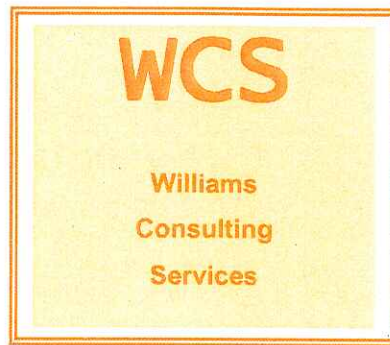




2009 GOLD COAST MOTORSPORT EVENT REVIEW

Prepared by David Williams

13 January 2010

Contents

1	Preface	3
2	Background and Terms of Reference	4
3	Methodology	6
4	Executive summary and recommendations	8
5	Legislation governing the Gold Coast Motorsport Event	12
5.1	Motor Racing Events Act 1990	12
5.2	Motor Racing Events Regulation 2003	12
6	Stakeholder organisations involved in the Gold Coast Motorsport Event	14
6.1	Sport and Recreation Services – Department of Communities	14
6.2	Gold Coast Events Co Pty Ltd	15
6.3	Gold Coast Motor Events Company	16
6.4	International Management Group of America	18
6.5	V8 Supercars Australia Pty Ltd	18
6.6	A1GP World Cup of Motorsport	18
6.7	Confederation of Australian Motorsport	19
7	Historical overview of the Gold Coast Motorsport Event	20
7.1	The first Gold Coast Motorsport Event	20
7.2	The cost to government of the Gold Coast Motorsport Event	21
7.3	Awards for the Gold Coast Motorsport Event	22
7.4	Measuring the value of the Gold Coast Motorsport Event	23
7.5	The 2009 Gold Coast Motorsport Event	24
8	Circumstances surrounding the staging of the 2009 event and the inclusion of A1GP and V8 Supercars in the program	26
8.1	V8 Supercars' participation at the Gold Coast Motorsport Event	26
8.2	Indy Cars' participation at the Gold Coast Motorsport Event	29
8.3	Negotiations with the Indy Racing League	29
8.4	Selecting a new international motor racing event	31
8.4.1	Risk profile of the A1GP series	33
8.4.2	Financial viability of the A1GP series	34
8.4.3	Public information on A1GP series at the time of signing the contract	35

8.4.4	Chronology of meetings between GCMEC and AIGP executives	36
8.5	Finalising the contract (Promoter Agreement) with AIGP	38
8.6	The termination of the AIGP contract and development of a contingency plan	41
9	Ministerial responsibility for the Gold Coast Motorsport Event	44
9.1	Governance structure of the Gold Coast Motorsport Event	44
9.2	Briefings to the Minister on AIGP	45
10	Future options for the Gold Coast Motorsport Event	50
10.1	Summary of Gold Coast stakeholder views	50
10.1.1	Gold Coast City Council	51
10.1.2	Surfers Paradise Alliance	52
10.1.3	Gold Coast Chamber of Commerce	53
10.1.4	Main Beach-Tedder Avenue Association Inc	54
10.1.5	Gold Coast Tourism Corporation Limited	54
10.2	International event a priority	55
10.3	Road barriers and infrastructure	55
10.4	The tone of the event	56
10.5	Gold Coast Rapid Transit Project	56
10.6	Sustainability of existing Gold Coast motorsport street circuit	57
10.7	Television broadcast	58
10.8	Gold Coast tourism	59
10.9	International motorsport event categories	61
10.9.1	FIA world championships	61
10.9.2	FIA cups, trophies and challenges	62
10.9.3	FIA international series	64
10.10	Shortlist of international motor racing events for the 2010 Gold Coast Motorsport Event	66
10.10.1	Option 1 – FIA GT1 World Championship	67
10.10.2	Option 2 – American Le Mans Series	70
10.10.3	Option 3 – GP2 Series (Europe)	72
11	Recommendation of a new international motorsport event	75
12	Appendices	78 - 124

PREFACE

In October 2009 I was contracted by the Queensland Government's Department of Communities to undertake an independent review of the 2009 Gold Coast Motorsport Event.

The review was to provide a detailed analysis of the circumstances surrounding the failure of the A1 Grand Prix to attend the 2009 Gold Coast Motorsport Event and to also provide advice as to whether the Gold Coast Motorsport Event should continue and to consider options to secure a new 'headline' international motorsport event.

Two staff from the Department of Communities were seconded to assist in the review, Ms Alanna Vaisnys and Mr Michael Rheinberger.

