

Stadium Taskforce Report

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



Queensland
Government

Contents

Executive Summary	7
Summary of Findings and Recommendations	19
1.0 Stadiums Queensland Organisation	36
1.1 Stadiums Queensland establishment and background	36
1.2 Governance and Institutional Arrangements	38
1.3 Stadiums Queensland Organisational Structure	43
2.0 Stadiums Queensland Asset Portfolio	46
2.1 Governance and Institutional Arrangements	46
2.2 Objectives for Use of Stadiums Queensland Asset Portfolio	50
2.3 Comparison of Asset Portfolio to Other Jurisdictions	51
3.0 Queensland Environment	56
3.1 Regional Venues	57
4.0 Stadiums Queensland Business Model	62
4.1 Venue Management Models	65
4.1.1 Stadiums Queensland - Venue Management Model	65
4.1.2 Interstate - Venue Management Models	68
4.2 Venue Management Models	72
4.2.1 Stadiums Queensland - Venue Management Arrangements	72
4.2.2 Interstate - Venue Management Arrangements	74
5.0 Stadiums Queensland Operating Model	78
5.1 Operating Model - Venue Services	78
5.2 Operating Model - Hiring Agreements	80
5.2.1 Stadiums Queensland - Hiring Agreements	80
5.2.2 Interstate - Hire Agreements	82
6.0 Event Day Costs	84
6.1 Event Day Costs for Stadiums Queensland Venues	85
6.2 Event Day Costs Comparison to other states	86
6.3 Security and Policing	87
6.3.1 Services Provided by the Queensland Police Service	89
6.3.2 Safety and public security	89
6.3.3 Other Services	92
7.0 Ticket Price Comparison	96

8.0 Stadium Subsidies and Event Attraction	100
8.1 Event Attraction Subsidy	101
8.2 Event Attraction in Queensland	102
8.3 Regional Stadiums Event Attraction	102
8.4 Event Attraction for Non-Stadiums Queensland stadiums	104
9.0 Stadiums Queensland Financial Performance	106
9.1 Financial Analysis	106
9.2 Annual Grants	110
9.3 Maintenance and Capital	112
9.4 Food and Drink Prices	116
10.0 Future Needs	120
10.1 Needs Assessment	120
10.2 Maximise Useful Life of Existing Stadiums Queensland Portfolio	124
10.3 Maximise Use of Existing Stadiums Queensland Portfolio	126
10.4 Stadium Decision Making Framework for Government	128
11.0 Venue Specific Considerations	136
11.1 1300SMILES Stadium	136
11.2 North Queensland Stadium	136
11.3 Suncorp Stadium	137
11.4 The Gabba	138
11.5 Metricon Stadium	139
11.6 Cbus Super Stadium	141
11.7 Brisbane Entertainment Centre	142
11.8 Queensland Tennis Centre	144
11.9 Sleeman Sports Complex	146
11.10 Queensland Sport and Athletics Centre	148
11.11 Playing Surfaces	150
11.12 Sporting High Performance Centres	150
11.13 Ballymore	151
11.14 Boutique Stadium	154
Glossary	158
Appendix 1 Stadium Taskforce – Interim Report	160
Appendix 2 Stadium Taskforce – Terms of Reference	203
Appendix 3 Venue Responsibility Matrix	205
Appendix 4 Stadiums Queensland Venues Overview	207
Appendix 5 Map of Stadiums Queensland Venues	209



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.

