

CABINET - SUBJECTS FOR CONSIDERATION, 20 DECEMBER 2006 9:00 AM

1 **New Initiatives/Policy Matters**

101 TF06/064CS Victoria Park Redevelopment (Kevin Foley)
APPROVED AS AMENDED

Not Relevant

1088/2
101

CABINET COVER SHEET

- 1 **TITLE:** Victoria Park Redevelopment
- 2 **MINISTER:** Kevin Foley MP
DEPUTY PREMIER
TREASURER
- 3 **PURPOSE:** To seek Cabinet approval for the redevelopment of the Victoria Park Racecourse (in accordance with the principles and intent of the Adelaide Park Lands Act 2005) as a multi-purpose venue with new facilities designed for both the SA Jockey Club and the SA Motor Sport Board and to maximise the return of additional land to the parklands.
- 4 **IDENTIFY THE RELEVANT GOVERNMENT POLICY AND/OR SOUTH AUSTRALIA'S STRATEGIC PLAN TARGET:** South Australia's Strategic Plan targets, that the proposal will progress are:
Objective T1.13 – Increase visitor numbers and length of stay.
Objective T1.16 – Investment in strategic infrastructure.
- 5 **ICT COMPONENT:** Does the submission have a material ICT Component?
 Yes No
- 6 **RESOURCES REQUIRED FOR IMPLEMENTATION:** The development assessment for this proposal will be undertaken in accordance with the principles and intent of the *Adelaide Park Lands Act 2005*, and other relevant legislation. As such, the development will be undertaken pursuant to a "private" development application under the *Development Act, 1993*.

New Multi-Purpose Building

- Total cost \$33.758 million

Note :- The cost of the building will be partly offset by contributions from SAJC and ACC (to be negotiated).

Relocation and building of motor sport track and associated facilities

- Total cost \$8.735 million
- Timing of expenditure
 - Financial Year 06/07 - \$1.602million
 - Financial Year 07/08 - \$8.925 million
 - Financial Year 08/09 - \$31.965 million

Annual subsidy provided to the Motor Sport Board can be reduced by \$1million from 2008-09, as a result of this initiative.

Net Operating Balance and Net Lending Budget impacts as follows:

- \$1.602 million (2006-07)
- \$8.925 million (2007-08)
- \$20.965 million (2008-09)
- + \$1.0 million (ongoing from 2009-10)

Treasury and Finance agrees **with** the basis of the assessment of costs contained in this submission.

7 COMMUNITY AND ENVIRONMENTAL IMPACT:

The proposed redevelopment plan will:

- Remove the unsightly SAJC facilities on Fullarton Road and Wakefield Road
- Return approximately 53,194 m² of alienated land to parklands in Victoria Park;
- Return approximately 14,000 m² of hardstand in Victoria Park to parklands
- Reduce the buildings in Victoria Park from 7,250 m² to 3,930 m² footprint
- Open up the vista of parklands from Fullarton Road and Wakefield Road
- Allow for the planting of up to 1,000 new trees in the parklands
- Allow for the creation of new sporting facilities for the public
- Restore and provide a use for the Heritage Grandstand
- Create a new sporting and event precinct for Adelaide

This submission does not have an impact on business

8 RISKS:

This development will create significant public interest and comment.

Public Works Committee approval will be required.

9 CONSULTATION:

- South Australian Motor Sport Board
- South Australian Jockey Club
- Adelaide City Council

