transport

Background

All SQ venues are required to establish local Traffic Management Plans (TMP) through local committees. These committees usually comprise of the venue manager, Queensland Police Service (QPS), Translink and the local council. It appears that local traffic management committees consistently use a threshold of 5,000 patrons to trigger a traffic management overlay that includes road closures and restrictions, parking restrictions, public transport requirements and integrated ticketing. The focus is to facilitate the safe movement of patrons to and from the stadium while minimising the impact of crowds on the community and the transport systems surrounding the venue. There is also a benchmark that is used, to be able to clear patrons from a venue within 60 minutes of the event finish. Transport costs are a significant operating cost incurred by SQ, typically accounting for between 25% and 40% of total event day costs.

For the majority of events at SQ venues, integrated ticketing is enacted. Integrated ticketing is the practice whereby the cost of public transport for the event attendee is included in the overall event ticket price. To implement integrated ticketing, and potentially negotiate a better deal, SQ deals directly with transport providers to service Cbus Super Stadium, and the

Gabba. AEG Ogden, as agent for SQ, enters into the contract with the transport provider at Suncorp. The Gold Coast Suns are responsible for transport services to Metricon Stadium. SQ seeks to achieve value for money for hirers by open tender or procurement process, however, this may be constrained by the limited market, with most public transport operated or supplied by state or local governments, or a small number of private companies.

SQ seeks to recover public transport costs from the venue hirer through hiring agreements. However, given the nature of the transport levy arrangements that SQ has with venue hirers, and the nature of certain venue hire contracts being ‘fixed’, SQ bears the risk that it will not be able to recover all of the transport costs from the venue hirer in circumstances where crowd numbers are not sufficiently high. Table 3.1 below demonstrates the total transport cost shortfall that SQ could not recover from the venue hirers at the Gabba and Cbus Super Stadium for FY2017. It is apparent that the proportion of unrecovered cost for public transport at Cbus Super Stadium is significant, with SQ unable to recover almost half of the total cost of public transport for the venue. It has been identified that AEG Ogden recovers the full amount of public transport for services to Suncorp Stadium.

	The Gabba	Cbus Super Stadium	Suncorp Stadium	Metricon Stadium
Total FY2017 transport costs for SQ	\$1,562,888	\$690,545	\$3,153,775	\$574,117
Transport costs not recovered from venue hirer/s	\$128,152	\$279,885	\$0	\$0
Unrecovered portion of total transport costs	8%	41%	N/A	N/A

Table 3.1: FY2017 Transport Costs Not Recovered by Stadiums Queensland

Source: Stadiums Queensland data and Gold Coast Suns submission to the Taskforce

Finding 3.1

Stadiums Queensland seeks to recover the cost of providing public transport for events from hirers, however due to contractual arrangements it is not able to recover the full cost of providing public transport for the venues it manages in south east Queensland.

Finding 3.2

The costs of providing public transport to Cbus Super Stadium and Metricon Stadium is more than the cost of providing public transport to the Brisbane stadiums due to Brisbane’s existing high frequency multi-modal network.

Being in the centre of Brisbane, Suncorp Stadium and the Gabba are well serviced by existing multi modal, multi directional and high frequency public transport networks (bus and rail). Map 3.1 shows that both Cbus Super Stadium and Metricon Stadium are located on the outskirts of a regional city. The stadiums do not have the same advantages with regard to existing public transport as the Brisbane based stadium. Cbus Super Stadium is adjacent to Robina Train Station that provides access to the north-south passenger rail line.



Map 3.1: Gold Coast Stadiums Location Map

Train Transport

Additional train services are provided for events held at Suncorp Stadium, Metricon Stadium and Cbus Super Stadium where the expected crowd size exceeds a minimum threshold. No additional train services are scheduled for events held at the Gabba (with the exception of very large events, i.e. Adele), with this venue being solely reliant on additional bus services for events when needed. Figure 3.1 shows that although only serviced by the north-south Gold Coast rail line, a significant proportion of people do travel to Cbus Super Stadium by train.

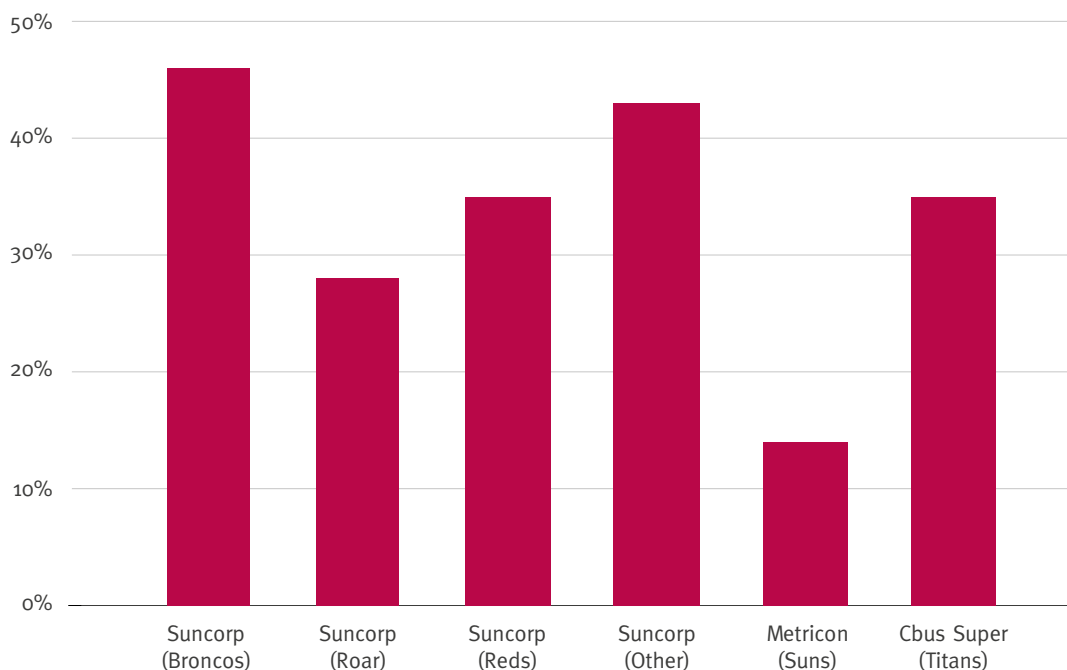


Figure 3.1: Rail patronage as % of total event attendees (FY2018 to date)

Source: Stadiums Queensland data (Metricon Stadium data received only relates to games held in July and August 2017 and does not include 2018 matches)

Translink has developed rail service plans for these venues. The number of additional train services provided before and after events is dependent on the expected crowd size and type of event, and is subject to certain limitations such as train size and train line capacity. Other key considerations include the time and day of the event and the extent of regular timetable services operating at this time as well as anticipated crowd demographic. Given the history and track record of events held at these south east Queensland stadiums to date, reasonably accurate assessments can be made based on an expected crowd size of the number of passengers that will travel by train before and after

games, and for Brisbane events which train lines passengers will be travelling on.