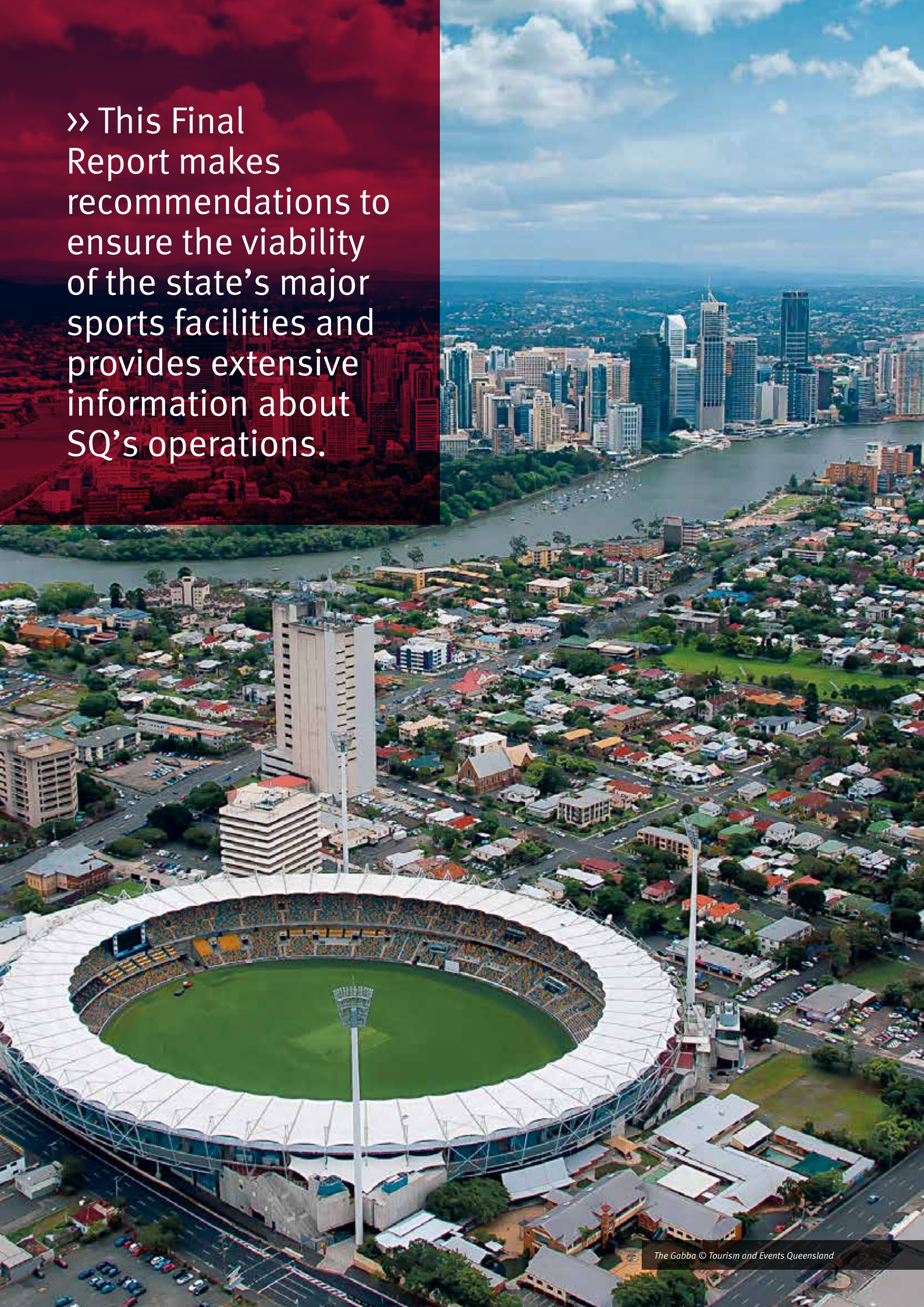
Additionally, I would like to thank the other members of the Stadium Taskforce for their dedicated efforts and also extend thanks to Queensland Treasury Corporation and KPMG for the analytical works that underpin a lot of the Taskforce's findings and recommendations in both the Interim and Final Reports.

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:

