



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

Public Accounts Committee

**Report on Funding of Rugby
League Facilities in Darwin**

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Erratum: This version of the report includes two date corrections and a corrected reference to the NRL's submission that was not in the tabled copy.

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Terms of Reference

The Legislative Assembly on 28 August 2015 referred to the Public Accounts Committee (as amended on 15 September 2015):

That the Public Accounts Committee investigates all matters relating to the funding of rugby league facilities in Darwin. This would include but not be limited to:

- the original budget allocation for new facilities at Marrara, and
- the decision to spend \$20 million to upgrade Richardson Park.

The object of the inquiry would be to ascertain what were the original plans for rugby league at Marrara and to investigate why there was a change to Richardson Park, who made that decision, who else had a say in that decision, what due diligence occurred before that decision was made and was cabinet involved in the decision.

The hearings would be public 'unless the Committee agrees to a request from the witness to go into private session to deal with a matter of a confidential nature and if requested by the PAC would require any Ministers, departmental officers, departmental staff, rugby league officials or supporters who have been involved either directly or indirectly or anyone else, to give evidence in relation the above matters.

Key Findings

1. The Government did not undertake any consultation with sporting bodies, residents or other interested groups or have any public discussions on upgrading Richardson Park before deciding to do so.
2. The Government did not ask for or receive any advice or analysis on upgrading Richardson Park from any of its Agencies.
3. Of all the sporting groups the Committee heard from, only NRL NT was committed to using the facility, and they indicated that Marrara had been their preferred option.
4. The decision to fund a \$20 million upgrade of Richardson Park was approved by the Treasurer following discussion with 'relevant Ministers' and did not appear to go to a Cabinet meeting.
5. The assertion that the \$20 million Richardson Park decision was based on value for money because the cost of development at Marrara was \$100 million is unreasonable as the Department of Infrastructure had costed a suitable but more modest Warren Park stadium at \$25 million.
6. The location of a premier rectangular stadium within the Darwin region is a strategic decision for the development of sport so should form part of a strategic plan for the relevant sports and be informed by consultation with the relevant sporting bodies.
7. The upgrade of a stadium within a residential area would impact the residents so should be informed by consultation with those residents.
8. The financial impact of any major sporting infrastructure on sporting bodies or Government expenses should have been considered prior to any investment decision.
9. It is questionable whether the relevant Ministers' decision to fund an upgrade of Richardson Park conforms with clauses 10 and 11 of the Members' Code of Conduct.

Recommendations

Recommendation 1

The Committee recommends that, following the receipt of tenders for the proposed upgrade of Richardson Park, the Government compare the full costs and benefits of constructing a stadium with a similar budget allocation at Richardson Park and alternative locations, including Warren Park. The assessment of costs should include consequential costs not included in the tender and non-financial costs.

Recommendation 2

The Committee recommends that the Minister for Sport and Recreation table a report of this analysis in the Legislative Assembly within three sitting days of its completion.

Recommendation 3

The Committee recommends that Cabinet reconsider which option for a rectangular stadium provides the best value to the Northern Territory having regard to the full costs and benefits of reasonable options.

Recommendation 4

The Committee recommends that the Government undertake consultation to understand the concerns residents have with the proposed upgrade of Richardson Park and, if the upgrade progresses, establishes an ongoing consultative mechanism to enable residents to have input into the design and construction.

Recommendation 5

The Office of Major Projects plan and commission independent gateway reviews at critical stages of the stadium project's implementation.

Recommendation 6

The Committee recommends that the Government avoid any undue haste in the development of a new stadium and to this end secure alternative venues to Richardson Park for any future NRL games.

1 Introduction

- 1.1 Successive Northern Territory Governments have recognised the benefits of an elite sporting facility able to host major rugby league, rugby union and soccer fixtures. The Marrara Oval (TIO Stadium) is the major elite football facility in the Northern Territory (NT), and its oval shape is designed for Australian football and cricket. While rectangular fields can be placed within oval stadiums, rectangular stadiums give a better experience for spectators.
- 1.2 Richardson Park is a rectangular sporting facility with a crowd capacity of approximately 10,000 people. The facility hosted three National Rugby League (NRL) trial matches between 2007 and 2010 with the average crowd over 9,000 people.¹ The Richardson Park facility was set up by volunteer rugby league supporters and required ongoing maintenance and significant upgrades until it was abandoned in 2014.²
- 1.3 Up until February 2014, Richardson Park was operated by the NRL NT as its major competition venue and administrative home. The NRL NT abandoned Richardson Park due to ongoing costs and maintenance.³ The decision to abandon Richardson Park was consistent with NRL NT lobbying of Governments and peak bodies to provide a staged relocation to the Marrara Sporting Complex, as outlined in its 2012 proposal to relocate to Warren Park in Marrara.⁴
- 1.4 As part of an agreement between the NT Government and the Parramatta Eels NRL team, TIO Stadium has hosted two NRL competition fixtures in 2014 and 2015. Further fixtures in the NT are scheduled under that agreement for 2016 and 2017.⁵
- 1.5 Following its 2014 sale of the Territory Insurance Office (TIO), the NT Government invited submissions for major infrastructure works under the 'Building Our Territory' initiative. The NT Government received a submission in relation to a dedicated purpose built facility capable of hosting national level fixtures such as the NRL, A-League or Super Rugby competitions.⁶ It is the NT Government's actions to consider and implement this 'Building Our Territory' submission that the Public Accounts Committee reports on.

¹ Richardson Park Timeline citing www.austadiums.com, Folio 5 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

² Transcript, 12 November 2015, p 36.

³ NTRL Media Release dated 12 February 2015, Folio 59 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

⁴ Transcript, 12 November 2015, p 30.

⁵ Transcript, 12 November 2015, p 29.

⁶ Transcript, 11 November 2015, p 2.

Scope of the Inquiry

- 1.6 The Public Accounts Committee was directed by the Legislative Assembly to investigate funding of rugby league facilities in Darwin, particularly the decision to upgrade Richardson Park. The Committee reviewed justifications for the \$20 million Budget allocation to Richardson Park and the previous considerations of rugby league infrastructure development at the Marrara Sporting Complex.
- 1.7 The Committee did not examine the details of the merits of funding rugby league facilities, but noted that all those who spoke to the Committee welcomed investment in improving sporting facilities, as did the Committee.

Conduct of the Inquiry

- 1.8 The Committee called for submissions by 6 November 2015. The call for submissions was advertised on the Assembly website and by advertisements in the NT News. The Committee also directly contacted the following individuals and organisations to advise them of the call for submissions:
- Department of the Chief Minister;
 - Department of Treasury and Finance;
 - Department of Sport and Recreation;
 - Department of Infrastructure;
 - Department of Education;
 - NRL NT;
 - Football NT;
 - AFL NT;
 - Touch NT; and
 - ARL Commission.
- 1.9 The Committee received 55 submissions which are listed at Appendix 2.
- 1.10 The Committee held two public hearings and one public forum in Darwin. Details of the hearings are included at Appendix 3.
- 1.11 The Committee asked the Chief Executive of the Department of the Chief Minister to provide all documents in the Government's possession or control relating to the funding of rugby league facilities in Darwin over the last four years. A list of documents received from the NT Government is at Appendix 1.

2 Timeline

2.1 Timelines of events leading up to the decision of 10 April 2015 to upgrade Richardson Park, allocating \$20 million and announced publicly on 28 April 2015, and for the project implementation following that announcement are below.