The QPS stipulate that railway squad officers are required at train stations and / or on-board trains when crowd size is expected to exceed a minimum threshold, with the cost associated with this QPS involvement being on-charged to SQ. The crowd sizes at which additional train services and QPS railway squad officers are required for events at each stadium are illustrated in Figure 3.2, along with the average crowd size experienced at these events in FY2018 to date.

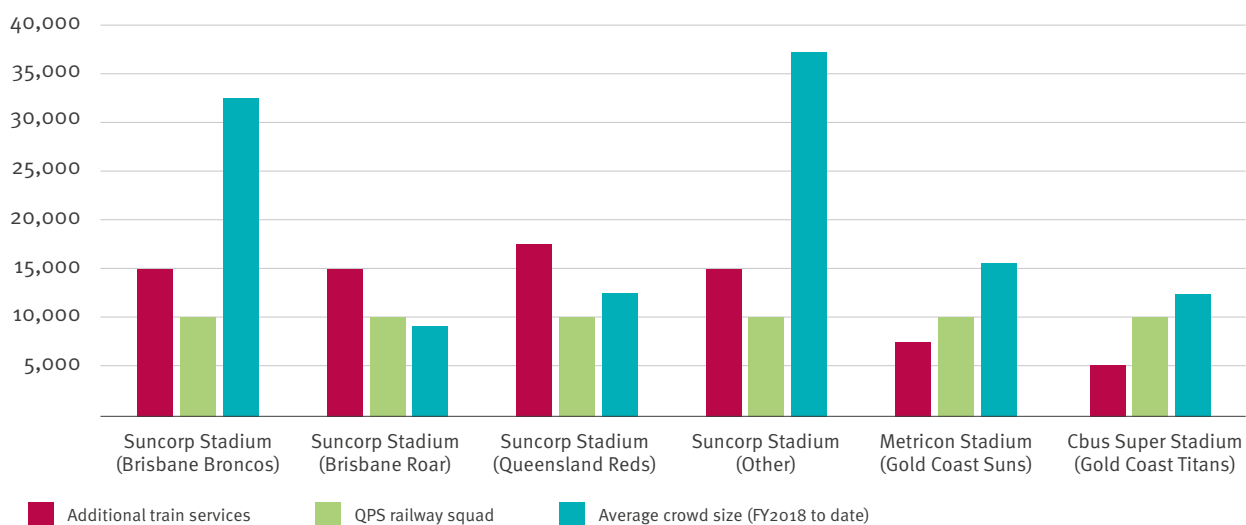


Figure 3.2: Expected crowd size for additional train services & QPS involvement

Source: Department of Transport and Main Roads

Given only one train line services the Gold Coast stadiums, less capacity is available from scheduled services, therefore additional trains are provided for smaller expected crowd sizes and are provided both before and after games.

The costs associated with Queensland Rail (QR) providing additional train services are estimated at approximately \$70 per kilometre based on the distance the additional trains travel, from their starting point at Mayne Train Yard at Bowen Hills through to their final return to Bowen Hills. The Department of Transport and Main Roads only passes on \$15.97 per kilometre (FY2018 amount) of this cost onto SQ, a subsidy of close to 80% of the true cost of providing the additional services. SQ seeks to recover its rail services cost from the venue hirer, however given the nature of the transport levy arrangements that SQ has with venue hirers, SQ bears

the risk that it will not be able to pass all of these rail costs on to the venue hirer. The rail costs borne by SQ and recharged to the event hirers where possible reflects approximately Queensland Rail's cost of providing the additional rail services.

The estimated cost in the FY2018 year to date for these additional rail services and QPS railway squad involvement, on a per event attendee basis at the relevant Suncorp Stadium, Metricon Stadium and Cbus Super Stadium is shown at Figure 3.3. also charts the average crowd size at each of these events for the FY2018 year to date on the right-hand axis, along with the minimum expected crowd threshold for additional rail services.

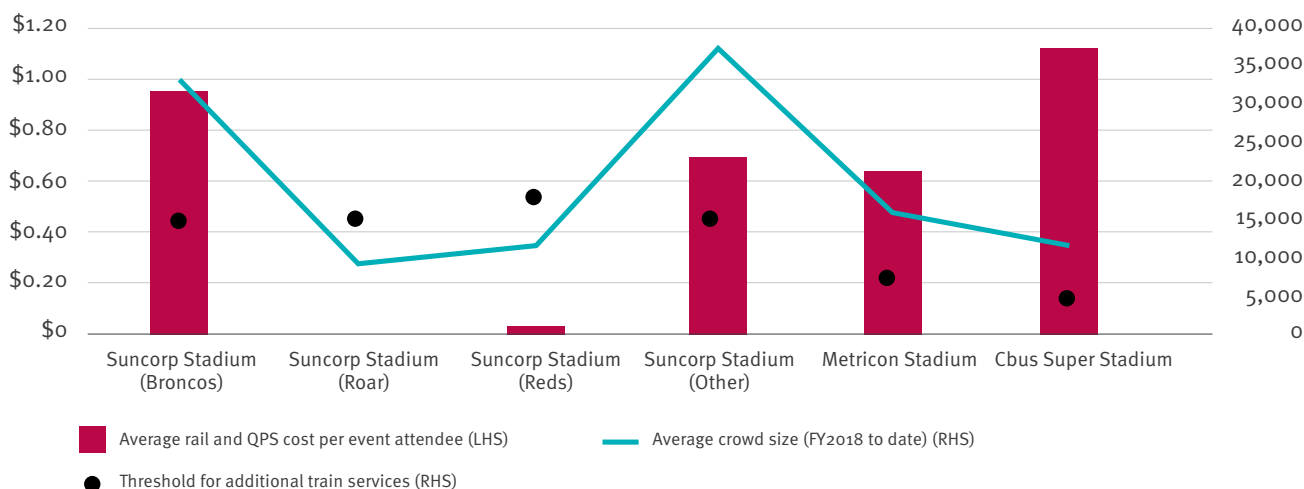


Figure 3.3: Average FY2018 cost of additional rail services and QPS rail squad on a per attendee basis
Source: QTC analysis

As shown in Figure 3.3, on a per attendee basis the rail cost associated with events at Metricon Stadium is lower than the cost for Broncos and ‘Other’ events at Brisbane, due to lower crowd sizes and less need for additional services. The cost is marginally higher at Cbus Super Stadium than Suncorp Stadium for these events, with one of the drivers of this being that additional rail services are provided both before and after games. Figure 3.3 shows the costs incurred by SQ, not the hirers which is determined through the hiring agreement.