- Further consultation to be carried out as part of the development process.
- 10 COMMUNICATION STRATEGY:** Proposal to remain confidential while the detailed design development plan is finalised. Public announcement likely in November 2006.
- 11 URGENCY:** Urgent
- 12 RECOMMENDATIONS:** It is recommended that Cabinet:
- 12.1** Approve the South Australian Motor Sport Board (SAMSB) undertaking redevelopment works at Victoria Park Racecourse to provide: (1) a new Multi-Purpose Building for both the SA Jockey Club and the SA Motor Sport Board; and (2) Relocation and rebuilding of the motor sport track and associated facilities, with the associated benefit of the return of additional land to the parklands.
 - 12.2** Note that the development assessment for this proposal will be undertaken in accordance with the principles and intent of the *Adelaide Park Lands Act 2005*, and other relevant legislation. As such, the development will be undertaken pursuant to a "private" development application under the *Development Act, 1993*.
 - 12.3** Approve a total project component cost of \$33.758 million for the new multi-purpose building.
 - 12.4** Approve a total project component cost of \$8.735 million for the relocation and rebuilding of the motor sport track and associated facilities.
 - 12.5** Approve SAMSB undertaking negotiations with the SA Jockey Club and the Adelaide City Council toward securing a minimum total contribution of \$10 million in 2008-09 from these organisations toward the cost of the new multi-purpose building.
 - 12.6** Note that details of control and ownership of the new multi-purpose building are yet to be resolved and will be the subject of a future submission to Cabinet.
 - 12.7** Approve additional appropriation from Governor's Appropriation to the Administered Items of the Department of Treasury and

Finance of \$1.602 million in 2006-07 and additional appropriation of \$8.925 million in 2007-08 and \$30.965 million in 2008-09 for the purpose of providing capital grant funding to SAMSB for the redevelopment works.

- 12.8 Approve recognition of a revenue receipt to Government of \$10.0 million in 2008-09, as an external party contribution to the cost of the new building.
- 12.9 Approve additional expenditure authority to the Administered Items of the Department of Treasury and Finance of \$1.602 million in 2006-07, \$8.925 million in 2007-08 and \$30.965 million in 2008-09 for the purpose of providing capital grant funding to SAMSB for the redevelopment works.
- 12.10 Approve a reduction in ongoing annual appropriation and expenditure authority to the Administered Items of the Department of Treasury and Finance of \$1.0 million, commencing in 2009-10, as a result of reduced operating subsidy to SAMSB.
- 12.11 Approve Net Operating Balance and Net Lending impacts of -\$1.602 million in 2006-07, -\$8.825 million in 2007-08, -\$20.965 million in 2009-10 and \$1.0 million per annum ongoing from 2009-10 resulting from the project.
- 12.12 Note that I will return to Cabinet with a further submission should the proposed \$10 million project contribution level from the SAJC and the ACC not be achieved.

I declare that I have no actual or potential conflict of interest in relation to the proposals contained in this submission.



Kevin Foley MP
DEPUTY PREMIER
TREASURER

19/8/2006

To The Premier For Cabinet

Re VICTORIA PARK REDEVELOPMENT

1. PROPOSAL

To seek Cabinet approval for the redevelopment of the Victoria Park Racecourse, (in accordance with the principles and intent of the Adelaide Park Lands Act 2005) as a multi-purpose venue with new facilities designed for both the SA Jockey Club and the SA Motor Sport Board and to maximise the return of additional land to the parklands.

2. BACKGROUND

- 2.1 Horse racing has taken place at Victoria Park Racecourse for over 100 years.
- 2.2 Motor sport commenced in Victoria Park, with the staging of the Australian Formula 1 Grand Prix in 1985.
- 2.3 Since 1999, the Clipsal 500, Adelaide – recognised as the world’s greatest touring car event, has been staged using the Adelaide Street circuit based in Victoria Park.
- 2.4 Since 1986, numerous options have been considered to create significant improvements to the facilities in Victoria Park for both the SAJC and SAMSB, generate cost savings, reduce construction times for motor racing events and reduce the impact of both operations on the parklands.
- 2.5 In 2004, the Government entered into a new contract with the owners of the Australian Touring Car series – V8 Supercars Australia Ltd – to stage the Clipsal 500 event in Adelaide up to and including 2015.
- 2.6 Major events such as the Clipsal 500 Adelaide generate significant media and economic benefits for Adelaide and South Australia.
- 2.7 Since 1999 the Clipsal 500 has consistently grown in size and stature.