Budget 2015-16 Allocation to Richardson Park

2003: Report by Stanton Partners advised that any expansion or upgrade at Richardson Park is not viable.⁷

13 August 2009: Letter from Rider Levett Bucknall to the Chairman of Darwin Rugby League enclosing an indicative cost estimate for a Richardson Park 'masterplan' upgrade, quoting \$10,456,000 (excluding GST).⁸

June 2012: NTRL (now NRL NT) publishes a four stage \$16.015 million proposal to relocate its facilities at Richardson Park to Warren Park at the Marrara Sports Complex.⁹

2012– 2015: NTRL consults with the NT Government seeking support and funding for a relocation to Warren Park.¹⁰

9 July 2012: NTRL was granted a Crown Lease Term over Richardson Park, expiring on 8 July 2020.¹¹

12 February 2014: NTRL announces that they are abandoning Richardson Park.¹²

June 2014: Department of Infrastructure provide the Department of Sport and Recreation with a \$25,837,000 (excluding GST) quote for a 5,000 capacity permanent seat stadium, with engineering to accommodate temporary grandstands to allow between 10,000 and 12,000 spectators at Marrara.¹³ The site considered at Marrara is Warren Park, and the Department of Infrastructure also considered the use of Rugby Union Park.¹⁴

⁷ Department of Sport and Recreation Business Case provided to the Committee by the Department of the Chief Minister on 10 November 2015.

⁸ Letter from enclosing 'Richardson Park Upgrade – Indicative Estimate 7/8/09' to the Darwin Rugby League dated 13 August 2009, Folio 13-43 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

⁹ 'A Proposal to relocate the Northern Territory Rugby League from Richardson Park to the Marrara Sports Complex', NTRL, May 2012.

¹⁰ Transcript, 12 November 2015, pp 29-30.

¹¹ Department of Lands, Planning and the Environment Ministerial Briefing signed 26 March 2014, Folio 98-101 of the Department of Lands, Planning and the Environment documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

¹² NTRL Media Release dated 12 February 2015, Folio 59 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

¹³ Department of Infrastructure Memorandum provided to the Department of Sport and Recreation, Folio 84-87 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

¹⁴ Department of Infrastructure internal email, Folio 12 of the Department of Infrastructure documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

August 2014: TIO Stadium hosts first of four annual NRL competition fixtures held in the Northern Territory.

October 2014: Department of Infrastructure provide the Department of Sport and Recreation with a \$45,450,000 (excluding GST) quote for a permanent 'western' grandstand capable of seating 12,000 spectators at Warren Park.¹⁵

October 2014: Department of Infrastructure provide the Department of Sport and Recreation with a \$100,000,000 (excluding GST) quote for a fully-enclosed and all permanent seat 12,000 capacity stadium.¹⁶

2015: NTRL becomes NRL NT.

February 2015: NT Government calls for 'Building Our Territory' submissions for the 2015-16 budget in order to distribute the proceeds from the sale of the government owned insurance organisation, TIO.

February 2015: The Department of Sport and Recreation prepare a "Business Case" proposal for Budget Cabinet for the development of a rectangular stadium in Darwin capable of hosting national level fixtures such as rugby league, rugby union, touch football and soccer. The Business Case presented to Cabinet the \$100 million fully-enclosed stadium with 12,000 permanent and covered seats.¹⁷

16 March 2015: Cabinet's preliminary decision on the \$100 million Marrara proposal is to approve funding of \$42.5 million (rectangular stadium to be scoped to fit within the revised amount). The decision did not specify a location.¹⁸

16 March – 2 April 2015: Following discussion with 'relevant Ministers',¹⁹ Treasurer cancels \$42.5 million provisional funding for a Marrara stadium and allocates \$20 million to redevelop of Richardson Park.²⁰

2 April 2015: The Department of Sport and Recreation was notified of the NT Government decision to allocate \$20 million to upgrade Richardson Park.²¹

10 April 2015: Amended decision was approved by the Treasurer for a \$20 million project on the 2015-16 Capital Works Program for expanded facilities and seating

¹⁵ Department of Infrastructure Memorandum provided to the Department of Sport and Recreation, Folio 80-83 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

¹⁶ Department of Infrastructure Memorandum provided to the Department of Sport and Recreation, Folio 74-78 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

¹⁷ Transcript, 11 November 2015, p 2: "The business case prepared by the Department of Sport and Recreation was for the construction of a Northern Territory government-managed facility at Marrara Sporting Complex and the estimated cost was \$100m with ongoing annual operating costs of \$1.32m". See also Department of Sport and Recreation Business Case provided to the Committee by the Department of the Chief Minister on 10 November 2015.

¹⁸ Transcript, 11 November 2015, p 2.

¹⁹ Submission 50, Combined Government Agencies, p 3.

²⁰ Transcript, 11 November 2015, p 5: "At the end of a budget Cabinet the Treasurer has authority to make adjustments, which is usual and happens every year. In this instance the adjustment from 42.5 to \$20m was one of the decisions made."

²¹ Richardson Park Timeline, Folio 7 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

capacity at Richardson Park, capable of hosting rugby league, rugby union and soccer.²²

28 April 2015: Treasurer publically announces Richardson Park upgrade during the Budget 2015-16 announcements.

Richardson Park Upgrade Project

1 and 5 May 2015: Department of Infrastructure and Department of Sport and Recreation discuss the scoping and briefing of the Richardson Park project.²³

13 May 2015: Minister for Sport and Recreation discusses Richardson Park with stakeholders as part of the Budget 2015-16 “roadshow”.²⁴

18 May 2015: Minister for Sport and Recreation’s Office and the Department of Sport and Recreation meet with the NRL to discuss the Richardson Park development. The NRL indicate their surprise at the location but support for the investment.²⁵

May 2015: Chief Executive Officer of the NRL corresponds with the Chief Minister regarding Richardson Park.²⁶

26 May 2015: Chief Minister and Minister for Sport and Recreation issue a media statement with preliminary concepts of Richardson Park. The attached design does not contain a second oval.²⁷

5 June 2015: Chief Executive of the Department of Sport and Recreation corresponds to key stakeholders (NRL NT, Football Federation NT, NT Rugby Union and Touch NT) for a proposed Richardson Park redevelopment meeting.²⁸

10 June 2015: Site briefing at Richardson Park between the Department of Sport and Recreation and the key stakeholders (NRL NT, Football NT, NT RU and Touch NT).²⁹

11 June 2015: Correspondence following site briefing from Department of Sport and Recreation to key stakeholders stating that feedback would be accepted up until 3 July 2015 and providing plans of the facility in its current state.³⁰

²² Submission Number 50, Northern Territory Government, p 3.

²³ Richardson Park Timeline, Folio 7 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

²⁴ Richardson Park Timeline, Folio 7 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

²⁵ Richardson Park Timeline, Folio 7 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

²⁶ Correspondence between the CEO of the NRL and the Chief Minister, Folio 90-92 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015: “The budget announcement came as an unexpected surprise given the previous discussions with the Government that had focussed on finding a new home in the Northern Territory. As you know Northern Territory Rugby League consequently moved out of Richardson Park and are currently housed in temporary office space.”