Finding 3.3

Train charges are more expensive for Cbus Super Stadium than Suncorp Stadium due to the need for additional services for smaller crowds and the additional kilometres travelled by the trains to service the venue.

One potential area of saving for SQ relates to rail costs for the Gold Coast stadiums, with the trains required for additional services currently being charged on a per kilometre used basis based on starting and finishing at Mayne Train Yard at Bowen Hills. If these trains were instead to start and finish at Beenleigh, this would reduce the length of trip for each additional train used by approximately 80km.

Recommendation 3.1

That the Department of Transport and Main Roads explore if it is feasible for Gold Coast event train services to start and finish at Beenleigh, reducing the length of trip by 80km.

Bus Transport

Bus passenger service costs account for the majority of SQ’s total public transport costs incurred. For Suncorp Stadium and Cbus Super Stadium where SQ is responsible for contracting with both bus and rail service providers, bus costs typically exceed 80% of the total transport cost. This is driven in part by the discounted rate charged by Transport and Main Roads to SQ for additional rail services, reflecting a subsidy of close to 80% of the true cost of providing the additional services.

Translink has not been engaged by SQ to provide bus services. It was previously considered that the venue managers were better placed to exercise their right to find an alternative bus company and leverage lower costs. SQ and AEG Ogden have direct contracts with Brisbane Transport, a subsidiary of Brisbane City Council, for the provision of bus services for the Gabba and Suncorp Stadium. SQ and the Suns have direct

contracts with Transit Australia Group (Surfside Buses) for the provision of bus services for Cbus Super Stadium and Metricon Stadium respectively.

Historically, Transit Australia Group has been identified as the only bus company with the capacity to manage event day demand for Gold Coast venues, including both venues hosting events concurrently. The limited supply options for bus services on the Gold Coast potentially restricts the ability of venue managers to negotiate competitive individual service arrangements. The Taskforce has also been provided with examples of a private operator using its monopoly position to charge a premium for services which impacts hirers and ultimately the cost to patrons.

When comparing similar crowd sizes and event days for bus service contracts between Cbus Super Stadium (Transit Australia Group) and Suncorp Stadium/Gabba

(Brisbane Transport), Cbus Super Stadium bus costs are consistently more expensive. There is a high minimum cost of providing the bus services where crowds are forecast to be low for the Gold Coast venues in particular.

The number of additional bus services offered and the costs associated with these services are dependent on the expected crowd size and the day of the week on which the event is being held. An comparison of the full cost schedule that applied to these additional bus services during the 2016 season, for crowds up to 27,500 (approximating the capacity of Cbus Super Stadium and covering most events held at Suncorp Stadium and the Gabba), is shown at Table 3.2. It is noted that additional services are not required for the Brisbane venues for crowds under 10,000 due to the existing capacity of the bus network and services.

Crowd Size	5,000 – 9,999	12,500 – 15,000	20,000 – 22,500	25,000 – 27,500
Mon - Fri	No additional services required for the Gabba or Suncorp Stadium	21%	5%	-8%
Saturday		40%	24%	9%
Sunday		52%	38%	21%
Public Holiday		27%	16%	2%

Table 3.2: Comparison of cost of additional bus services for Cbus Super Stadium compared to the Gabba and Suncorp Stadium
Source: 2016 Cost Schedule

Finding 3.4

Contracted bus service rates for Gold Coast events are significantly more expensive than Brisbane rates. Bus services for comparable Sunday events are between 21% - 52% more expensive for Gold Coast events than for Brisbane events.

Based on the event day cost statements, Cbus Super Stadium bus costs per attendee are 18% higher than Suncorp Stadium and 58% higher than the Gabba, and Metricon Stadium (FY2017 only) bus costs per attendee are 12% higher than Suncorp Stadium and 51% higher than the Gabba. These costs are the costs charged to SQ or the venue manager, by the service provider. However, as noted above, in FY2017 41% of the Cbus Super Stadium transport costs incurred by SQ were not recovered from the venue hirer/s, and 8% of the Gabba transport costs were not recovered.

In 2014 Translink undertook to manage the delivery of train services for all major Stadiums owned by SQ. Translink’s approach to the provision of train services was to package the additional services, required for events at Stadiums Queensland venues, into the existing contract with Queensland Rail. Translink also sought to closely monitor and manage usage and supply of train services. This approach to train services resulted in significant savings to stadium hirers.

Translink has been shown to be able to effectively and efficiently manage the provision of public transport services for events at Stadiums Queensland venues. There is opportunity for this transportation knowledge and expertise to be utilised in a similar approach to achieve better and consistent outcomes for bus services on the Gold Coast. This may involve a range of aspects including: determining service levels, contract negotiating, performance measuring, reporting and reviewing. The aim would be to achieve cost efficiencies that would be advantageous to the venue hirers.

Recommendation 3.2

Translink provides the management and delivery of bus services on behalf of Stadiums Queensland and AFL, to Cbus Super Stadium and Metricon Stadium.

Integrated Ticketing

Queensland has a policy of integrated ticketing for major sport events in south east Queensland. Integrated ticketing means that major event ticketholders travel free on public transport to and from the event venue. The cost of providing this free public transport for ticketholders is paid for by Translink and the venue manager/venue hirer. Access to regular scheduled bus and rail services are provided free by Translink, only the cost of providing additional services (in addition to the scheduled services) are passed onto the venue manager. The venue manager in turn seeks to pass the cost of the additional transport services onto the venue hirer as an event day cost. Free access to existing regular scheduled bus and rail services can represent a significant saving for venue hirers. 1300SMILES Stadium only provides a shuttle bus service to one location and therefore does not have integrated ticketing.