The growth in the event can be seen from the following table:

Economic Benefit	\$13.7m	\$16.9m	\$14.3m	\$16.2m	\$19.7m	23.1m	\$26.0m	\$26.9m

Job Creation (Full time equivalents)	250	275	290	260	320	340	360	380
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Visitor Bed Nights	30,600	39,500	43,400	47,100	65,000	69,000	69,400	81,400
Interstate/International Visitors	7,300	13,100	6,400	8,500	10,800	11,500	15,600	14,000
Media Benefit	\$24.7m	\$30.47m	\$32.5m	\$35m	\$48.9m	\$54.3m	\$71.1m	\$80m
Event Attendance	162,000	164,000	166,800	171,200	213,600	237,400	255,600	270,300

- 2.8** The SAMSB is charged with the responsibility of continuing to improve the returns to South Australia from the staging of the Clipsal 500 event.
- 2.9** In 2004 the SAMSB, SAJC and the Adelaide City Council (ACC) worked on a proposal for a multi-purpose facility which could be constructed in Victoria Park Racecourse to provide upgraded facilities for horse racing, and with potential for this facility to be utilised as the Pit Building for the Clipsal 500.
- 2.10** This proposal, prepared and funded by the ACC, resulted in the design of a multi-purpose building located towards the centre of Victoria Park; the realignment of the existing motor sport track towards Fullarton Road; the realignment of the horse racing track towards the centre of Victoria Park and the demolition of SAJC facilities on Fullarton Road.
- 2.11** The multi-purpose building was designed to face in two directions, covering both the horse racing track and the motor racing track.
- 2.12** Broad consensus was achieved by the SAJC, ACC and the SAMSB that the proposed new facilities would be appropriate for all purposes.
- 2.13** Further meetings with the ACC have indicated that they now consider the original design too large and imposing for Victoria Park. In addition, the proposed new structure was very expensive (in excess of \$50 million).
- 2.14** In 2006, the SAMSB has undertaken the following actions at its own cost:

- 2.14.1 The ACC scheme has been reviewed in detail to minimise its size, reduce its visible presence and cost while still retaining its functionality as a unique "two-way" facility.
- 2.14.2 SAMSB engineers have reviewed the sporting and crowd movement aspects of the proposed new racecourse layout, and confirm that the revised proposal is appropriate.
- 2.14.3 Significant further consideration has been given to maximising the reduction in the alienated and hardstand areas of Victoria Park, re-vegetating those areas and returning them to Parklands and opening up the vistas from both Fullarton and Wakefield Roads.

3. DISCUSSION

3.1 Revised Development Proposal

- 3.1.1 SAMSB has negotiated with the SAJC in relation to their area and other requirements for the new facility necessary for horse racing.
- 3.1.2 Utilising these requirements, and based on the criteria outlined in paragraph 2.14, a new plan has been prepared which will provide for a multi-purpose building suitable for both SAJC and Clipsal 500 Adelaide use.
- 3.1.3 Key improvements in design outcomes are as follows:

Category	Existing	ACC 2004 Proposal	SAMSB 2006 Proposal	Reduction From Existing
AREAS:				
• Buildings	7 250 m ²	5 000 m ²	3 930 m ²	-46%
• Alienated Parklands	62 444 m ²	18 150 m ²	9 250 m ²	-85%
• Concrete Hardstand	18 000 m ²	2 800 m ²	3 930 m ²	-78%
• Horse Racing Track	3 400 linear metres	2 190 linear metres	2 190 m ²	-36%
• Car Racing Track	1 230 linear metres	1 250 linear metres	1 250 linear metres	+2%
HEIGHT:	15 metres	18 metres	12 metres	-20%
COST (in 2009 dollars):				
• Total building including fit out, fees and contingency	N/A	\$53.673 m	\$33.757 m	-\$19.91 m

Attachment 1 to this submission provides drawings showing:

- A. The current layout of Victoria Park Racecourse
- B. The proposed revised layout of Victoria Park Racecourse in horse racing mode
- C. The proposed revised layout of Victoria Park Racecourse in Clipsal 500 mode.

3.2 Financial Issues

3.2.1 Cost of Building

Rider Hunt has estimated the total cost of construction of the multi-use building, excluding SAJC fit out, to be \$33.757m.

This cost includes escalation to 2009, all preliminaries and supervision, all professional fees and charges, all statutory fees and charges and relevant project contingency allowances.

A minimum total contribution of \$10 million will be sought from the SAJC and the ACC towards the cost of this building. This will require negotiation, however in principle support for a contribution has been given by SAJC. The actual amount of contribution will depend on the final selling price of Cheltenham Racecourse by the SAJC.