²⁷ Media Release 26 May 2015, Folio 93-95 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

²⁸ Department of Sport and Recreation Correspondence, Folio 102-133 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

²⁹ Email correspondence dated 11 June 2015 from Department of Sport and Recreation, Folio 114 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

6 July 2015: NRL respond to request for feedback, supporting the investment but raising issues.³¹

7 July 2015: NT Rugby Union (NT RU) respond to request for feedback, supporting the investment but suggesting different options.³²

9 July 2015: Touch NT respond to request for feedback, supporting the proposal.³³

10 July 2015: Football Federation NT respond to feedback, not supporting the investment.³⁴

11 August 2015: CEO of the NRL corresponds to the Chief Minister and the Minister for Sport and Recreation further to letter dated 6 July 2015 outlining support for the Richardson Park upgrade and raising “a number of issues that we are keen to work with you on”.³⁵

September 2015: Richardson Park project moved from the Department of Sport and Recreation to be under the direction of the Office of Major Projects, Infrastructure and Investment.³⁶ The Richardson Park project does not have Major Project Status.³⁷

16 October 2015: Minister for Sport and Recreation media release announcing the tender process for the project including concept plans with a second oval.³⁸

25 October 2015: Minister for Sport and Recreation and the local Member for Fong-Lim, the Treasurer attend a Public Forum for concerned residents in Parap.

28 October 2015: NRL NT surrender lease over Richardson Park to the NT Government, who list the Department of Sport and Recreation as the controlling agency.³⁹

³⁰ Email correspondence dated 11 June 2015 from Department of Sport and Recreation, Folio 114 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015: “Thank you for your attendance at yesterday’s meeting to discuss the future operations of Richardson Park as a multipurpose facility. The Department has gathered your initial thoughts and questions...and we look forward to receiving further feedback once you have had the opportunity to speak more widely with your sporting community.”

³¹ Letter from the Head of Football at the NRL to the Department of Sport and Recreation, Folio 124-125 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

³² Letter from the President of the Northern Territory Rugby Union to the Minister for Sport and Recreation, Folio 129-134 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

³³ Letter from the General Manager – Regional Operations of Touch Football Australia to the Department of Sport and Recreation, Folio 135-136 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

³⁴ Letter from the Chairman of the Football Federation Northern Territory, Folio 137 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

³⁵ Letter from CEO of NRL to Chief Minister and Minister for Sport and Recreation, Folio 126-128 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

³⁶ Submission Number 50, Northern Territory Government, p 1.

³⁷ Transcript, 12 November 2015, pp 23-24.

³⁸ Media Release dated 11 September 2015, Folio 138 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

³⁹ Transcript, 11 November 2015, p 34.

3 Information basis for funding decision

3.1 The inquiry revealed that the NT Government had access to the following external and internal reports, analysis and information for any decision to upgrade or build an elite rectangular facility in the Darwin region. This report outlines the information available in April 2015 to the NT Government in two sections:

- Information on the Marrara Sporting Complex; and
- Information on Richardson Park.

Major Rectangular Stadium at the Marrara Sporting Complex

3.2 In **June 2012**, the NTRL submitted a proposal to relocate its facilities at Richardson Park to Warren Park at the Marrara Sporting Complex. The proposal estimated that a four stage relocation of rugby league in the Northern Territory would cost \$16.015 million.⁴⁰

3.3 The South Darwin Sporting League (SDSL) is the Crown Lease holder (in perpetuity) over the Warren Park facility at the Marrara Sporting Complex and the NT Government had access to signed agreements (**November 2013**) and correspondence between the NRL NT and the SDSL indicating support and good will for the relocation of NRL NT headquarters to Warren Park, subject to conditions in relation to their existing and future club facilities.⁴¹

3.4 Between **June – October 2014** the Department of Infrastructure provided estimates to the Department of Sport and Recreation for three rectangular stadium variations. An internal government quantity surveyor analysed stadium infrastructure projects nationally and internationally to provide 'per seat' construction cost estimations to satisfy the requirements of the Department of Sport and Recreation. These included three detailed estimates prepared by the internal quantity surveyor that all provided the elite competition facility and television requirements. The three variations and their estimated costs are as follows:

- (1) 5,000 permanent seat stadium with engineering to accommodate temporary grandstands to allow between 10,000 and 12,000 spectators, at a cost of **\$25,837,000 (excluding GST)** (produced 19 June 2014);

⁴⁰ 'A Proposal to relocate the Northern Territory Rugby League from Richardson Park to the Marrara Sports Complex', NTRL, May 2012, p 5.

⁴¹ Transcript, 12 November 2015, pp 29-30. See quote from the NRL at p 30: "Yes, [the NRL NT and NRL] were involved in discussions with the current government about the proposal to move to Marrara. We had a good dialogue.

See also signed Heads of Agreement between the NTRL and the SDSL, dated 21 November 2013, Folio 87-90 of the Department of Lands, Planning and the Environment documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

- (2) Permanent 'western' grandstand capable of seating 12,000 spectators, at a cost of **\$45,450,000 (excluding GST)** (produced 6 October 2015); and
- (3) Fully-enclosed and permanent 12,000 capacity stadium, at a cost in the order of **\$100,000,000 (excluding GST)** (produced 24 October 2014).
- 3.5 The three Department of Infrastructure detailed estimates were described by the Project Director and quantity surveyor as "ballpark" figures based on a number of assumptions given the limited information and time provided to complete the estimates.⁴²
- 3.6 In **February 2015**, the Department of Sport and Recreation prepared a Business Proposal for Cabinet based on the high standard 12,000 capacity stadium, estimated at \$100 million (variation number three listed above). The Department of Sport and Recreation considered various possible sites for that advice, including Richardson Park.

Major Rectangular Stadium at the Richardson Park Facility

- 3.7 In **2009** the Department of Natural Resources, Environment, the Arts and Sport provided the NTRL / Darwin Rugby League (the former NRL NT) with funds to develop a master plan for Richardson Park. The firm Rider Levett Bucknall prepared an indicative estimate for an upgrade of Richardson Park on 13 August 2009. The estimate totalled \$10.45 million (excluding GST).
- 3.8 According to the Department of Treasury and Finance, the \$20 million estimate for the Richardson Park upgrade is based on this 2009 estimate.⁴³ The Under Treasurer noted that:

Ms RYAN: We were advised two weeks after the Cabinet decision that they had been looking at other alternatives and the decision was \$20m at Richardson Park would be a much better option and the \$20m was based on the estimate in 2009 escalated for 2016 dollars with an extra amount added as well to make ...

Madam CHAIR: Who decided on that figure of \$20m? Was it a Treasury decision to allocate ...

Ms RYAN: It was a government decision.

Ms MANISON: Cabinet made that decision and advised Treasury of it?

Mr WOOD: Was it government that advised or did a minister request it? If so, who was the minister?

Ms RYAN: At the end of a budget Cabinet the Treasurer has authority to make adjustments, which is usual and happens every year. In this instance the adjustment from 42.5 to \$20m was one of the decisions made.⁴⁴

⁴² Department of Infrastructure Memorandums provided to the Department of Sport and Recreation, Folios 3 and 7 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

⁴³ Transcript, 11 November 2015, p 4.

⁴⁴ Transcript, 11 November 2015, p 5.

- 3.9 In **June 2012**, the NTRL submitted a proposal to relocate its facilities at Richardson Park to Warren Park at the Marrara Sporting Complex. The proposal indicated that the facility required between \$1.6 million and \$2.4 million in upgrades to continue meeting the minimum standard for NTRL weekend fixtures and that the ongoing costs of the facility were unmanageable (in excess of \$150,000).⁴⁵
- 3.10 The inquiry revealed that no studies, estimates or quotations were requested or available to the government since 2009 for the proposed major upgrades to Richardson Park when the decision to allocate funds was made on 10 April 2015. Nor did the Agencies questioned provide to Cabinet or know of any analysis of the costs, benefits or risks of a Richardson Park upgrade.⁴⁶ Nor could the Committee find any evidence of any sporting bodies being consulted before the decision, and crucially the NRL NT informed the Committee that it had not been consulted.⁴⁷

⁴⁵ Later the costs were in excess of \$250,000: Transcript, 12 November, p 31.