	Attendances	Total Transport Cost	Average Cost per Attendee (GST exclusive)
Suncorp Stadium	1,098,383	\$3,153,775	\$2.87
The Gabba	549,243	\$1,562,888	\$2.85
Metricon Stadium	140,174	\$574,117	\$4.10
Cbus Super Stadium	183,116	\$690,545	\$3.77
Total / Average	1,970,916	\$5,981,325	\$3.03

Table 3.3: Total Cost of Public Transport per Attendee at Stadiums in south east Queensland

Source: Stadiums Queensland data and Gold Coast Suns submission to the Taskforce

The cost of event transport for individual hirers is different, based on the stadium location, contractual arrangements,

proximity to regular scheduled bus and rail services, time of the event and number of attendees. Based on these variables it is fair to say that every hirer is paying a different average price for event transport for stadiums in Queensland. In FY2017, the average amount that venue hirers paid per attendee for event transport ranged from \$2.85 at the Gabba to \$4.10 at Metricon Stadium.

Finding 3.5

Every hirer of stadiums in Queensland is paying a different price per attendee for event transport. In FY2017, the average cost per attendee to provide the additional event transport (in addition to the scheduled services) ranged from \$2.85 at the Gabba to \$4.10 at Metricon Stadium.

Recommendation 3.2

Translink provides the management and delivery of bus services on behalf of Stadiums Queensland and AFL, to Cbus Super Stadium and Metricon Stadium.

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This variation in event transport costs has an impact for venue hirers who have higher costs, this can impact fan experience because of less funds available for fan/entertainment content. This results in a situation that is not equitable for all Queenslanders and creates a layer of the complexity for SQ and hirers in contract negotiations.

The average cost of a public transport journey in south east Queensland is \$3.17. Table 3.3 shows that the average cost of providing the additional transport services for stadium users in south east Queensland is \$3.03 per attendee.

To address equality and fairness issues with regard to transport charges and costs, it is proposed that a annual per attendee cap be developed and implemented for the delivery of additional transport services for major events at Stadiums Queensland owned stadium in south east Queensland. Implementing a cap will reduce the significant variation between the cost of additional transport services based on the location of stadium and will improve the cash flow of venue hirers by reducing the difference between the event transport charge and the final price paid (re-payment) for these services.

Based on the information available to the taskforce, it is recommended that an annual event transport charge cap of \$3.10 (excluding GST) per attendee be applied for all major events held by multi-year venue hirers at Stadiums Queensland owned venues in south east Queensland.

Recommendation 3.3

An annual event transport cap of \$3.10 (excluding GST) per attendee be applied for all major events held by multi-year venue hirers at Stadiums Queensland owned venues in south east Queensland. The event transport cap is to be escalated by Brisbane CPI on an annual basis.

Impact on hirers

No hirer will be worse off as a result of the implementation of an annual event transport cap of \$3.10 (excluding GST) per attendee. The transport cap effectively creates a ceiling for the annual per attendee cost of event transport for multi-year venue hirers at Stadiums Queensland owned venues in south east Queensland.

The effect that a transport cap will have on hirers depends on which venue the hirer is using and the venue hire arrangements that are in place between venue manager and the hirer.

The financial benefits for hirers will be realised through reduced costs and improved cash flow for hirers.

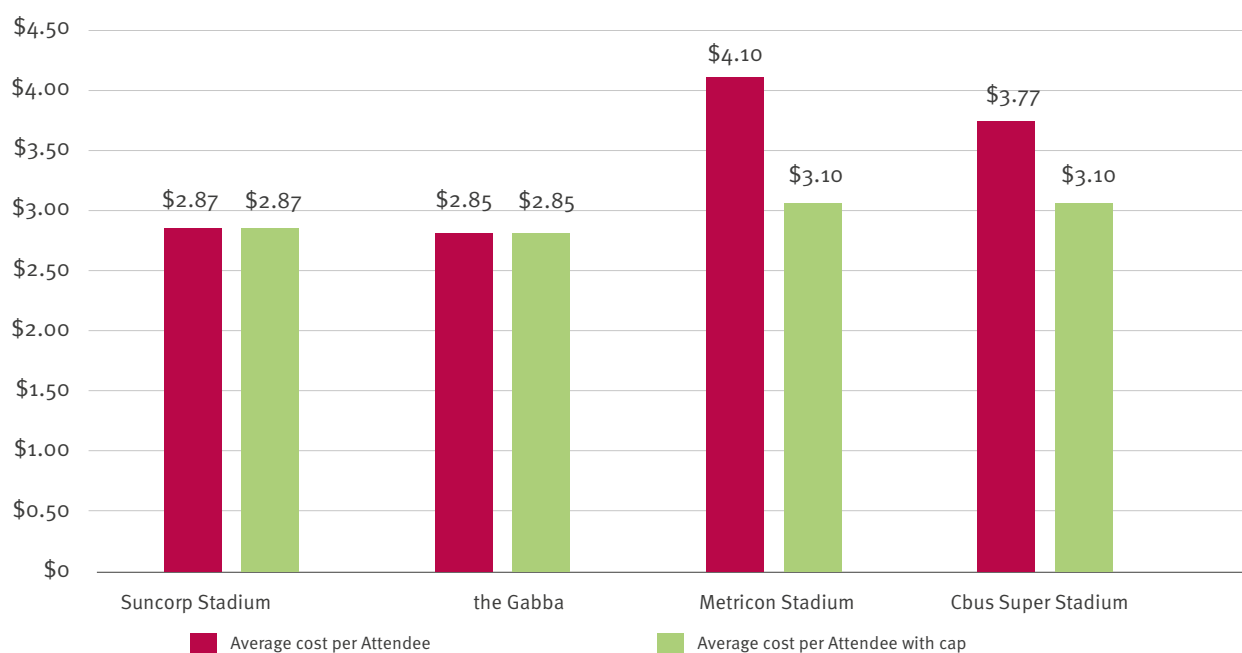


Figure 3.5 Transport cap impact on average FY2017 public transport cost per attendee

Source: Stadiums Queensland data and Gold Coast Suns submission to the Taskforce

Figure 3.5 shows that in FY 2017, all multi-year venue hirers at the Gabba and Suncorp Stadium paid less than \$3.10 per attendee on average across the season for event transport, therefore the transport cap will have little impact on their total cost of transport over a season. There may however be cash flow advantages of up to \$10,000 per game for some hirers including the Queensland Reds and the Brisbane Roar FC.