In addition to any contribution negotiated towards the building cost, the following components of the proposed redevelopment of Victoria Park will be undertaken by, and paid for by, third parties as follows:

3.2.1.1 Adelaide City Council:

- In late 2007 or early 2008, the demolition of existing facilities such as the fencing; Members Stand; Betting Ring; Offices; Bars; Jockeys Rooms; Horse Stalls; Storage Sheds and Maintenance Workshop.
- Re-grassing and new tree planting;
- Renovation of the Heritage Grandstand; and
- The establishment of new ovals, soccer pitches and other sporting facilities inside Victoria Park.
- Total estimated cost to ACC - \$ 6 million

3.2.1.2 South Australian Jockey Club:

- In late 2007 or early 2008, the demolition of and rebuilding the horse track; and
- Fit out of the new building.
- Total estimated cost to SAJC - \$10 million to \$15 million.

3.3 Motor Sport Construction

3.3.1 As part of this redevelopment it will be necessary to shift the location of the motor sport track in Victoria Park so it does not cut across the horse racing track.

The entrance and exit points of the track from Wakefield Road do not change.

No trees will be tampered with.

The new location of the track will bring it in front of the restored Heritage Grandstand, allowing it to be used during the Clipsal 500. The current location of this important facility means it does not serve any useful purpose for either horse racing or motor sport in Victoria Park.

KBR, the SAMSB's Engineering Consultants, have estimated the cost to:

- Remove the existing motor sport track and concrete slab and rehabilitate that area of the parklands;
- Re-lay a new track and construct all associated motor sport facilities (including new tunnel, power, water, communications, television requirements, fibre optic cables etc);

to be \$8.735 million (including all project, management and statutory fees and contingency).

- 3.3.2 If this proposed redevelopment proceeds then the utilization of a multi-purpose building as its pit facility will save the SAMSB approximately \$750,000 per year in construction costs from the time of its completion.
- 3.3.3 This redevelopment will reduce the annual construction period for the Clipsal 500 event by approximately 4 weeks.
- 3.3.4 Based on the existing level of Government subsidy for the Clipsal 500 provided for in the forward estimates, as a result of this initiative the Board will receive a reduction in annual subsidy of \$1 million per annum from 2008-09.
- 3.3.5 The reduction in annual subsidy assumes the redevelopment is complete in time for the 2009 Clipsal 500 event.
- 3.3.6 The existing temporary pit building utilised by the SAMSB is the largest fully demountable building in the world. The pit building, initially constructed in 1990, no longer complies with relevant motor sport standards, and is in need of significant repair.
- 3.3.7 If this proposed redevelopment of Victoria Park does not proceed, then in 2008 the SAMSB will be required to spend approximately \$5 million to repair and upgrade its existing ageing pit building, and to make it comply with current regulations.

3.4 Greening Victoria Park Racecourse

This proposal will:

- Allow for the return of approximately 53,194 m² of alienated land to parklands in Victoria Park;
- Allow for the return of approximately 14,000 m² of hardstand land to parklands in Victoria Park;

- Allow for the planting of around 1,000 new trees in Victoria Park Racecourse;
- Open up the vista from Fullarton Road, Wakefield Road and Britannia Roundabout;
- The angle and location of the proposed new facility will minimise its visual impact from Fullarton Road and Wakefield Road;
- The sleek, low and transparent design will further minimise the visual impact of the new facility which, at 12 metres, will be lower than the surrounding tree line (the significant trees on the site are in excess of 15 metres in height).

3.5 Benefits

3.5.1 The revised design prepared by the SAMSB is:

- \$19 million cheaper than the earlier option prepared by the ACC;
- Occupies a 46% smaller footprint in the parklands than the current structures;
- Is 20% lower than the existing Member's stand in Victoria Park.