I want to thank Ms Linda Apelt, the Director-General of the Department of Communities who was the contract manager for the review, for her support, and Ms Vaisnys and Mr Rheinberger for their significant contributions in supporting me in undertaking the review.

BACKGROUND AND TERMS OF REFERENCE

The failure of A1 Grand Prix (A1GP) to meet their contractual obligations to feature at the 2009 Gold Coast Nikon SuperGP resulted in great embarrassment for the event promoter, the Gold Coast Motor Events Company (GCMEC), and the Queensland Government, which contributes \$11.6 million per annum towards the operating costs of the event.

The late notice from A1GP that they would not be attending the 2009 event and the failure of GCMEC to have a contingency plan resulted in the intervention of the Minister for Sport, The Honourable Phil Reeves MP, to request V8 Supercars Australia to develop an alternative event program one week before the Nikon SuperGP was to take place.

The Queensland Government made a Cabinet decision to commission an independent review of the governance, management and due diligence issues surrounding the failure of A1GP to attend the event.

At the time of commissioning, the objectives of the review were to:

1. provide a short contextual history of the Gold Coast Motorsport Event over the past 19 years, including the cost and economic benefit of staging the event
2. provide a description of the circumstances surrounding the staging of the 2009 event and the inclusion of the A1GP and V8 Supercars Australia in the event program
3. provide an analysis of the circumstances, with a focus on governance and due diligence, including the adequacy of contractual oversight and management of the event – in particular, the A1GP sanctioning agreement
4. provide conclusions and recommendations on the implications for government with regard to governance and due diligence for the future staging of the event, and
5. provide advice from an event perspective on future options for a motor racing event on the Gold Coast.

At the same time as the Government announced its review of the 2009 Gold Coast Motorsport Event the Auditor-General also announced that he was conducting an audit that would review the event and would also encompass corporate governance and due diligence issues.

The two reviews ran side by side until the Government decided to approach the

BACKGROUND AND TERMS OF REFERENCE

Auditor-General and request him to take responsibility for reviewing all aspects of governance and due diligence contained in the Independent Reviewer's Terms of Reference (points 3 and 4 above).

The Auditor-General agreed to take on those responsibilities and an amended Terms of Reference was provided to the Independent Reviewer. They were:

1. Provide a short contextual history of the Gold Coast Motorsport Event over the past 19 years, including the cost and economic benefit of staging the event.
2. Provide a description of the circumstances surrounding the staging of the 2009 event and the inclusion of A1GP and V8 Supercars Australia in the event program.
3. Provide advice from an event perspective on future options for a motor racing event on the Gold Coast.

METHODOLOGY

The review was facilitated through face-to-face interviews, telephone interviews and submissions presented to the reviewer. Individuals who were interviewed during the review are listed in *Appendix 1*.

The organisations consulted included:

- The Department of Communities
- The Office of Sport and Recreation (Department of Communities)
- The Department of Transport (Rapid Transit Project)
- Queensland Audit Office
- Gold Coast Motor Events Company (GCMEC)
- Gold Coast Events Co Pty Ltd (GCEC)
- V8 Supercars Australia Pty Ltd
- International Management Group of America (IMG)
- Queensland Events
- Queensland Tourism
- Gold Coast City Council
- Surfers Paradise Alliance
- Chamber of Commerce – Surfers Paradise branch
- Gold Coast Tourism Corporation Limited
- Confederation of Australian Motor Sport (CAMS)
- A1 Grand Prix World Cup of Motorsport (Australia) Pty Ltd
- A1 Grand Prix (Team Australia), and
- BAM Media.

In addition, local and state politicians were interviewed. They included:

- The Hon. Phil Reeves, Minister for Child Safety and Minister for Sport, Member for Mansfield, Queensland State Government
- The Hon. Judy Spence, former Minister for Police, Corrective Services and Sport, Member for Sunnybank, Queensland State Government
- The Hon. Peter Lawlor, Minister for Tourism and Fair Trading, Member

METHODOLOGY

for Southport, Queensland State Government

- Mr John-Paul Langbroek, Leader of the Opposition, Leader of the LNP, Shadow Minister for the Arts, Member for Surfers Paradise, Queensland State Government
- Mr Ray Stevens, Shadow Minister for Tourism and Fair Trading, Member for Mermaid Beach, Queensland State Government
- Mr Jack Dempsey, Shadow Minister for Child Safety and Shadow Minister for Sport, Member for Bundaberg, Queensland State Government
- Mr Ron Clarke, Mayor, Gold Coast City Council, Gold Coast City, and
- Ms Susie Douglas, Councillor for Division 7 (Surfers Paradise), Gold Coast City Council.