Based on FY 2017, venue hirers at Metricon Stadium would see significant savings of up to \$1.00 per attendee as a result of an annual event transport cap of \$3.10 (excluding GST) per attendee. Venue hirers at Cbus Super Stadium would also see savings of up to \$0.67 per attendee as a result of an annual event transport cap of \$3.10 (excluding GST) per attendee.

It should be noted that the Gold Coast Titans have entered into a fixed price agreement with Stadiums Queensland for the use of Cbus Super Stadium. Under a fixed price agreement all transport costs are paid by Stadiums Queensland and as such a cap would not affect these arrangements. Any future venue agreement that includes additional public transport being paid by the hirer, the cap would apply.

Each venue hire agreement specifies a per attendee price for event transport that is paid to the venue manager. At a later date the total actual cost of providing the additional transport services (in addition to the free scheduled services) is calculated. The difference between the revenue received by the venue manager based on the event transport price and the actual cost of providing the additional transport services is re-paid to the hirer.

The event transport price differs between individual venue hire agreements, and is part of a commercial in confidence agreement between the venue hirer and venue manager. The Taskforce has been provided some but not all event transport prices by venue hirers. For some hirers the event transport price specified in their venue agreement is much higher than the actual cost of the additional transport required for their event. This difference in price is repaid to the venue hirer, however, this can have an impact on hirers cash flow. By implementing an annual event transport cap of \$3.10 (excluding GST) per attendee, some venue hirers may experience cash flow improvements of up to \$10,000 per game.

4.0 North Queensland Stadium – Commissioning

The North Queensland Stadium is a new 25,000 seat stadium being built in Townsville. The budgeted \$250 million stadium is forecast to be completed for the start of the 2020 National Rugby League season which will commence in the second half of FY20. Funding for the stadium has been provided by:

- Queensland Government (\$140 million),
- Australian Government (\$100 million), and
- National Rugby League (NRL) (\$10 million).

The commissioning of a new stadium creates a number of transition challenges for venue managers, operators, hirers and suppliers. A number of learnings can be taken from the operations of the Cbus Super Stadium because of the similarities of venue size, regional location, single predominant user and lack of access to efficient passenger rail transport. The transition from the ageing 1300SMILES Stadium located in the outskirts of Townsville into a new contemporary facility in the centre of the Townsville CBD will significantly affect venue operations, venue costs and venue related incomes. The delivery of transport, security, policing, traffic management, cleaning and maintenance costs may well increase whilst opportunities for revenue including onsite parking may reduce.

Finding 4.1

The transition from the ageing 1300SMILES Stadium located in the outskirts of Townsville into a new contemporary facility in the centre of Townsville CBD will significantly impact venue operations, venue costs and venue related incomes.

Under standard SQ leasing arrangements hirers, including the North Queensland Cowboys, pay for the use of the stadium and other services including public transport, traffic management, policing and security. The cost of these services changes depending on a range of factors including the venue location, venue design, crowd size, access to transport and other activities in the immediate vicinity.

Finding 4.2

Because of the move from 1300SMILES Stadium to the North Queensland Stadium, the North Queensland Cowboys may require different services from Stadiums Queensland including public transport, traffic management, policing and security.

As the new North Queensland Stadium progresses through design and construction, the requirements for services including public transport, traffic management, policing and security become apparent. It is appropriate that ongoing consideration to the requirement for these services.

Recommendation 4.1

That service requirements for the new North Queensland Stadium including public transport, traffic management, policing and security continue to be considered as part of the design and construction of the stadium.

5.0 The Gabba – Commercial Opportunities

Brisbane venues have several revenue advantages over the regional venues resulting from their location in the capital. These include increased ability to attract content, including entertainment events and sports franchises, increased population density around the assets, and access to multi-modal and multi-directional transport links. The actual and potential financial performance of these venues far exceeds the potential performance of the regional venues.

Stakeholder feedback has identified that performance of the Gabba venue may be effected by the management of venue, which is viewed as being less entrepreneurial than other interstate venues. Hirers have identified that the venue is managed in a risk averse fashion that does not allow for quick decision making.

It is also suggested that commercial opportunities are not explored to the same extent as for Suncorp Stadium. The Taskforce has identified that there are a range of commercial opportunities that could be explored to improve the commercial performance of the Gabba.

There may also be opportunities to increase the event calendar at the Gabba. In 2017 the first major concert was held at the Gabba, Adele. The concert was hugely successful and demonstrated that such an event could be held at the venue. It is understood that the Gabba could be used for other entertainment and public events to increase its utilisation.

Further prospects identified for commercialisation of the Gabba include better utilisation of Sports House South and other uses for offices currently occupied by the Brisbane Lions. Sports House South is a government building currently managed by the Department of Housing and Public Works (Sport and Recreation Services). At present its tenants include not for profit sports organisations who use spaces for administration purposes. These tenants are charged rent at a rate below commercial rates. The tenants at this facility can be moved to alternative sites owned by SQ, providing for additional commercial opportunities within the Gabba precinct. There may also be opportunities for the use of office space currently occupied by the Brisbane Lions, should a proposed AFL facility for training and administration be built at Springfield.

Finding 5.1

Hirers and stakeholders have advised that there are commercial opportunities that are worth exploring at the Gabba.

It is suggested that a non-government venue manager could better realise the potential for utilisation and commercialisation opportunities for the Gabba. There are several potential advantages of private sector management, which include:

- overcoming the limitations of bureaucracy to enable quick decision making and innovation
- limiting hirer's ability to lobby government for special deals,
- increased focus on commercialising the venue to increase revenue streams, without political and bureaucratic obstacles, and
- potentially better placement in the market to attract other major non-sporting events to the venue.

The benefits of private sector involvement in the management of major venues are well established and should be adopted. It is however noted that there are some potential risks of co-sourcing management rights for the stadium and these include:

- limiting profits and revenue back to SQ, and
- reduced government control of significant public assets and less coordination.

Finding 5.2

There are several advantages of co-sourcing the management rights for the Gabba, which include increasing utilisation and revenue from better realising commercial opportunities.

Recommendation 5.1

The government put out to tender the management rights for the Gabba if it is cost effective to do so.

Recommendation 5.2

That co-sourcing of the Gabba management be undertaken on the basis of no frontline job losses and back office saving be utilised to reduce Stadiums Queensland operating deficit.