3.5.2 The redevelopment will:

- Remove the current unsightly structures associated with Victoria Park Racecourse;
- Revitalise horse racing in the City of Adelaide;
- Provide associated spin-off benefits of activity in the City of Adelaide due to increased horse racing activity at Victoria Park;
- Require the demolition of all existing SAJC infrastructure on Fullarton Road and will open up the vista across Victoria Park;
- Reduce the Clipsal 500 build time by approximately four weeks;
- Allow savings from the Clipsal 500 annual expenditure to repay the cost of moving the motor sport track and other motor sport elements over time;
- Provide a use/life for the Heritage Grandstand through relocation of the motor sport track;
- Create a new event and sporting precinct for Adelaide.

3.6 Timing

3.6.1 Timing of this development is affected by the following key issues:

3.6.1.1 The proposed sale of Cheltenham Racecourse.

The proposed redevelopment will require Victoria Park Racecourse to be out of action for 12 months.

A development timetable over the 2008/2009 year will best fit with the current consultative and proposed Planning Application process underway for Cheltenham Racecourse.

3.6.1.2 The date of the 2008 Clipsal 500 (anticipated to be March 2008) and the date of the 2009 Clipsal 500 (anticipated to be March 2009).

3.6.1.3 The estimated construction time for this redevelopment is 1 year.

3.6.1.4 Therefore construction must commence immediately after the staging of a Clipsal 500 event in 2008 to ensure that facilities are ready for the subsequent race.

3.7 Development Assessment

The development assessment for this process will be undertaken in accordance with the principles and intent of the Adelaide Park Lands Act 2005, and other relevant legislation.

As such, the development will be undertaken pursuant to a "private" development application under the Development Act, 1993.

This means that the proposal will be assessed under the Adelaide City Council's existing Development Plan for the area.

It is likely the Adelaide City Council will declare an interest in this matter. It is therefore highly likely that the proposal will be referred to the Development Assessment Commission for consideration.

3.8 Tenure

As the land required to accommodate the proposed development is under the care and control of the Adelaide City Council, a long-term lease will need to be negotiated.

Under the existing Local Government Act, and the Adelaide Park Lands Act 2005 (when it comes into operation) any lease of up to 42 years (including rights of renewal) will require the approval of Parliament.

The final legal and ownership structure of this proposed development will be subject to a further submission to Cabinet.

3.9 Information and Communication Technology Requirements

Nil

3.10 Staffing implications

Nil

3.11 Impact on the community and the environment

The proposed redevelopment plan will create a significant improvement to the amenity and environment of Victoria Park Racecourse.

In particular, the proposal will:

- Remove the dilapidated, illegal and unsightly SAJC facilities on Fullarton Road and Wakefield Road;
- Return over 53,100 m² of alienated land in Victoria Park to parklands;
- Return over 14,000 m² of hardstand in Victoria Park to parklands;
- Reduce the buildings in Victoria Park from 7,250 m² to 3,930 m² footprint;
- Open up the vista of parklands from Fullarton Road and Wakefield Road;
- Allow for the planting of up to 1,000 new trees in the parklands;
- Allow for the creation of new sporting facilities for the public;
- Restore, and provide a use for, the Heritage Grandstand;
- Create a new sporting and event precinct for Adelaide.

The proposed redevelopment will be subject to significant community comment and debate due to the highly sensitive nature of Victoria Park Racecourse and the Adelaide Parklands.

3.12 Alternative Strategies

If this redevelopment is not undertaken, then either:

- A) The SAJC will construct a second track at Morphettville Racecourse and abandon Victoria Park.

As such the SAMSB will still be required to construct its temporary pit facilities in Victoria Park each year.

This process takes approximately 4 months from mobilisation to demobilisation.

Cost savings will not be realised and the reduction in build period for the event of 4 weeks will not be realised.

Further, an amount of \$5 million will be required to be spent to upgrade the SAMSB's ageing infrastructure.

Or:

- B) The SAJC will renovate their existing facilities at Victoria Park and the building process, which has taken place since 1985, for the motor sport facilities, will continue.

As such the SAMSB will still be required to construct its temporary pit facilities in Victoria Park each year.

This process takes approximately 4 months from mobilisation to demobilisation.

Cost savings will not be realised and the reduction in build period for the event of 4 weeks will not be realised.

An amount of \$5 million will be required to be spent to upgrade the SAMSB's ageing infrastructure.