⁴⁶ Transcript, 11 November 2015, pp 2-4, 6.

⁴⁷ Transcript, 11 November 2015, pp 2-4, 6; Transcript, 12 November 2015, p 29.

4 Issues Raised in the Submissions

Overview of the Submissions

4.1 The Committee received 55 submissions. There were 3 out of the 55 submissions that supported the proposed upgrade to Richardson Park (No. 25, No. 50 and No 54). The significant majority of submissions were made by residents of the Ludmilla / The Narrows community. These 52 submissions against the proposal focused on (and analysed) the facility operating at a 15,000 person capacity.

Issues raised against the proposal

Economic

4.2 Many submissions raised that the decision and tender process failed to properly consider or analyse the following costs:

- Car parking costs;
- Traffic and road upgrade costs;
- Public transport upgrades;
- Ludmilla Primary School compensation; and
- Ongoing maintenance costs, as a result of residual salt rising on surface, storm surges and flooding areas.

Environmental

4.3 Many submissions were concerned with the lack of consideration to the following environmental issues facing the Richardson Park area:

- The Ludmilla Creek area is a low tidal, primary flood surge area and major catchment area;
- The clearing of bushland, mangroves and disturbing the Ludmilla LandCare area; and
- The impact of pollution, waste and litter on the Ludmilla Creek and associated waterways (East Point and the broader Darwin marine environment).

4.4 Submission No. 20 noted that from 1965-67 the Darwin rugby league competition was forced to move to the Gardens Oval due to residual salt rising to the surface and a naturally occurring spring.

Community / Social

4.5 Many submissions raised concerns in relation to the Ludmilla Primary School, including:

- Impact on school's play area and equipment;

- Impact on broader Darwin region school system as the oversubscription of primary schools in Parap and Nightcliff may require expansion of the Ludmilla Primary School; and
 - Impact on a possible Ludmilla Middle or Senior school development.
- 4.6 Many submissions were particularly concerned with the community impact during and after sporting and concert events, including:
- Noise issues associated with weekend rugby league fixtures;
 - Noise issues associated with 15,000 people attending a major event;
 - Light pollution for the community under the proposed tender;
 - Lack of a “buffer zone” between the facility and residential lots;
 - Rubbish and pollution issues; and
 - Disturbances on private property from parking during events.
- 4.7 Some submissions against the proposal acknowledged that the Richardson Park facility was operating up until 2014 when many homeowners decided to move to the Ludmilla region.
- 4.8 Further, it was submitted to the Committee that the NT Planning Scheme has a standard guideline of 10% open space within residential areas. Ludmilla currently has 2.68% open space, and submissions were concerned that clearing bushland and mangroves for road works, car parking and flood mitigation infrastructure will reduce current and future open spaces available in the Ludmilla region.

Alternatives at the Darwin sports hub: 2012 NTRL Marrara proposal

- 4.9 Many submissions referred to the 2012 NTRL proposal to move rugby league in Darwin from Richardson Park to Warren Park at the Marrara Sporting Complex. Key comments in relation to the Marrara proposal included:
- Community, stakeholder and NTRL support for Marrara;
 - Existing and shared facilities (emergency services, public transport, car parking, traffic and access roads);
 - Central location; and
 - Existing “buffer zone” between the sporting complex (including Warren Park) and residential areas.
- 4.10 Many submissions referred to successive governments’ policies, including the current proposed tennis facility at Marrara, to centralise major sporting facilities in the centre of the Darwin residential area at Marrara.

Government accountability

- 4.11 Submissions raised a lack of consultation and a perceived “rushed” decision-making and tender process. In particular, submissions noted that the NTRL was not aware of the upgrade before it was announced. Submissions further question the basis, or existence, of any cost benefit analysis occurring.

4.12 Other consultation discrepancies included the suggested car parking arrangement with the Darwin Turf Club Fannie Bay facility, when the Darwin Turf Club was not aware of the Richardson Park upgrade proposal.

Richardson Park: site specific issues

4.13 The accessibility to Richardson Park is narrow and reports in the submissions suggest that exiting the facility during weekend NTRL fixtures was problematic, described as “gridlock”.

Public consultation at Parap on 25 October 2015

4.14 The submissions claim that the Treasurer, wearing a Parramatta Eels jersey, outlined explicitly that the decision-making and construction is being fast tracked for the Parramatta Eels game to be held in 2016. Submissions that referenced this meeting did not consider an NRL fixture to be an appropriate justification for either the Richardson Park upgrade, or its August 2016 target completion date.

Issues raised in support of the proposal

NT Government (Submission No. 50)

4.15 The Northern Territory Government submission outlines that the Government shortlisted a rectangular oval for TIO sale funds infrastructure projects. In February 2015, it is submitted that Cabinet considered a proposal to upgrade Warren Park at Marrara to facility rugby league, rugby union, soccer and other events. By March, due to “further deliberations...[Cabinet] concluded that it would be better value for money to upgrade Richardson Park, while still achieving the stated objectives and benefits”. The submission references “a number of previous studies”, in particular a 2009 study that estimated the cost of upgrading Richardson Park at \$10.45 million.

4.16 The Government submitted that it would be “better value for money”, “while still achieving the stated objectives and benefits of the original proposal.”

NRL Submission No 53

4.17 The NRL said it was “supportive of the Government’s commitment to invest in Richardson Park. We look forward to working with the Government to see the best possible outcome delivered.”

Submission No. 25

4.18 This was the only submission from a person living in the local community supporting the proposed upgrade to Richardson Park. The submission comments that:

- House bought for the appeal of it being near Richardson Park and live sport;
- Property prices may currently be depreciated due to a derelict stadium; and
- Views the Ludmilla Primary School as gaining a training field.

5 Due diligence

Informing the funding decision

- 5.1 In putting together the Budget the Government has complete discretion. There is no set formula to guide it and in the end a Budget decision depends on the judgement of the relevant Ministers. Budget setting also requires making a large number of decisions in a short timeframe in which it is not possible to get perfect information. Nevertheless, when allocating public money Ministers have an obligation to obtain a reasonable amount of information to be able to judge what is in the Territory's best interests. This obligation increases with the amount of money to be spent and the potential social, economic and environmental impacts it may have.
- 5.2 The decision to upgrade Richardson Park involved more than deciding what price the Government was willing to pay for a stadium. The type and quality of stadium obtained from the money was also relevant, as was how effectively the quality and location of, and access to, the stadium could achieve the policy objectives, such as increasing participation in rugby league and other sports and improving the cultural life of the city. Minimising adverse impacts, ongoing costs and other risks are also relevant considerations.
- 5.3 The evidence shows that the decision-making process for a rectangular national class stadium began with consultation on appropriate sites and facility type by the Government. The Department of Infrastructure provided the Department of Sport and Recreation with three estimates for different standard rectangular national class stadiums at the Marrara Sporting Complex, valued at \$25 million, \$45 million and \$100 million.
- 5.4 The Department of Sport and Recreation developed a business case for a stadium at Warren Park, the stated preference of relevant sporting bodies, which was roughly costed by the Department of Infrastructure at \$100 million and submitted to Cabinet. Cabinet rejected that expense and indicated that it wanted a proposal for the most suitable site at a cost of up to \$42.5 million.
- 5.5 The further decision by the Treasurer in finalising the Budget that \$42.5 million was not affordable also appears a reasonable prioritisation of the Territory's funds.
- 5.6 The Committee remains somewhat surprised at the lack of information gathered to make the decision to upgrade Richardson Park. The evidence indicated that no Government Agency provided any analysis to Cabinet of the merits or risks of upgrading Richardson Park. The only analyses of upgrading Richardson Park were done by or for NT Rugby League some years prior, and the conclusion

drawn by NT Rugby League from those analyses was that moving to Warren Park was the preferred option.⁴⁸