A further opportunity exists with regard to the naming rights for the venue. There are many other examples of named stadiums in Australia including Suncorp Stadium, ANZ Stadium, Etihad Stadium, and Optus Stadium. Whilst cricket venues in Australia have traditionally opted not to enter into naming rights agreements, the landscape has changed, with Etihad Stadium being the home for the Melbourne Renegades BBL team, and the new Perth Stadium, for which Optus has naming rights. It is also noted that although the renovated Adelaide Oval does not have naming rights for the venue, there are several corporate sponsors of the stadium, including Lion, Coca-Cola, the RAA, the Commonwealth Bank and Telstra. It is noted that the MCG also has corporate partners, including Carlton and United Breweries, Coca-Cola and the Bank of Melbourne. Another option for naming rights is to name areas and spaces at the venue, such as bars and corporate areas. This option has been taken advantage of at the Adelaide Oval with the Audi Stadium Club and at the Perth Stadium with the BankWest Club.

The Gabba is a nationally recognised brand for Queensland sport and has a strong institutional connection for local sports fans. It is important that the historic nature of the name Gabba is recognised in any naming rights consideration.

Recommendation 5.3

The naming rights for the Gabba be put out to tender, subject to retaining Gabba in the stadium name. This will reduce the need for taxpayer subsidy and allow investment in ageing infrastructure, including turnstiles and facilities.

Several stakeholders informed the Taskforce that the Gabba is a “tired” venue in need of enhancement, particularly when compared with the major upgrade to the Adelaide Oval, and the new Optus Stadium in Perth.

Enhancements to the venue are proposed to build on public transport access improvements in conjunction with the Cross River Rail project. For example the new Woolloongabba Station will provide a 3 minute travel time from Albert Street in the CBD to the Gabba once the project is complete. Plans include making better use of government owned land surrounding the venue to provide community spaces around the stadium, on existing green-space and on the old Go-Print site. It is planned to improve pedestrian access to the venue with walkways built over Main, Vulture and Stanley streets. There are also proposed improvements to the inside of the stadium, including new entrances and upgraded facilities, such as new corporate areas and new bars, improvements to general admission spectator areas, and new scoreboards. Additional enhancements to the Gabba may also be required, depending on the outcome of the south east Queensland Council of Mayors Feasibility Study for the 2032 Olympic Games, and any subsequent bid. It is noted that the Premier of Queensland supports the study, which will investigate whether south east Queensland could deliver a successful games through a cost effective and scaled-down approach, making use of existing infrastructure. Enhancements to the Gabba may be investigated as part of the feasibility study.

Finding 5.3

A major benefit of the Cross River Rail project is that travel time from the Brisbane CBD to the Gabba will reduce to 3 minutes from the current travel time of up to 40 minutes.

Finding 5.4

It is the view of Stakeholders that the Gabba requires improvements to remain competitive against interstate oval stadiums.

Recommendation 5.4

Fast track the consolidation of ownership of assets adjacent to the Gabba to provide a once off opportunity to develop a seamless major entry and activation point for the Gabba via the proposed new Woolloongabba Station.

Recommendation 5.5

Enhancements to the Gabba be made in conjunction with stadium access improvements delivered through the Cross River Rail project and any potential 2032 Olympic bid.

Appendix 1: Stadiums Queensland Venues – Overview

Venue Name	Venue Description	Management Model	Key Users
The Gabba (Brisbane Cricket Ground)	Elite Sport Venue 42,000 capacity outdoor oval stadium Located in Woolloongabba, close to the Brisbane CBD Upgraded between 1993 and 2005.	Stadiums Queensland Management	Cricket Australia Queensland Cricket Brisbane Heat Brisbane Lions Concerts
Brisbane Entertainment Centre	Primary Entertainment Venue / Secondary sport venue 13,500 capacity entertainment centre Community multi-purpose indoor sports hall Located in Boondall, north Brisbane suburb Built in 1986, only minor upgrades since this time.	Management Agreement (AEG Ogden until 2021)	Concerts Entertainment events Ad-hoc sporting events Community use
Suncorp Stadium (Brisbane Stadium or Lang Park)	Elite Sport Venue 52,500 capacity outdoor rectangular stadium Located in Milton, close to the Brisbane CBD Major Upgrade completed in 2003	Co-sourced Management (AEG Ogden until 2020)	Brisbane Broncos Queensland Reds Brisbane Roar NRL/ARU Concerts
Metricon Stadium (Carrara Stadium)	Elite Sport Venue 25,000 capacity outdoor oval stadium Located in the suburb of Carrara on the Gold Coast New build, completed 2011	Lease (AFL)	Gold Coast Suns
Queensland Sport and Athletics Centre	Primary community sport venue/Secondary elite sport venue 48,500 capacity stadium, two 10-lane synthetic athletic tracks, indoor arena, beach volleyball, elite training facilities, Queensland State Netball Centre (future) Located in the southern Brisbane suburb of Nathan Upgrades are ongoing, including the construction of the Queensland State Netball Centre	Stadiums Queensland Management	Queensland Athletics and Little Athletics Queensland Queensland Firebirds (future) QAS Concerts Entertainment events Community use

Venue Name	Venue Description	Management Model	Key Users
Queensland Tennis Centre	<p>Primary community sport venue/Secondary elite sport venue</p> <p>5,500 capacity tennis arena, 23 International Tennis Federation standard tennis courts</p> <p>New build, completed 2009</p> <p>Located in the Brisbane riverside suburb of Tennyson</p>	Lease (Tennis Queensland)	<p>Brisbane International</p> <p>Davis Cup</p> <p>Federation Cup</p> <p>Community use</p>
Cbus Super Stadium (Robina Stadium)	<p>Elite Sport Venue</p> <p>27,400 capacity outdoor rectangular stadium</p> <p>Located in the suburb of Robina on the Gold Coast</p> <p>New build, completed 2008</p>	Stadiums Queensland Management	Gold Coast Titans
Sleeman Sports Complex	<p>Primary community sport venue/Secondary elite sport venue</p> <p>Brisbane Aquatic Centre, BMX track, indoor arena, Anna Meares Velodrome, accommodation, elite training facilities.</p> <p>Located in the south-east Brisbane suburb of Chandler</p>	Stadiums Queensland Management	<p>Swimming Australia/ Queensland</p> <p>Diving Australia</p> <p>Gymnastics QLD</p> <p>Cycling QLD</p> <p>BMX QLD</p> <p>Weight Lifting QLD</p> <p>Community use</p>
1300SMILES Stadium (Townsville Stadium)	<p>Elite Sport Venue</p> <p>26,500 capacity outdoor rectangular stadium</p> <p>Located in the Townsville suburb of Kirwan</p> <p>Minor upgrades completed in 2008</p>	Stadiums Queensland Management	North Queensland Cowboys