Further, the environmental benefits of returning a significant land area to parklands, planting large numbers of trees and opening up the vista will not be realised.

3.13 Risk Management Strategy

The services of the SAMSB, DAIS and the Office of Major Projects and Infrastructure, will be utilised throughout the project to ensure delivery on time and on budget.

3.14 Consultation

Extensive consultation has taken place with the SAMSB and the SAJC, as well as consultation with the Chief Executive of the Adelaide City Council.

Further extensive consultation will be carried out with these parties to finalise the design of the proposed redevelopment and negotiate the various financial arrangements and contributions.

3.15 Implementation Plan

Implementation will involve:

- The preparation of detailed design and documentation by the project team, along with the preparation of the Development Application and Public Works Committee submission and other relevant approvals by 30 June 2007.
- Construction to commence early January 2008 for completion by March 2009.

3.16 Communication Strategy

This proposed redevelopment will be subject to significant community discussion and comment.

To manage consultation and stakeholder engagement and the dissemination of project information, a comprehensive communication strategy is being developed.

Further, a comprehensive media relations plan and strategy will be developed in conjunction with the Government Media Unit and the SAMSB media unit.

3.15 Executive Council

N/A

4. RECOMMENDATIONS

It is recommended that Cabinet:

- 4.1 Approve the South Australian Motor Sport Board (SAMSB) undertaking redevelopment works at Victoria Park Racecourse to provide: (1) a new Multi-Purpose Building for both the SA Jockey Club and the SA Motor Sport Board and (2) Relocation and rebuilding of the motor sport track and associated facilities with the associated benefit of the return of additional land to the parklands.
- 4.2 Note that the development assessment for this proposal will be undertaken following the proclamation of the Adelaide Park Lands Act 2005. As such, the development will be undertaken pursuant to a "private" development application under the Development Act, 1993.
- 4.3 Approve a total project component cost of \$33.757 million for the new multi-purpose building.
- 4.4 Approve a total project component cost of \$8.735 million for the relocation and rebuilding of the motor sport track and associated facilities.
- 4.5 Approve SAMSB undertaking negotiations with the SA Jockey Club and the Adelaide City Council toward securing a minimum total contribution of \$10 million in 2008-09 from these organisations toward the cost of the new multi-purpose building.
- 4.6 Note that details of control and ownership of the New Multi Purpose Building are yet to be resolved and will be the subject of a future submission to Cabinet.
- 4.7 Approve additional appropriation from Governor's Appropriation to the Administered Items of the Department of Treasury and Finance of \$1.602 million in 2006-07 and an additional appropriation of \$8.925 million in 2007-08 and \$30.965 million in 2008-09 for the purpose of providing capital grant funding to SAMSB for the redevelopment works.
- 4.8 Approve recognition of a revenue receipt to Government of \$10 million in 2008-09, as an external party contribution to the cost of the new building.
- 4.9 Approve additional expenditure authority to the Administered Items of the Department of Treasury and Finance of \$1.602 million in 2006-07, \$8.925 million in 2007-08 and \$30.965 million in 2008-09 for the purpose of providing capital grant funding to SAMSB for the redevelopment works.
- 4.10 Approve a reduction in ongoing annual appropriation and expenditure authority to the Administered Items of the Department of Treasury and Finance of \$1.0 million, commencing in 2008-09, as a result of reduced subsidy to SAMSB.

4.11 Approve Net Operating Balance and Net Lending impacts of -\$1.602 million in 2006-07, -\$8.925 million in 2007-08, -\$20.965 million in 2009-10 and \$1.0 million per annum ongoing from 2009-10 resulting from the project.

4.12 Note that I will return to Cabinet with a further submission should the proposed \$10 million project contribution level from the SAJC and the ACC not be achieved.


4.13 Note ~~the~~ Minister James Smith's ^{proposal} statement ~~that~~ to approve her to announce publicly that she opposed the proposal in Cabinet.