The review also considered submissions, correspondence and chronologies provided by:

- The Hon. Phil Reeves MP
- Gold Coast Events Company
- Gold Coast Motor Events Company
- V8 Supercars, and
- BAM Media.

EXECUTIVE SUMMARY AND RECOMMENDATIONS

The Gold Coast Motorsport Event was Queensland's, and one of Australia's, largest and most successful event, with attendances of over 300,000 and the winner of numerous state and national tourism awards. The failure of the A1GP to attend the 2009 event, and the subsequent negative media generated, has damaged the reputation of the event, the organisers and the Gold Coast alike. Rebuilding the reputation and profile of the event may take many years and will need the support of the Gold Coast community, Council and the State Government.

The selection of the financially troubled A1GP series was questionable. The confidence shown by the Gold Coast Motor Events Company (GCMEC) management and partnership committee in the promises and undertakings given by A1GP executives that time and time again would prove to be untrue is difficult to explain.

Mr Paul Cherry, a senior executive with A1 Grand Prix (A1GP), travelled to Australia in late November 2009 to provide input to the review, and advised that A1GP had secured new lines of credit and that the sanction fees paid by GCMEC to A1GP (Australia) for the 2009 event would be refunded as a priority. He said A1GP wanted to show good faith with the Queensland Government and motor racing fans and participate at next year's Gold Coast Motorsport Event at no cost to the organisers. Mr Cherry's assertions that new lines of credit had been secured for the A1GP series and that GCMEC would be paid back as a matter of priority are yet to be substantiated.

A full-time general manager of the Gold Coast Motorsport Event, based on the Gold Coast, is essential to provide the leadership and interaction with residents and businesses impacted upon by the event. The present management arrangements whereby the general manager lives in Melbourne and has multiple event responsibilities for his employer, IMG, needs to be reviewed. The event now requires the full-time commitment of a Gold Coast-based general manager to restore the confidence and support of the Gold Coast community, businesses, sponsors and Queensland motor racing fans.

The structural arrangements within government for the funding and oversight of Gold Coast Events Company (GCEC) were lacking in that the Minister for Sport, responsible for the Gold Coast Motorsport Event, relied primarily on the chairman of GCMEC and GCEC, Mr Terry Mackenroth, for verbal briefings and advice, with little input from his department or the Government's events agency, Queensland Events.

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Strong views have been expressed across a range of stakeholder organisations on the Gold Coast about the future of the annual Gold Coast Motorsport Event. The consensus view of business and tourism bodies appears to be that while the construction and deconstruction of the track facilities causes great inconvenience, is unsightly and a major impost on residents, the continuation of the event would be supported if an international motor racing series could be secured as a 'headline' event along with V8 Supercars.

V8 Supercars have a huge following across Australia and New Zealand with spectator and television audiences, and their participation at the Gold Coast Motorsport Event provides a strong foundation on which to rebuild the event.

The issue as to whether the Gold Coast Motorsport Event should continue has not been addressed in this review as the Premier had made a commitment that the event would continue on the Gold Coast and a contract is in place between GCEC (Queensland Government) and IMG that guarantees a financial contribution of \$11.6 million per year from 2009 through to 2013.

Throughout the process of identifying a new international motor racing series event to replace the failed A1GP and the popular Indy Cars, the Confederation of Australian Motorsport (CAMS) has provided assistance and advice on all international motorsport events in the Fédération Internationale de l'Automobile (FIA) calendar. Section 10.9 of this report details the full FIA international motorsport event calendar and the three short-listed motor racing series events that were considered.

The two preferred shortlisted international motor racing events are a GP2 (Europe) Series event and GT1 World Championship Series event. GCMEC is presently finalising due diligence assessment on both series and negotiating the terms of its sanction agreement with the preferred series. The due diligence assessment being undertaken by GCMEC is quite extensive and it has not been possible to conclude it prior to finalising this report to the Queensland Government.

It will take time for any new international motor racing series event to build a following, as it did in the early years with the Indy Cars. However, with the strong support and following for V8 Supercars with motor racing fans and television audiences, the new international motor series event should 'value add' to the international reputation and television coverage of the event and also provide motor racing enthusiasts with a world-class motorsport event.