Appendix 2: Review of Stadiums Queensland Pricing and Practices

Stadiums Queensland's (SQ) portfolio equates to more than \$1.2 billion worth of state owned and publicly funded sporting and entertainment infrastructure. The nine facilities owned and managed by SQ are: Suncorp Stadium; Brisbane Cricket Ground (the Gabba); Brisbane Entertainment Centre; Queensland Sport and Athletics Centre; Sleeman Sports Centre; 1300 Smiles Stadium; Cbus Super Stadium; Queensland Tennis Centre and Metricon Stadium.

Each facility is unique in terms of events and patronage they host. The facilities are used for elite athletes training and development, the conduct of elite competition and special events (i.e. concerts), as well as for community participation in sport and recreation. As State owned assets the Queensland Government is committed to ensuring these assets realise their full potential for the Queensland community.

In this context, the Stadiums Queensland Pricing and Practices Review will be conducted under the following terms of reference:

1. Investigate the venue hiring arrangements in place across SQ venues for the conduct of major sporting events, including –
 - a. For all venues that fall under the SQ portfolio involved in the conduct of major sporting events, a review of operating and pricing models.
 - b. An outline of leasing/ venue hiring arrangements for major sporting events across SQ
 - c. Desktop assessment of operating models in place across Australian jurisdictions for major sporting events, and the private sector including leasing/ contract arrangements in place across Australian stadia.
2. Assess and report on the appropriateness of the SQ arrangements for major sporting events in comparison to other owners and operators, including a comparative assessment of the impact of the arrangements for –
 - Individual lease holders;
 - Stadium management arrangements;
 - Sporting fans;
 - Local economic outcomes, including event attraction
 - Implications for SQ cost recovery;
 - Any subsidy required to support operating expenses including maintenance and capital replacement; and
 - Costs and benefits to the community.
3. Forecast venue/infrastructure needs over the next 20 years and the viability of the existing portfolio and new stadia.
4. Assess and report on the impact of the Queensland Government agreeing to one or more requests from sporting codes for additional/new stadia.

Glossary

AFL	Australian Football League
1300SMILES Stadium	Townsville Stadium 14 Golf Links Dr, Kirwan QLD 4817 Also known as The Willows Sports Complex
Brisbane Entertainment Centre	Melaleuca Dr, Boondall QLD 4034 Also known as BEC and Boondall
Cbus Super Stadium	Robina Stadium Centreline Place, Robina QLD 4226
The Gabba	Brisbane Cricket Ground Vulture St, Woolloongabba QLD 4102
Integrated Ticketing	Public transport that can be used on public transport to travel to and from events
Metricon Stadium	Carrara Stadium Nerang Broadbeach Rd, Carrara QLD 4211
MSF Act	<i>Major Sports Facilities Act 2001</i>
MSF Regulation	<i>Major Sports Facilities Regulation 2014</i>
North Queensland Stadium	3 Redpath St, North Ward QLD 4810 Under construction, due for completion by the start of the 2020 NRL season
NRL	National Rugby League
Queensland Sports and Athletics Centre	Kessels Rd, Nathan QLD 4111 Also known as QSAC and QEII
Queensland Tennis Centre	190 King Arthur Terrace, Tennyson QLD 4105 Also known as QTC and Tennyson Tennis Centre
Sleeman Sports Complex	Cnr Old Cleveland & Tilley Roads, Chandler QLD 4155 Also known as Sleeman and Chandler
SQ	Stadiums Queensland
Suncorp Stadium	Brisbane Stadium 40 Castlemaine St, Milton QLD 4064 Also known as Lang Park
Transit Australia Group	The owner of Surfside Buses that delivers bus services on the Gold Coast
Transport for Brisbane	A subsidiary of Brisbane City Council that delivers bus services to Stadiums Queensland in Brisbane



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Appendices

Appendix 2

Stadium Taskforce – Terms of Reference

Review of Stadiums Queensland Pricing and Practices

Terms of Reference

Stadiums Queensland's (SQ) portfolio equates to more than \$1.2 billion worth of state owned and publicly funded sporting and entertainment infrastructure. The nine facilities owned and managed by SQ are: Suncorp Stadium; Brisbane Cricket Ground (the Gabba); Brisbane Entertainment Centre; Queensland Sport and Athletics Centre; Sleeman Sports Centre; 1300 Smiles Stadium; Cbus Super Stadium; Queensland Tennis Centre and Metricon Stadium.

Each facility is unique in terms of events and patronage they host. The facilities are used for elite athletes training and development, the conduct of elite competition and special events (i.e. concerts), as well as for community participation in sport and recreation. As State owned assets the Queensland Government is committed to ensuring these assets realise their full potential for the Queensland community.

In this context, the Stadiums Queensland Pricing and Practices Review will be conducted under the following terms of reference:

1. Investigate the venue hiring arrangements in place across SQ venues for the conduct of major sporting events, including –
 - a. For all venues that fall under the SQ portfolio involved in the conduct of major sporting events, a review of operating and pricing models.
 - b. An outline of leasing/ venue hiring arrangements for major sporting events across SQ
 - c. Desktop assessment of operating models in place across Australian jurisdictions for major sporting events, and the private sector including leasing/ contract arrangements in place across Australian stadia.
2. Assess and report on the appropriateness of the SQ arrangements for major sporting events in comparison to other owners and operators, including a comparative assessment of the impact of the arrangements for –
 - Individual lease holders;
 - Stadium management arrangements;
 - Sporting fans;
 - Local economic outcomes, including event attraction
 - Implications for SQ cost recovery;
 - Any subsidy required to support operating expenses including maintenance and capital replacement; and
 - Costs and benefits to the community.
3. Forecast venue/infrastructure needs over the next 20 years and the viability of the existing portfolio and new stadia.
4. Assess and report on the impact of the Queensland Government agreeing to one or more requests from sporting codes for additional/new stadia.

