



To: Minister Colbeck

cc: Minister Hunt

Subject: Female Facilities and Water Safety Stream Program - Logan Lightning Football Club Change Room Upgrade

Critical date: N/A

Recommendation/s:

- | | |
|---|--|
| 1. Note the risk that Logan Lightning Football Club, with 1,100 players last season, may close if the financial situation cannot be resolved by mid-January 2020; | 1. Noted/Please Discuss |
| 2. Note that the \$600,000 allocated under the Female Facilities and Water Safety Stream (FFWSS) Program is the only Commonwealth grant to Logan Lightning Football Club that remains unspent; | 2. Noted/Please Discuss |
| 3. Agree to Option C to allocate \$150,000 from the \$600,000 FFWSS grant to Logan Lightning Football Club to meet debts due to cost overruns for the Cornubia Grounds Clubhouse extension project
<small>s 22</small> | 3. Agreed/Not agreed/Please discuss |
| 4. Note that by allocating the funding this way the existing election commitment to Logan Lightning Football Club, Chris Green Park project, will be reduced by \$150,000 and a further briefing will be provided on the revised scope once known; and | 4. Noted/Please Discuss |
| 5. Agree to engage with the Deputy Prime Minister on the proposed strategy to address the financial pressure on Logan Lightning Football Club. | 5. Agreed/Not Agreed/Please Discuss |

Signature

Date: / /

Media Release required? NO

Comments:

Contact Officer:	Lisa Peterson	A/g FAS Health Grants and Network Division	Ph: (02) 92633700 <small>s22</small>
Clearance Officer:	Sharon McCarter	A/g FAS Health Grants and Network Division	Ph: (02) 6289 1630 <small>s22</small>

Issues:

1. The Logan Lightning Football Club (Club) is facing financial difficulty from an existing project and has put the Club's viability at risk. The Club is seeking financial assistance from the Commonwealth to resolve this. The President of the Club (Club President) is seeking an outcome by mid-January 2020, prior to members signing on from 17 January 2020. If the Club is not in a financially secure position by then, the Club President has stated that registrations for the 2020 season may not proceed, impacting players within the region. The Club had 1,100 registered players last season.
2. As part of the 2019 election commitments, the Government allocated \$600,000 from the FFWSS Program to the Club for a separate project at Chris Green Park. The Department has not yet received the Request for Information for this project as the Club President has only recently been appointed. This commitment of \$600,000 is currently the only unexpended Commonwealth funding available to the Club.
3. ^{s 22}

In addition, the Club received funding of \$513,700 from the Queensland Government's Female Facilities Program. Despite the Government funding totalling \$898,700 the Club entered into a building contract with Maddison Constructions for an estimated total construction cost of \$1,092,160. While the Club predicted the total cost would be reduced through other funding streams, the available correspondence to the Department did not confirm how the cost variance was going to be met.

4. On 20 November 2019, the Club President advised the Member for Forde (**Attachment A**) of outstanding debts of approximately \$150,000 against the Cornubia Grounds project and is seeking approval to reallocate part of the FFWSS funding to pay the outstanding debts. Maddison Constructions has refused to open the new facility until the matter is resolved.
5. The primary driver from the Club President's perspective is the necessity to resolve this issue by the first week of January 2020 as the new facility is required to support new member registrations to the Club. The Club President is currently overseas but is contactable by email.
6. There are three options:

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The DITRDC has approached the DPMO and provided advice. However, a key issue for DITRDC is that approval for additional funding will need the Prime Minister's authority to increase the grant amount and extend the agreement.

b) Transfer the required funding from FFWSS to CDG.

This option proposes to divert \$150,000 from the FFWSS Program unallocated funding and transfer to the CDG project at Cornubia Grounds. You have the authority to make this decision. However, it is noted that before the relevant authority was delegated to you, the Prime Minister previously did not support FFWSS funding being transferred to CDG (refer to Prime Minister's letter dated 4 December 2019 - **Attachment B**). For this reason, the Department does not recommend this option.

c) Use the \$150,000 of the current allocated \$600,000 funding from FFWSS to resolve the financial pressure.

As the Department has a grant allocated to the Club that is yet to be offered, there is flexibility to vary the project scope to include the expenditure to fund the cost overrun on the existing club extension project. You, as the Minister responsible for FFWSS, have the delegated power to vary these projects. The revised project would need to also include additional amenities for female participants at both the Cornubia Grounds and Chris Green Park to ensure consistency with the policy intent of the program. The Department will provide a further briefing to you on the revised scope for the Chris Green Park project, which will need to be consistent with the objectives of the FFWSS program.