- 5.7 There appears to have been too little information on a number of relevant issues to enable a reasonable conclusion that Richardson Park was the best option. Issues not addressed include:
- Whether the stadium obtained at that cost was competitive against the stadium that could be obtained at that cost at the previously preferred location;
 - Whether a stadium at that location would produce better outcomes than at alternative locations;
 - Whether suitable access and parking was available within the budget;
 - The extent to which the stadium would have adverse effects, such as impacts on residents' amenity;
 - Whether there were any environmental impacts; and
 - Whether there were any other risks of the proposal.
- 5.8 The Committee considers that making a decision without any analysis of these issues was even less reasonable when the decision was contrary to the expressed advice and expectations of the relevant sporting bodies up until that time.
- 5.9 The Committee draws no conclusions on whether Richardson Park would be the preferred site. Analysis of the above issue might lead to that conclusion. The Committee is concerned, however, that a decision committing \$20 million of public money and affecting local residents and the development of sport within Darwin could be made without a reasonable examination of these issues.

Value for money

- 5.10 The main explanation for the decision to upgrade Richardson Park given in the Government Agencies' submission and by the Under Treasurer is value for money: a national class stadium for \$20 million at Richardson Park presents better value for money than a \$100 million stadium at Warren Park.
- 5.11 The Committee would find this argument compelling if it found any evidence that a comparison was made between a \$20 million upgrade of Richardson Park and a \$20 million development at Warren Park.
- 5.12 'Value for money' does not simply mean lower cost but requires a comparison of what is gained for the cost.
- 5.13 The comparison offered to the Committee was between a fully covered, high standard 12,000 permanent seat stadium at Warren Park⁴⁹ and a minimum

⁴⁸ 'A Proposal to relocate the Northern Territory Rugby League from Richardson Park to the Murrara Sports Complex', NTRL, May 2012.

⁴⁹ Transcript, 11 November 2015, p 30.

national standard stadium with a 10,700 capacity rebuild at Richardson Park consisting of permanent seating for “3850 and temporary seating of 5500, 1000 standing and 100 in corporate boxes and 200 for the function room”.⁵⁰

5.14 The Under Treasurer stated that her experience was that rebuilds were usually far cheaper than new developments:

The Richardson Park decision – from a Treasury point of view, ... is far better value for money and we have more belief in the \$20m estimate than we had in the \$42.5m for Warren Park, or any other facility. For a brand new facility – this is from years of experience – creating a building is always far more expensive. You have water, sewerage and electricity services, transport issues, car parking – you are starting from scratch.⁵¹

5.15 The Committee does not consider, however, that the principle that rebuilds are usually cheaper removes the need to analyse whether this will in fact be the case given the site specific situations, whether the anticipated benefits will be achieved, whether they may be adverse impacts, and what are the risks of the project. The scope of the above evaluation of value for money is clarified by the following exchange:

Ms FYLES: Was it concerning that rugby league had walked away from the facility a short time before?

Ms RYAN: Not from our perspective. We were focused on value for money.⁵²

5.16 Each relevant Government Agency indicated that they did not provide Cabinet with any advice on the relative merits of a similar cost stadium at the previously preferred location or Richardson Park prior to the funding decision.⁵³

5.17 That a reasonable comparison of alternatives was not considered is evidenced by the Minister for Sport and Recreation’s response to questions regarding the \$25,837,000 (excluding GST) ballpark estimate prepared by the same quantity surveyor at the Department of Infrastructure who prepared the \$100 million estimate but for a more modest style of stadium comprising:

- A playing surface capable of hosting the three codes (NRL, A-League, Rugby Union);
- A large permanent western grandstand with full spectator, corporate, player, media and concession facilities, capable of seating a notional crowd of 5000;
- Lighting to at least 1400 lux;
- A video replay screen;

⁵⁰ Transcript, 11 November 2015, p 25.

⁵¹ Transcript, 11 November 2015, pp 6, 8.

⁵² Transcript, 11 November 2015, p 9.

⁵³ Treasury: Transcript, 11 November 2015, pp 2-4, 6; Sport and Recreation: Transcript, 12 November 2015, p 3-4; Department of Infrastructure, Transcript 11 November 2015, pp 26, 31; Department of Lands and Planning: Transcript 12 November 2015, pp 24-5, 39-40.

- Engineering to accommodate temporary grandstands at each end and the eastern side, so as to accommodate a total of between 10 000 and 12 000 spectators when required; and
- Engineering to accommodate a large stage on the eastern side of the ground to allow for concerts to be held, in which case the field and grandstand would be used by concert patrons.⁵⁴

5.18 At the hearing when asked about this proposal (mistakenly identified by Mr Wood as originating from a company engaged by the NRL), the Minister responded:

Mr HIGGINS: What was the date of that? Was that ...

Mr WOOD: June 2014. That is what I am getting at. Was there adequate thought given to all the options, whether it was at Richardson Park, Berrimah or somewhere else and all the options in size? You mentioned \$100m. I would not want \$100m spent. All you have talked about is the best way to go, value for money is \$20m at Richardson Park. Surely there were other options to look at like this one?

Mr HIGGINS: Tomorrow there could be another option and the day after another one. At some point you have to draw a line in the sand and say a decision has to be made. Government has to make that decision. That report from 2014, I do not know where that has come from and have not seen it. You can go to multiple places and get multiple prices. It is like doctor shopping. Government's role is to make decisions in the best interests of Territorians based on the information it has at hand and with the best use of money.

I see \$20m to upgrade a facility at Richardson Park that we currently own as a much better option than spending up to \$100m to upgrade a facility at Marrara.

Mr WOOD: I could agree with you if you gave us a paper saying, 'And we backed that decision on some hard evidence'. You said there is no business plan. No hard evidence has been given to the committee ...

Mr HIGGINS: There is no business plan in the sense of the business plans that were prepared by the department that went to budget Cabinet. All these other reports were available for government to look at.⁵⁵

5.19 The Committee agrees with the Minister's assertion that this report was available for the Government to look at, and is concerned that it did not do so.

5.20 The Chief Executive of the Department of Infrastructure explained the different options his Department prepared for the Department of Sport and Recreation, but of which the Minister for Sport and Recreation seemed not aware, as follows:

What were the original plans for rugby league at Marrara? DoI had prepared some options for the Department of Sport and Recreation to consider with other sporting groups. Initially, we were requested to assess the complex as a very basic facility accommodating 5000 seats. This was at Marrara and was estimated at \$25 million. We were then asked to

⁵⁴ Department of Infrastructure Memorandum dated 19 June 2014, Folio 84 of the Department of Infrastructure documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

⁵⁵ Transcript, 12 November 2015, pp 13-4.

prepare an estimate. Very basic again for 12 000 seats and we prepared an estimate of \$45 million. This was based at Marrara. Then they came back to us and talked about their requirements to host national sporting events and other functions at the facility and they still wanted 12 000 seats in that facility. DIO undertook a benchmarking exercise of actual construction costs of stadiums built in Australia and internationally. We determined that the average costs per seat to meet all those needs was around \$8333 a seat which gave us an estimate of \$100m and that was in the business case put forward by the Department of Sport and Recreation in their submission to Cabinet as part of the capitals works program.