Appendices

Appendix 3 Venue Responsibility Matrix

Venue Responsibility Matrix

Asset Type Criteria for Asset Inclusion	STADIUM		INDOOR SPORT / ENTERTAINMENT CENTRE		PARTICIPATION FACILITY		
	- Seat capacity - Amount and level of content - Population	- Seat capacity - Amount and level of content - Population	- Seat capacity - Amount and level of content - Population	- Number facilities in State Competition level - Commerciality of activity	Multi-sport of national significance	Land Owner	Operator
Tier 1 (mega)	40,000+ seats	Suncorp Stadium The Gabba	10,000+ seats	Brisbane Entertainment Centre (BEC)	Operator	AEG Ogden	Operator
Tier 2 (major)	20,000 – 40,000 seats	Metricon Stadium Cbus Super Stadium 1300 SMILES Stadium	5,000 – 10,000 seats	Cairns Convention Centre Townsville Entertainment & Convention Centre Gold Coast Convention and Exhibition Centre Brisbane Convention and Exhibition Centre Queensland State Netball Centre Queensland Tennis Centre	Operator	AEG Ogden LGA Star AEG Ogden Sport Sport	Operator
Tier 3 (regional)	10,000 – 20,000 seats	Toowoomba Sports Ground Sunshine Coast Stadium BB Print Stadium, Mackay Barlow Park, Cairns Cazaly's Stadium, Cairns Browne Park, Rockhampton Riverway Stadium, Townsville Ballymore Dolphins Stadium, Redcliffe QLD Group Stadium, Ipswich	1,000 – 5,000 seats	Mackay Entertainment and Convention Centre University of the Sunshine Coast Sports Stadium Townsville RSL stadium Logan Metro Sports and Events Centre	Operator	LGA University LGA LGA	Operator
Tier 4 (local)	Under 10,000 seats	Numerous facilities across Queensland	Less than 1000 seats	Numerous facilities across Queensland	Local Participation	Numerous facilities across Queensland	Operator

SQ	Stadiums Queensland	Southbank	Southbank Corporation
AEG Ogden	AEG Ogden – management and entertainment company	Star	The Star Entertainment Group
Sport	Sporting Code National or State Body	Seqwater	Seqwater - Queensland Government statutory authority
LGA	Local Government Authority	SR	Sport and Recreation, Department of Housing and Public Works
Trust	Constituted Trust	QGAA	Queensland Government Accommodation Office, Department of Housing and Public Works
Club	Sporting Club		
University	University of Sunshine Coast		

Appendices

Appendix 4

Stadiums Queensland Venues Overview

Stadiums Queensland Venue Summary

VENUE ITEM	Suncorp Stadium	The Gabba	Mettricon Stadium	Cbus Super Stadium	Brisbane Entertainment Centre	1300SMILES Stadium	Queensland Tennis Centre	Queensland Sport and Athletics Centre	Sleeman Sports Centre
Establishment	1962	1895	1987	2008	1986 (Olympic Games bid)	1995 (as rectangular stadia)	2009	1977 (1982 Commonwealth Games)	1980 (1982 Commonwealth Games)
Last major redevelopment relating to current configuration	2001 - 2003 \$280 million cost to government	1993 - 2005 \$154 million cost to government	2011 \$144 million with contributions from Queensland Government, Federal Government, Gold Coast City Council and AFL	2008 (opened) \$160 million cost to government	1986 \$71 million construction cost	2005 – 2008 SQ has spent over \$30 million to improve, upgrade and add infrastructure to venue	2009 (opened) \$82 million development delivered through PPP with contribution from Tennis Queensland	2017 – 2018 Replacement of both synthetic athletics tracks and construction of hydrotherapy pool facility.	2016 Anna Meares Velodrome opened in 2016. BMX facility and second 50 metre pool added in last five years.
Year into SQ portfolio	May 2003	21 December 2001	22 May 2011 (opened)	17 February 2008 (opened)	30 June 2002	December 2004	January 2009 (opened)	30 June 2002	30 June 2002
Method of entering SQ portfolio	Transferred upon completion from Stadium Redevelopment Authority	Transferred from dissolved Brisbane Cricket Ground Trust	New build on same site (transferred from GCCC to government (SQ) as part of GCCC contribution)	New build	Transferred from BCC	Transferred from the Willows Trust/ Townsville City Council	New build (QLD Government, transferred to SQ at practical completion)	Transferred from BCC	Transferred from BCC
Description	52,500 capacity outdoor rectangular stadium 5,032 venue memberships 1,936 function capacity	42,000 capacity outdoor oval stadium 4,200 venue memberships 1,400 function capacity	25,000 capacity outdoor oval stadium	27,400 capacity outdoor rectangular stadium 900 function capacity	13,500 capacity entertainment centre	26,500 capacity outdoor rectangular stadium 543 corporate seats 365 function capacity	5,500 capacity tennis arena, 23 ITF standard tennis courts 20 corporate suites 200 function capacity	48,500 capacity stadium, two 10-lane synthetic athletic tracks, indoor arena, beach volleyball, elite training facilities, Queensland State Netball Centre (soon)	Brisbane Aquatic Centre, BMX track, indoor arena, Anna Meares Velodrome, accommodation, elite training facilities.
Key users	Brisbane Broncos Queensland Reds Brisbane Roar NRL/ARU Concerts	Cricket Australia Queensland Cricket Brisbane Heat Brisbane Lions Concerts	Gold Coast Suns	Gold Coast Titans	Concerts Entertainment events Ad-hoc sporting events	North Queensland Cowboys Concerts	Brisbane International Davis Cup Federation Cup	Queensland Athletics and Little Athletics Queensland Queensland Firebirds (future) QAS Concerts Entertainment events	eg. Swimming Australia/ Queensland Diving Australia Gymnastics QLD Cycling QLD BMX QLD Weight Lifting QLD
2016/17 attendance	1,099,864	565,666	177,090	186,025	513,772	228,876	236,170	265,258	719,482
Management model	Co-sourced ▪ Agency Agreement: AEG Ogden	SQ in-house	Outsourced: ▪ Operating lease: AFL and SQ 20 years ▪ Management Agreement: AFL and Gold Coast Suns	SQ in-house	Outsourced ▪ Management Agreement (profit share): AEG Ogden	SQ in-house	Outsourced ▪ Operating lease: Tennis Queensland 15 years	SQ in-house	SQ in-house

Appendices

Appendix 5

Map of Stadiums Queensland Venues



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