7. ^{s 22}

8. The Department will also implement more stringent controls around the additional project activities, noting that the revised project scope will need to be agreed consistent with the reduced funding amount of \$450,000. The Club will be required to provide a detailed project plan including a project budget supported by quotes, identification of key contractors including capabilities and experience, detailed project milestones with quarterly reporting obligations including project expenditure. The Club will also be required to provide evidence of ability to meet any project costs not covered by the grant.
9. It is recommended you engage with the Deputy Prime Minister to discuss the strategy for dealing with this issue as outlined in Option C. A decision is required by mid-January 2020 to avoid the risk of closure.
10. Should you decide on this course of action, the Department will seek further details from the Club and offer an agreement that includes stronger governance safeguards at the earliest opportunity in January 2020.

Background:

On 12 November 2019, the Club ^{s 22} signed off on the Cornubia Grounds Clubhouse extension project as being complete. At the time of signing off on project completion, DITRDC were not made aware of any financial difficulties facing the Club. The Club President has since advised the Member for Forde, who then contacted your Office to advise that Maddison Constructions will not hand over the Cornubia Grounds Clubhouse until all outstanding payments are made.

The Club have been unsuccessful in seeking assistance from local government and have approached the Member for Forde for assistance from the Federal Government. The State Government has provided further support of \$20,650 (**Attachment C**).

The Club has also taken action to raise revenue through measures such as increased fees. The Member for Forde has asked that some money from the FFWSS grant be redirected to cover the financial shortfall. The local government also supports the FFWSS grant being redirected to cover the Club's financial shortfall.

Relevance to Election Commitments / Budget Measures:

The FFWSS Program is a 2019-20 Budget Measure. The FFWSS projects were announced as Election Commitments.

Sensitivities:

Last season the Club had approximately 1,100 youth and adult players. The Club's closure would result in community concern and loss of sporting opportunity for many people in the local region. It could be expected to generate negative media coverage.

Attachments:

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Attachment B: MC19-075361 Prime Minister's letter of 4 December 2019

Attachment C: Letter from Queensland Minister for Sport of 16 December 2019

THIS DOCUMENT HAS BEEN RELEASED UNDER
THE FREEDOM OF INFORMATION ACT 1982 (CTH)
BY THE DEPARTMENT OF HEALTH

PDR No:	MS19-900334
Subject:	Female Facilities and Water Safety Stream Program - Logan Lightning Football Club Change Room Upgrade
Division	Health Grants and Network
MO Action Date	

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BY THE DEPARTMENT OF HEALTH

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PRIME MINISTER

Reference: MC19-075361

04 DEC 2019

Senator the Hon Richard Colbeck
Minister for Youth and Sport
Parliament House
CANBERRA ACT 2600

Dear Minister

Thank you for your letter dated 5 November 2019 regarding changes to sports infrastructure projects being delivered through the Health portfolio.

I agree to the changes as outlined in your letter. However, I ask that the projects being transferred from the Female Facilities and Water Safety Stream (FFWSS) program to the Community Development Grants (CDG) projects delivered through the Health portfolio be funded using unallocated CDG funds. This ensures the \$150 million FFWSS program is not reduced. I ask that you work with the Department of Finance to transfer \$1.93 million of unallocated CDG Programme funds to deliver the four additional CDG projects.

I also agree to delegate to you responsibility for the ongoing management of the FFWSS program and confirm your responsibility for CDG sports infrastructure projects now being delivered through the Health portfolio. I ask that you consult with my Office before agreeing new projects or using unallocated funding in these programs.

I have copied this letter to the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development, the Hon Michael McCormack MP, the Treasurer, the Hon Josh Frydenberg MP, the Minister for Finance, Senator the Hon Mathias Cormann, and the Minister for Health, the Hon Greg Hunt MP.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Scott Morrison'.

SCOTT MORRISON



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

Our Ref: CTS 30600/19

16 DEC 2019

s 47F

President
Logan Lightning FC Inc

s 47F

1 William Street
Brisbane Queensland
GPO Box 2457 Brisbane
Queensland 4001 Australia
Telephone +617 3719 7270
E: hpwds@ministerial.qld.gov.au

Thank you for your email of 20 November 2019 requesting additional funding for the facility upgrades at Logan Lightning FC Inc.

I note under the *Females Facilities Program*, the Queensland Government has provided funding of \$464 075 (GST exclusive) to construct new change room facilities. I acknowledge the financial situation Logan Lightning FC Inc is experiencing and I have endorsed additional funding of \$20 650 (GST exclusive) to meet the overspend of the project.

I understand you have previously met with representatives from the Department of Housing and Public Works. I have asked my department to continue working with Logan Lightning FC Inc to ensure the funds provided are used to complete the project and meet the program's guidelines.

I hope this information answers your enquiry. If you need more information or help with this matter, Mr Andrew Bolt, Regional Manager, Sport and Recreation, Department of Housing and Public Works can be contacted on (07) 3078 3190 or email andrew.bolt@npsr.qld.gov.au.

Yours sincerely

Mick de Brenni MP
Minister for Housing and Public Works
Minister for Digital Technology
Minister for Sport