Why was there a change to the Richardson Park location and who made that decision? As far as we are concerned that was part of Cabinet deliberations and we were not party to any of that. Who else had a say to the change to the Richardson Park decision? As far as I know, Cabinet ministers. What due diligence occurred before the decision was made? DIO can only comment on the diligence it undertakes in providing estimates for all design and specific facilities client departments request. In this instance estimates were based on an order of cost as DoI was working on very preliminary design concepts at that point.⁵⁶

- 5.21 The Committee could not find a reasonable basis for concluding that Richardson Park would provide better value for money without a direct comparison with the previously preferred site.
- 5.22 Further, given that there was a Department of Infrastructure quantity surveyor's ballpark estimate of \$25 million that appears the most comparable to the proposed \$20 million upgrade of Richardson Park, the Committee considers any 'value for money' comparison with the \$100 million proposal to be unreasonable.

Policy implications

- 5.23 Building a rectangular stadium was not an end in itself but was to achieve a range of policy outcomes, primarily around developing the sporting and cultural life of Darwin, and also economic development and tourism.
- 5.24 The need for a facility to host national level rectangular field sports had been clearly identified. While TIO Stadium fulfilled this function to date, there was demand for a rectangular stadium.

Developing sport

Hosting National Games

- 5.25 The primary impetus for a rectangular national class stadium was to host National Rugby League games. The Government had been in discussion with the NRL about developing a facility at Warren Park following NT Rugby League's assessment that moving to Warren Park was preferred over redeveloping Richardson Park.

⁵⁶ Transcript, 11 November 2015, p 24.

5.26 To maximise the potential to host NRL games, it would be relevant to find out the NRL's view of the proposed site. The site's attractiveness to the NRL is crucial to the value of the stadium to the Northern Territory, and any problems the NRL might have with the site would be a significant risk to the Territory getting the desired outcome of more NRL games in future. As the stadium is intended to be used by other national sporting bodies, consultation with the Australian Rugby Union and the Football Federation of Australia would also have been relevant.

Supporting local clubs

5.27 Another intended major use of the stadium was for significant local rugby league, rugby union, soccer and touch football games, as well as regular sporting fixtures. The location of the stadium could impact the contribution it can make to developing local sport, so the views of the Darwin sporting bodies would also inform the value to the Territory of the proposal. Given that "over 65% [of rugby league players] are the other side of the Berrimah line",⁵⁷ and that the NRL NT would like to be using the field "every week and, often, every night",⁵⁸ the location of the oval could have a significant impact on players and their families, and consequently on the popularity of the sport.

5.28 Development of a stadium may also impact the economic viability of local clubs by reducing their revenue stream through loss of games, and post-game use, from local facilities. The Football Federation NT responded to the Richardson Park Development Proposal by saying:

FFNT is struggling to cover the costs of our current stadium so the idea of taking potential revenue away from that complex to be placed with another seems inappropriate.⁵⁹

5.29 The Football Federation NT also noted the different surface needs of soccer to rugby and raised other concerns that developing Richardson Park would have an adverse impact on the development of its sport.⁶⁰ These concerns should have been sought, considered and addressed when deciding on a new stadium.

5.30 It is not the case that any stadium development is good for sport and inappropriate investment could result in significant ongoing costs and a missed opportunity to have a stadium that provides the greatest ongoing returns.

5.31 It appears to the Committee to be reckless to decide on the location of such a major piece of sporting infrastructure for Darwin without first consulting with the intended users of the infrastructure.

⁵⁷ Transcript, 12 November 2015, p 34.

⁵⁸ Transcript, 12 November 2015, p 30.

⁵⁹ FFNT Chairman's Response to Richardson Park Redevelopment Proposal, 10 July 2015, Folio 137 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

⁶⁰ FFNT Chairman's Response to Richardson Park Redevelopment Proposal, 10 July 2015, Folio 137 of the Department of Sport and Recreation documents provided to the Committee by the Department of the Chief Minister on 10 November 2015.

Social impacts

5.32 Every development can have positive and negative effects on those around it. Understanding those impacts is crucial to understanding the value the project can provide. Further, governments should not make decisions adversely impacting on individuals without first considering if those impacts can be avoided or minimised.

Economic viability

5.33 A stadium has significant management, repairs and maintenance costs. These costs were a significant reason why NT RL decided to leave Richardson Park. Such costs, and the income generation capacity of a stadium, have a significant impact on the long term value of a stadium.

5.34 There are a range of site specific issues that can impact on both the income generating capacity and maintenance cost of a major sporting facility.

5.35 One crucial issue is spectator amenity. For example, if spectators find access difficult due to location, lack of parking or lack of public transport this will impact adversely on ticket sales for major games, reducing the income for the stadium and reducing its attractiveness as a national venue. The NRL informed the Committee that “if you do not have good access it does not work for the community.”⁶¹ Another issue affecting revenue is advertising potential. This can be affected by visibility of the stadium, public perception of the stadium and ticket sales.

5.36 In regards to ongoing costs, questions were raised about Richardson Park being subject to flooding and storm surges, and maintaining turf where salinity has previously been a problem.

Risks

5.37 Any major decision should be preceded by an analysis of its risks and how they can be managed. Governments need to take many risks to achieve their outcomes, but when dealing with public money and impacting on people’s lives these risk should be assessed and controlled rather than left to chance.

Decision-making with imperfect information

5.38 Governments rarely have the luxury of being fully informed on a matter before they must make a decision, but they do have an obligation to gather what information is reasonable available and necessary for making the decision. This obligation increases with the budget, social, economic and environmental impacts of the decision.

5.39 Committing \$20 million requires a fair assessment of value for money. A project to develop sports requires consultation with the sporting bodies to be

⁶¹ Transcript, 12 November 2015, pp 32-3.

developed. A development likely to impact adversely on some people requires an assessment of whether that impact is justified and whether it can be avoided. A project having a range of risks requires an assessment of those risks.

- 5.40 No Government Agency provided the Government a business case or any analysis of these issues. The only analyses the Government has noted were prepared for a sporting body (which does not share the responsibilities of Government) some years previously.⁶² If the Government received any other advice from private sources on the matter it used the shield of Cabinet confidentiality to not disclose it.
- 5.41 Given the cost of the project, its policy objectives, the impact on local residents and the risks of the project, the Committee is of the view that the Government did not have sufficient information to make a commitment to upgrade Richardson Park. The Committee does not expect exhaustive analysis and consultation before such a commitment, but it does expect some.
- 5.42 Decisiveness without sufficient information is not good government but recklessness. While it is important that Cabinet is always free to respond to issues as it sees fit, it is also important that it maintain reasonable standards in decision-making.
- 5.43 Ministers are subject to the Code of Conduct and Ethical Standards in the *Legislative Assembly (Members' Code of Conduct and Ethical Standards) Act*. Clauses 10 and 11 of that Code provide:

10 Responsibility

Members must act in accordance with the principle of responsibility.

This means members must endeavour to ensure their decisions reflect a proper consideration of all relevant matters, including the reasonably foreseeable consequences for those likely to be affected by their decisions.

...

11 Public interest

In performing official functions, members must act in what they genuinely believe to be the public interest.

In particular, members must seek to ensure their decisions and actions are based on an honest, reasonable, and properly informed judgment about what will best advance the common good of the people of the Territory.