Kevin Foley MP
DEPUTY PREMIER
TREASURER

23/8/2006

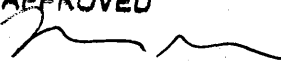
4.14 Note that Pakelals legislation has now been proclaimed + regulations gazetted

4.15. All preconditions have been met + proposal can now be approved + proceed with, subject to Pakelals Act.

APPROVED

PREMIER

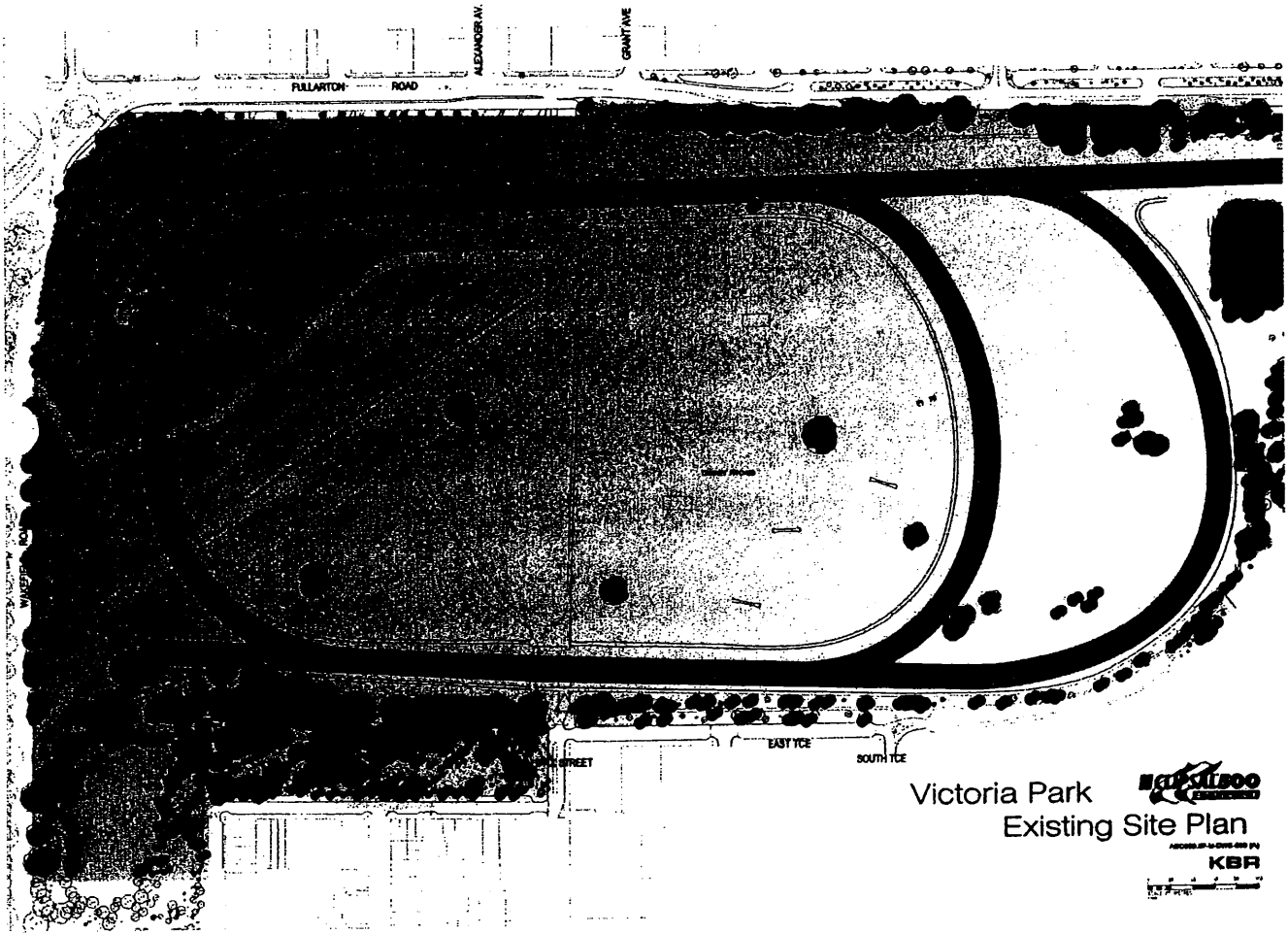
In Cabinet

29 AUG 2006

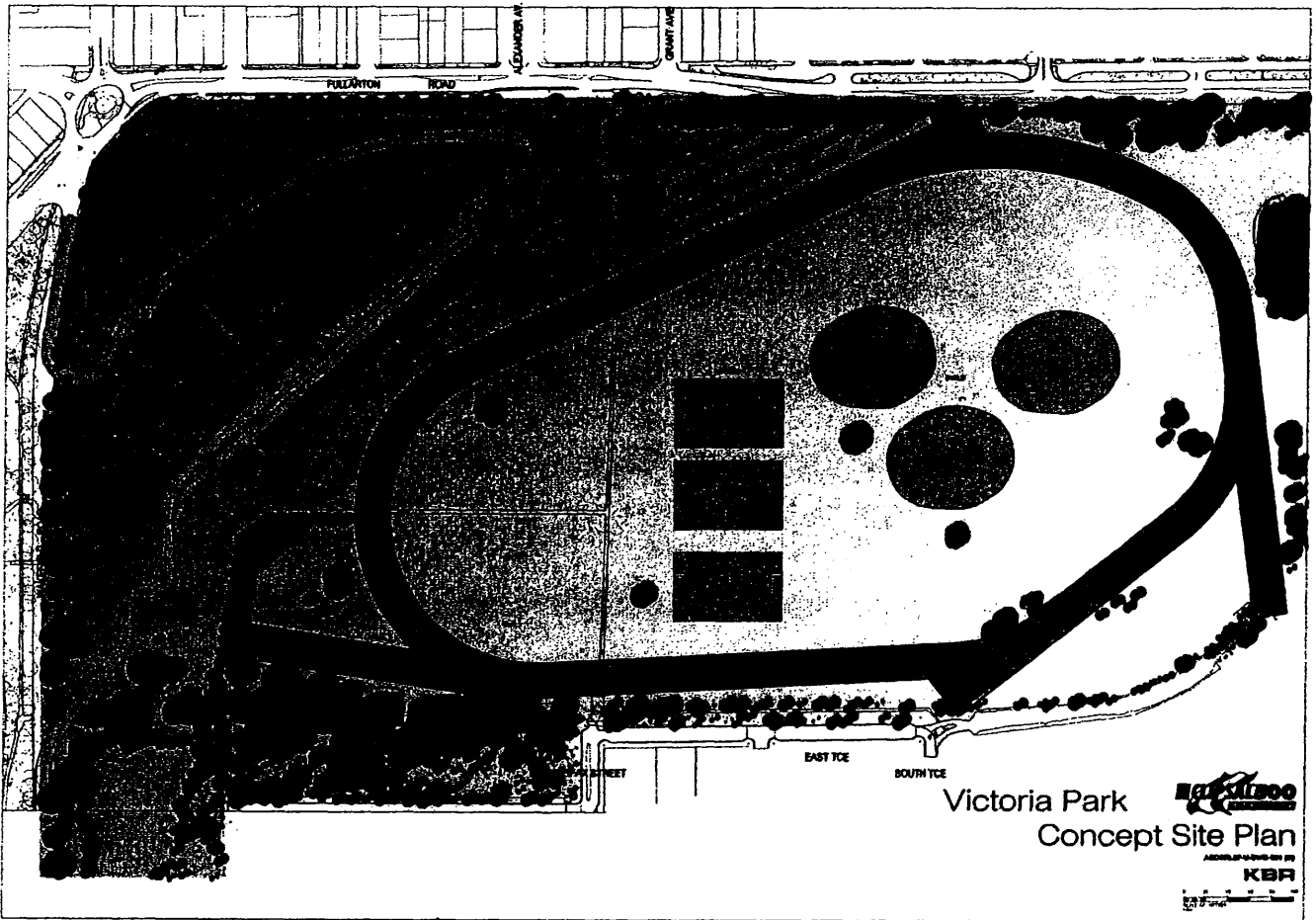
APPROVED

PREMIER

ATTACHMENT 1

A) EXISTING VICTORIA PARK LAYOUT



B) PROPOSED REVISED LAYOUT IN 'HORSE RACING' MODE



C) PROPOSED REVISED LAYOUT IN "MOTOR SPORT" MODE

