

Management report to Council

Agenda item 6.2

Funding Proposal – Collingwood Football Club

Council

Presenter: Linda Weatherson, Director City Communities

28 June 2016

Purpose and background

1. The Collingwood Football Club (CFC) has recently completed a \$75 million development of the facilities at the Glasshouse and the Olympic Park Oval primarily for community usage and access. The purpose of this report is to seek approval to enter into a ten year funding agreement with the CFC to access these community facilities. CFC is proposing that Council invest \$3 million over the 10 year period (ie. \$300,000 per year).
2. In 2012 Council engaged a consultant to undertake a sports facility provision analysis to 2031 and beyond. Using the planning tool of Provision Ratios, an assessment was made of the adequacy of the number of sporting facilities within the municipality together with a prediction of the number of sporting facilities that might be required following projected population growth. In relation to the current provision of Australian Rules football ovals within the municipality, it was predicted that in 2031 there will be an overall shortfall of 10 ovals. A number of strategies are being implemented to address this shortfall, including higher curation levels and installation of synthetic surfaces where appropriate. This proposed agreement is an additional strategy to assist with that predicted shortfall.

Key issues

3. The opportunity to support the increasing demand of access to community facilities, in particular sports grounds, is the key objective of this proposal. Council will manage the allocation and use of the oval by the community seasonal sporting clubs located within the municipality. Access for training and competition for up to 20 hours per week will be available. This level of use is consistent with other Council managed facilities. A proposed exclusive arrangement with CFC will provide additional flexibility and options for Council in managing this use in a systemic manner. A particular priority would be made to provide access to women and girls teams to the oval. This also complements the Club's support of both netball and the new AFL womens competition.
4. Other facilities offered to Council as a key part of the agreement will include access to: a community gym, theatre, meeting and function rooms. Council will continue to collect revenue from user groups (e.g. seasonal sporting clubs) and recreation centre members who will access the CFC facilities. CFC will collect revenue from new members who wish to join the Olympic Park community gym only, without having reciprocal rights to Council gyms. Revenue from reciprocal rights arrangements for access to Council's facilities will be facilitated through and collected by Council.
5. An initial amount of \$300,000 has been included in Councils 2016–17 Budget as a special grant. The length of the agreement requires formal approval by Council.
6. Notwithstanding the prohibitive cost of purchasing land to the size required, there are actually no known available spaces that would be available to develop within the municipality. It is estimated that the costs to Council to construct an equivalent sports ground would be approximately \$3 million plus ongoing annual maintenance and curation costs of \$35,000 - \$100,000 per annum to Council's contract standard. The curation and maintenance costs of the Olympic Park oval to CFC for its current elite level standard is in the order of \$150,000- \$200,000 per annum. While not a direct comparator the Flemington Road oval redevelopment was completed at a cost to Council of \$1.5 million in 2015.

Recommendation from management

7. That Council endorses:
 - 7.1. The proposed funding request from Collingwood Football Club for \$3 million over 10 years that enables Council to provide community access to its redeveloped community facilities within the Melbourne and Olympic Park Trust precinct.

- 7.2. Approves management negotiates and finalises a formal agreement between Council and the Collingwood Football Club.
- 7.3. Notes the agreement will include a commitment by the Collingwood Football Club in the proposed agreement to work with Council to explore options to reduce the clubs reliance on gaming revenue over the life of the agreement.

Attachment:

1. Supporting Attachment (page 3 of 4)

Supporting Attachment

Legal

1. It is proposed that Council would enter into a 10 year agreement with the CFC. The agreement would outline the responsibilities of both parties and specific access and usage arrangements. Provisions for non performance and subsequent termination would be included. A provision for renewal beyond the proposed period of 10 years would also be included in the agreement. Such a renewal would require a further resolution of the future Council.
2. CFC has a long term lease on the Glasshouse and Olympic Park with the Melbourne and Olympic Parks Trust (MOPT). This agreement encompasses usage within that lease boundary. CFC has advised that any agreement with Council would require a Deed of Consent between CFC and MOPT. It is understood that MOPT is supportive of the agreement.

Finance

3. CFC is proposing that Council invest \$3million over a 10 year period (ie. \$300,000 per year). An initial amount of \$300 000 has been included in Councils 2016-17 budget as a special grant.
4. It is estimated that the costs to Council to construct an equivalent sports ground would be approximately \$3 million plus ongoing annual maintenance and curation costs of \$35,000 - \$100,000 per annum to Council's contract standard. The curation and maintenance costs of the Olympic Park oval to CFC for its current elite level standard is in the order of \$150,000- \$200,000 per annum. While not a direct comparator the Flemington Road oval redevelopment was completed at a cost to Council of \$1.5 million in 2015.

Conflict of interest

5. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Stakeholder consultation

6. As part of developing the agreement Council engaged an industry consultant (Warren Green Consulting) to review the proposed arrangement and identify any issues. The consultant concluded that, 'the proposed partnership provides the City of Melbourne with exceptional opportunities at a fair and reasonable cost'.
7. Council Officers met with State government representatives (Sport and Recreation Victoria) and senior executives from Melbourne and Olympic Parks Trust to discuss the proposal. Consultation was undertaken with a representative section of seasonal sporting clubs and recreation centre members. No objections or concerns in relation to the proposed agreement were raised.
8. In recent years CFC has moved to significantly reduce its reliance on gaming revenue and has cut the number of the club's hotel venues from five to two. CFC has also cancelled its major partnerships with sports gambling organisations. CFC has in place a range of strict harm minimisation and responsible gambling practises at its venues and was the first AFL club to partner with the Responsible Gambling Foundation. The Club signed an MOU with Gamblers Help in 2013. CFC provides funding from its gaming revenue to support a range of community programs and services in communities around its venues. The club will continue to investigate ways to reduce its reliance on hotel revenue and has a medium to long term (5-10 years) aim to replace gaming revenue with new revenue streams. This will need to be managed in accordance with state legislation and the responsible financial management of the club. CFC has indicated a commitment to working with council in good faith and collaborative spirit to explore all options on this issue as part of its long term community partnership.

Relation to Council policy

9. This proposal aligns with:
 - 9.1. Council Plan 4 year Priority 1.7 Increase community participation in physical activity through our sport and recreation services.
 - 9.2. Year 3 Action 1.7.4, Review, investigate and test opportunities with elite sporting organisations to provide measurable and achievable community recreation and health and well being programs.
10. Council's Active Melbourne Strategy under the theme of Place states: ' Council will work cooperatively with the private and voluntary sectors to ensure that there are safe, appropriately equipped and maintained places for the community to access a range of activity opportunities'. Under the theme of Provision the Strategy also states: 'Ensure that programs and services required to target both the general population and specific population groups are available, with an emphasis on participation in physical activity, recreational activity and competitive sport at the community level.'

Environmental sustainability

11. There are no environmental sustainability issues as a result of this proposal. CFC as lessee of the area, work directly with MOPT to develop and enhance environmental sustainability within their facilities including a major site-wide water harvesting system with water tanks collecting water from stadiums in the precinct. The construction of the Glasshouse involved a range of Environmental Sustainability Features.