- 5.44 On the evidence obtained by the Committee, it is questionable whether the Treasurer's decision to approve the upgrade of Richardson Park meets the standards of this clause.

Making an informed decision

- 5.45 The Committee did not receive any evidence that the threshold question of whether upgrading Richardson Park presents the best value to the Territory

⁶² Transcript, 11 November 2015, p 12.

from the money available for a rectangular national standard stadium has been adequately answered.

- 5.46 The receipt of tenders will provide the Government with a clear indication of the cost of completing the work within the tender scope. The Minister for Sport and Recreation indicated that this will be an opportunity to determine whether the proposed upgrade is affordable:

The tender is out, it will close, and the decision we make next will be what the costs are and how we progress it from there.⁶³

- 5.47 The Committee considers that the Government should also, albeit belatedly, consider whether upgrading Richardson Park provides the best outcomes for the Territory from the money available.
- 5.48 The Committee notes that there are many costs of the project that may not be included in the tender, such as traffic management strategies; likely changes and upgrades to local roads; additional public walkways; additional public transport facilities including a new transport hub; additional parking beyond the 300 bays that currently exist at Richardson Park; and mechanisms to minimize sound and light impacts on local residents. The project may also have costs that have to be managed by other organisations, such as the City of Darwin which owns the roads or the Department of Education which owns the Ludmilla Primary School. All of these costs, and also any consequential benefits of the project, need to be assessed to determine the value of the project.

Recommendation 1

The Committee recommends that, following the receipt of tenders for the proposed upgrade of Richardson Park, the Government compare the full costs and benefits of constructing a stadium with a similar budget allocation at Richardson Park and alternative locations, including Warren Park. The assessment of costs should include consequential costs not included in the tender and non-financial costs.

Recommendation 2

The Committee recommends that the Minister for Sport and Recreation table a report of this analysis in the Legislative Assembly within three sitting days of its completion.

Recommendation 3

The Committee recommends that Cabinet reconsider which option for a rectangular stadium provides the best value to the Northern Territory having regard to the full costs and benefits of reasonable options.

⁶³ Transcript, 12 November 2015, p 17.

Governing for all

- 5.49 Many residents near Richardson Park were concerned about the potential for an upgrade to Richardson Park to interfere with the peaceful enjoyment of their homes. Good governance, and as already noted the Members' Code of Conduct, requires endeavouring to ensure decisions reflect a proper consideration of all relevant matters, including the reasonably foreseeable consequences for those likely to be affected.
- 5.50 If a reasonable alternative to disturbing people's homes is available it should be considered. If it is decided that the greater good requires that a development should go ahead, then all reasonable measures should be taken to reduce the adverse impacts suffered by individuals.
- 5.51 The Committee considers that consultation to understand the concerns of residents needs to be undertaken as a matter of priority. Further, if the upgrade of Richardson Park goes ahead, effective measures need to be taken to minimise the impact of the development on residents, Ludmilla Primary School, and others affected by the development.
- 5.52 At a minimum, this should include a consultative mechanism that has effective ongoing input into the design and construction of the project. The Minister for Sport and Recreation told the Committee that residents can get information from a website and email the project team but that he was not considering including residents in the project team.⁶⁴ The Committee considers that consultation on such a project needs more than such an ad hoc approach and that a process that provides adequate opportunity to have input into relevant issues should be developed.

Recommendation 4

The Committee recommends that the Government undertake consultation to understand the concerns residents have with the proposed upgrade of Richardson Park and, if the upgrade progresses, establishes an ongoing consultative mechanism to enable residents to have input into the design and construction.

Managing the project

- 5.53 Project management literature is replete with guidance on the need to continue to review projects at critical stages to determine the optimal way forward with the information then available. Major projects always start with uncertainty and some risks manifest during a project that require a significant change of approach or even abandoning the project to limit losses.
- 5.54 A particular risk in this regard found in this Committee's inquiry into the Management of ICT Projects by Government Agencies is 'optimism bias' and

⁶⁴ Transcript, 12 November 2015, p 12.

relying on the hope that particular risks will not come to pass rather than managing them.

- 5.55 Given the scant information and risk analyses that preceded the decision to build a national standard rectangular stadium, this project could be particularly vulnerable to failing to deliver the desired outcomes within budget and in a timely manner.
- 5.56 In such a situation, staged independent reviews of the project, with the power to redirect or terminate the project if necessary, are commonly used to help secure desired outcomes and avoid escalating waste. To be effective, such reviews need to be conducted by persons with relevant expertise and independent of persons responsible for delivery of the project.

Recommendation 5

The Office of Major Projects plan and commission independent gateway reviews at critical stages of the stadium project's implementation.

- 5.57 It is evident from the above that the Committee is of the view that properly informed decision-making and management of the project is of much greater importance than having a stadium available for any particular sporting event. The Committee was pleased to hear the Minister for Sport and Recreation state that "I am not working towards a date; I am working towards a product."⁶⁵ The Minister's comments contrasted with the Treasurer's reported comments that the stadium would be ready for a Parramatta Eels game in August 2016.⁶⁶ The Committee notes that undue haste in the project could have long term impacts on the Northern Territory for limited or no short term gain.

Recommendation 6

The Committee recommends that the Government avoid any undue haste in the development of a new stadium and to this end secure alternative venues to Richardson Park for any future NRL games.

⁶⁵ Transcript, 12 November 2015, p 10.

⁶⁶ As noted at Paragraph 4.14, many submissions claimed that the Treasurer stated that the Richardson Park deadline was the August 2016 Parramatta Eels fixture. The Member for Nightcliff, Ms Natasha Fyles MLA, who was present at the public forum in Parap on 25 October 2015 also provided evidence of this statement.

6 Key Findings

1. The Government did not undertake any consultation with sporting bodies, residents or other interested groups or have any public discussions on upgrading Richardson Park before deciding to do so.

- 6.1 Every sporting body questioned by the Committee, and every public statement found by the Committee from sporting bodies, indicated that they had not been consulted on a proposed upgrade of Richardson Park, and that the decision to upgrade Richardson Park took them by surprise.
- 6.2 Further, while a number of sporting bodies welcomed the significant investment in Richardson Park, none stated that upgrading Richardson Park was their preferred option.

2. The Government did not ask for or receive any advice or analysis on upgrading Richardson Park from any of its Agencies.

- 6.3 Treasury, the Department of Sport and Recreation, the Department of Infrastructure and the Department of Lands and Planning all indicated that they did not provide any advice on upgrading Richardson Park and first heard of the proposal after the funding decision had been made.

3. Of all the sporting groups the Committee heard from, only NRL NT was committed to using the facility, and they indicated that Marrara had been their preferred option.

- 6.4 The Government claimed the support of sporting bodies to back up their decision for the redevelopment of Richardson, even though they had not consulted with those sporting bodies until after the redevelopment announcement was made.
- 6.5 While there was widespread support for investment in sporting facilities, the Committee saw no evidence that Richardson Park was the preferred sporting facility.
- 6.6 NTRL, which had conducted studies on developing both Richardson Park and Warren Park (which were the only studies available to the Government on Richardson Park) did not prefer Richardson Park:

Ms FYLES: If your view had been sought prior to the investment decision, would the NRL have expressed a preference for the new Marrara development or Richardson Park?

Mr BOLAND-RUDDER: In the discussions we had with government previously, we had been sitting with the NTRL – as they were known then – advocating for Marrara, yes.⁶⁷

⁶⁷ Transcript, 12 November 2015, p 32.

4. The decision to fund a \$20 million upgrade of Richardson Park was approved by the Treasurer following discussion with ‘relevant Ministers’ and did not appear to go to a Cabinet meeting.