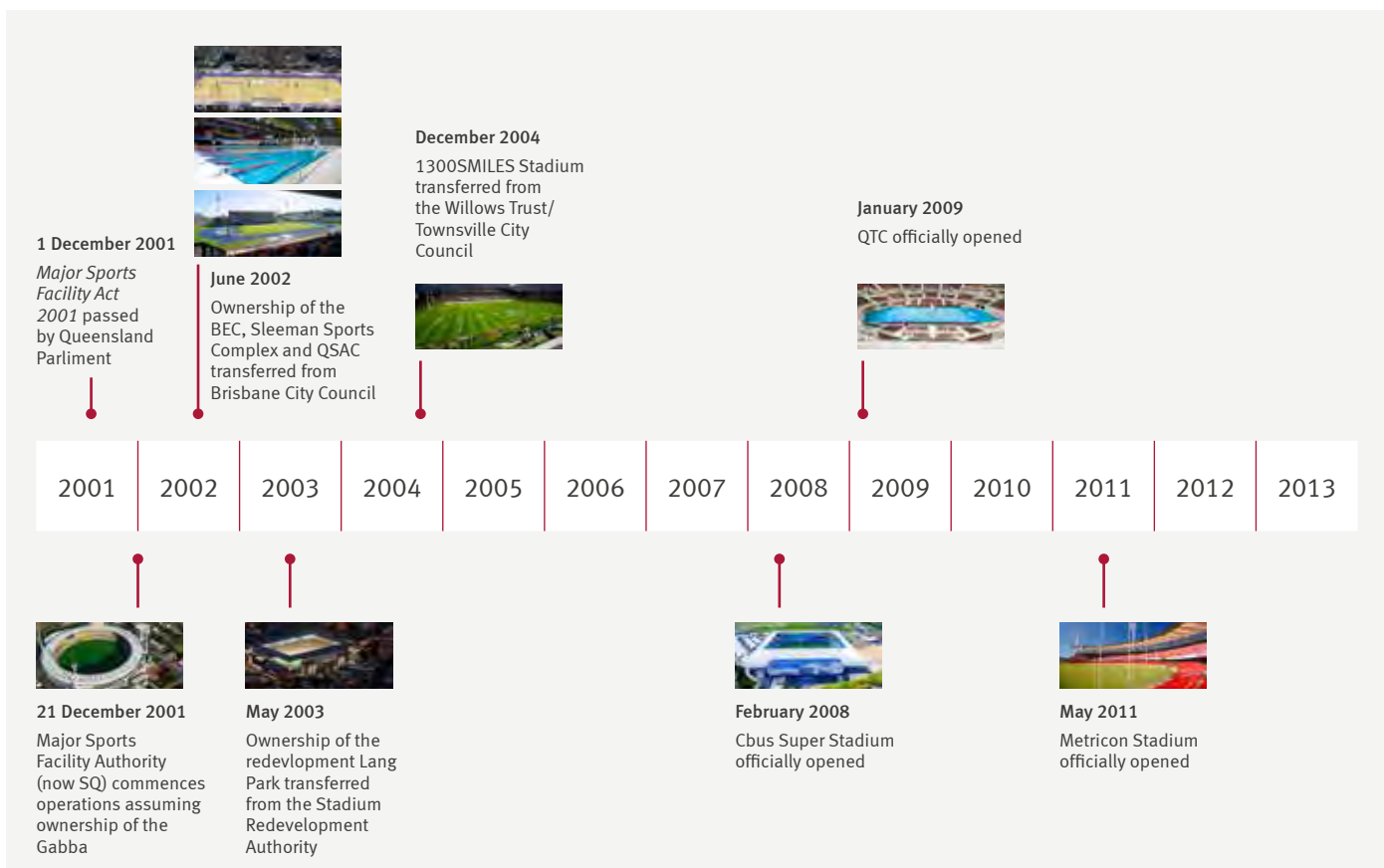


Figure 2.1: Timeframe of SQ Asset Portfolio Acquisition

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.

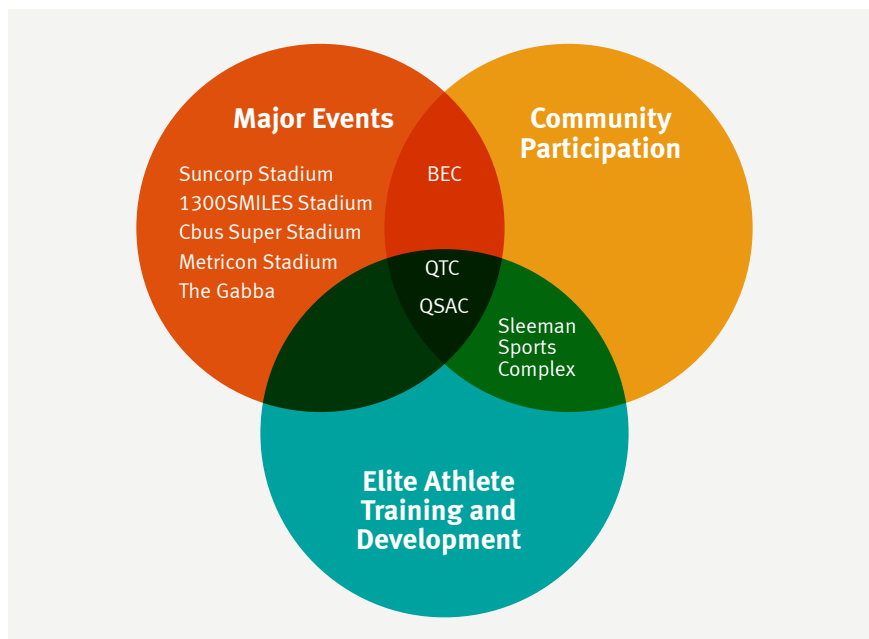


Figure 2.2: Delivery of Stadiums Queensland Objectives by Venue

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.