6.7 The combined Government Agencies’ submission to the Committee indicates that the latest relevant Cabinet decision prior to the Budget was provisional approval for \$42.5 million for a stadium at a location to be determined. The change from this to \$20 million for Richardson Park was made by the Treasurer “In accordance with a Budget Cabinet decision that authorised the Treasurer to make further budget adjustments necessary to finalise the 2015-16 Budget”.⁶⁸

6.8 As the Minister for Sport and Recreation advised the Committee that it was Treasury that convinced him “to go back to Richardson Park”,⁶⁹ and Treasury informed the Committee that it was advised of the Richardson Park proposal after the decision was made,⁷⁰ it appears that the Minister for Sport and Recreation was not involved in the decision.

5. The assertion that the \$20 million Richardson Park decision was based on value for money because the cost of development at Marrara was \$100 million is unreasonable as the Department of Infrastructure had costed a suitable but more modest Warren Park stadium at \$25 million.

6.9 The view, which the Committee shares, that a \$100 million stadium at Marrara is unaffordable does not justify the view that upgrading Richardson Park provides the best value for money.

6.10 The Department of Infrastructure’s \$25 million ballpark estimate for a broadcast quality stadium at Marrara makes it unreasonable to conclude without any analysis that Richardson Park would provide the best value for money for a rectangular stadium in the Darwin region.

6. The location of a premier rectangular stadium within the Darwin region is a strategic decision for the development of sport so should form part of a strategic plan for the relevant sports and be informed by consultation with the relevant sporting bodies.

6.11 The location of the premier rectangular stadium in the Darwin region will have a significant impact on attendance for major events, the contribution it makes to local competitions for games and training. Such significant infrastructure should be developed in a strategic manner to maximise the contribution it can make to the sporting and cultural life of the region.

6.12 Strategic planning requires consultation with potential users to determine their needs and the impact of different options. Ideally this would form part of a sporting masterplan, taking into account the region’s facilities, demographic trends and the plans and needs of local clubs.

⁶⁸ Submission 50, p 3.

⁶⁹ Transcript, 12 November 2015, p 10.

⁷⁰ Transcript, 11 November 2015, pp 3 & 6.

7. The upgrade of a stadium within a residential area would impact the residents so should be informed by consultation with those residents.

6.13 The upgrade of Richardson Park may adversely impact on nearby residents.

6.14 Before Government makes a decision that affects a specific community in such a manner, it should consult with that community to ensure it understands the implications of its decision and can minimise any negative effects.

8. The financial impact of any major sporting infrastructure on sporting bodies or Government expenses should have been considered prior to any investment decision.

6.15 Financial viability is an ongoing challenge for many sporting bodies. Ongoing maintenance costs was a major reason why RLNT abandoned Richardson Park. The NT Football Association expressed concerns that the proposed upgrade of Richardson Park could threaten its financial viability. Before building a major facility the capacity of the users to support the facility, and the impact of the facility on the local sporting economy should be considered.

6.16 The impact on the Government's expenditure is also relevant. The subsidisation of sport and the maintenance of facilities is a significant recurrent cost for the Government. By taking over the lease for Richardson Park, the Government also appears to have taken on all the financial risk for its maintenance. To do so without an assessment of the extent of that cost, or its capacity to generate revenue to offset those costs is not a sound financial approach.

9. It is questionable whether the relevant Ministers' decision to fund an upgrade of Richardson Park conforms with clauses 10 and 11 of the Members' Code of Conduct.

6.17 It is an important principle that Cabinet must be free to decide whatever it considers to be in the public interest, but that does not give Cabinet licence to act recklessly. The *Legislative Assembly (Members Code of Conduct and Ethical Standards) Act* sets in law minimum standards for decision-making for all Members, including Ministers. Clauses 10 and 11 are particularly relevant:

10 Responsibility

Members must act in accordance with the principle of responsibility.

This means members must endeavour to ensure their decisions reflect a proper consideration of all relevant matters, including the reasonably foreseeable consequences for those likely to be affected by their decisions.

...

11 Public interest

In performing official functions, members must act in what they genuinely believe to be the public interest.

In particular, members must seek to ensure their decisions and actions are based on an honest, reasonable, and properly informed judgment about what will best advance the common good of the people of the Territory.

6.18 Given the Committee found that the Government did not undertake any consultation with relevant bodies or seek any information or analysis from

Government Agencies to inform its decision to fund an upgrade of Richardson Park, it is questionable whether the decision to fund the upgrade of Richardson Park complied with these principles.

Appendix 1: Documents provided by the Department of the Chief Minister

On Tuesday 10 November 2015 the Department of the Chief Minister provided the Committee with the following compilation of documents:

- 'In Confidence PAC Request for Papers' *Department of Infrastructure* (November 2015), Folios numbering 1 to 50;
- 'In Confidence PAC Request for Papers' *Department of Sport and Recreation* (November 2015), Folios numbering 1 to 144;
- 'In Confidence PAC Request for Papers' *Department of Lands, Planning and the Environment* (November 2015), Folios numbering 1 to 137;
- 'Department of Sport and Recreation Business Case: Rectangular Sporting Stadium' *Department of Treasury and Finance* (February 2015),⁷¹ Folios numbering 1 to 7.

⁷¹ The Business Case as provided to the Committee was not dated. See however Transcript, 12 November 2015, pp 1-3 and Transcript, 11 November 2015, pp 1-2.

Appendix 2: Submissions Received

1. Bill Searle
2. James Gilchrist
3. Betty Risler
4. Jim Cryer
5. Resident
6. Melissa Bolliger
7. Jess Herraman
8. Helen Murray
9. Steve Glover
10. Andrew Lee and Carolyn Hughes
11. Barbara Laurie
12. Jude Scott
13. Margie West
14. Diana Richard
15. Carita Davis
16. Louise Hardy
17. Sab Lord
18. Bron Glover
19. Graham Kirby
20. R.A. White
21. Resident
22. David Harris
23. Glenn Campbell
24. John Bennett
25. Pat Illidge
26. Joanna Parish
27. Jill Kuhn
28. Robin MacGillivray
29. Victoria Markwick-Smith
30. Carolyn Marriott
31. Resident
32. Martyn Wilkinson
33. Karen O'Dwyer
34. Jennie Renfree
35. Chris Capper
36. Lesley Alford
37. Hugh and Sue Bradley
38. Averill Piers-Blundell
39. Brad and Cherill Hopkins
40. Bennie and Sandra Lew Fatt
41. Ian and Kit McNeill
42. Michael Hawkes
43. Andrew McLeod
44. Roll Manning

45. Vanessa Kaye
46. Nicole Kaye
47. Natalie Gibbs, Ludmilla Primary School Council
48. Rodney Balaam
49. Margaret Clinch, Convenor, PLan
50. Northern Territory Government
51. Alison McShanag
52. Elizabeth Benson
53. Damien Johns
54. National Rugby League (NRL) and NRL Northern Territory
55. Ludmilla Creek Landcare Group

Appendix 3: Hearings

Public Hearing – Darwin – 11 November 2015

- Department of Treasury and Finance
- AFL NT
- Touch Football NT
- Department of Infrastructure

Public Forum – Darwin – 11 November 2015

Public Hearing – Darwin – 12 November 2015

- Minister for Sport and Recreation and the Department of Sport and Recreation
- Department of Education
- Department of the Chief Minister
- National Rugby League (NRL) and NRL Northern Territory
- Department of Lands, Planning and the Environment