The review also considered another option if a suitable international motorsport series event could not be secured, which was the development of a 'motorsport

EXECUTIVE SUMMARY AND RECOMMENDATIONS

festival’ around an enhanced V8 Supercars championship event. While this might be the most cost-effective solution, it may not satisfy many stakeholders on the Gold Coast who emphasised that they would only support the event if there was an international component and a clear ‘point of difference’ between the Gold Coast Motorsport Event and other V8 Supercar events in Australia.

Economic impacts

It is recommended that future economic impact assessments of the Gold Coast Motorsport Event measure the value of the event to Queensland based on expenditure of interstate and overseas spectators, in addition to measuring the impact of the event to the Gold Coast.

Governance / Management

It is recommended that when the existing partnership deed next comes up for renewal, the Government consider a new governance structure that will give it greater control over the Gold Coast Motorsport Event, its budget and management.

It is recommended that the Government consider transferring GCEC into the same portfolio department as Queensland Events (Department of the Premier and Cabinet) and that future directorship of GCEC include the chief executive and one board member of Queensland Events.

It is recommended that the Minister direct GCEC to provide written updates and briefings on all issues pertaining to the event and that written notes be taken of all future meetings between GCEC/GCMEC and the Minister.

It is recommended that the position of general manager for the Gold Coast Motorsport Event be full time and that the general manager be based on the Gold Coast.

Time frame for constructing/deconstructing race circuit

It is recommended that the Government provide more direction to GCMEC regarding the time frames for the construction and deconstruction of the race circuit and that GCMEC undertake more consultation with residents and traders within the precinct in respect of parking restrictions and access to properties and businesses.

EXECUTIVE SUMMARY AND RECOMMENDATIONS

Sustainability of existing street circuit

It is recommended that the Government establish a taskforce – which should include the Gold Coast City Council, the Department of Transport, the Department of Infrastructure and Planning, and GCMEC – to consider the sustainability of the existing street circuit and options to develop either an alternative street circuit in a less congested area of the Gold Coast or a more permanent facility similar to Albert Park in Melbourne, where the infrastructure for the F1 Grand Prix event was designed for year-round use by sporting associations and clubs.

New international motor racing series

It is recommended that prior to agreeing a contract with either of the two shortlisted motor racing series (GP2 (Europe) and GT1 World Championship Event) that the GCMEC due diligence assessment should incorporate the following criteria:

- verification of international television audience reach in the Gold Coast tourism priority markets
- verification of the financial viability of both shortlisted series
- verification of the company structure and financial status of the proposed contracting company for each series
- appropriate warranties, guarantees and performance clauses are agreed and contained in the sanction agreement
- independent advice and verification from motor racing experts as to the international status and standing of both series
- the cost of meeting new FIA safety requirements for trackside fencing being accommodated within the existing budget for the event (if GP2 (Europe) is the preferred series)
- the cost to secure either series event being economically viable based on GCMEC's existing budget, and
- an October race date guaranteed through to 2014.

If neither of the shortlisted international motorsport series meet the assessment requirements of GCMEC then both the Queensland Government and GCMEC will need to consider the option of creating a Gold Coast Motorsport Festival around a 'Grand Slam' V8 Supercar Championship Series event with an enhanced 'on' and 'off track' program of events.

LEGISLATION GOVERNING THE GOLD COAST MOTORSPORT EVENT

In order to conduct the event, build the racing circuit and close roads and access to some residents in the precinct during the event and peak construction time it was necessary to provide a legal basis for construction, road closures and traffic management. This has been achieved through specific-purpose legislation. This legislation also gives the Minister the power to direct the promoter (Gold Coast Motor Events Company).

The original legislation was the Indy Car Grand Prix Act 1990, which was assented to in 1989. The Act was subsequently amended on 30 May, 2003, to become the Gold Coast Motor Events Act 1990. This change was undertaken to ensure that the Act became more generic and enabled greater flexibility in negotiating for future motor racing events on the Gold Coast. It meant that the legislation governing the Gold Coast Motorsport Event would not be linked directly to any single motor racing organisation or series. The Act was again amended in 2008 to include a name change to the Motor Racing Events Act 1990.

The key requirement of the Motor Racing Events Act 1990 is to provide for an annual event declaration to be made in the Motor Racing Events Regulation 2003.

The Regulation declares on an annual basis for each motor racing event held under the Act:

- the official title of the event
- the dates of the event
- the declared area in which the event will be held, and
- the event promoter.

The annual declaration under the Regulation provides the event promoter with access to the provisions under the Act and regulation to assist with staging of the event.

The Act provides the declared event promoter with the legislative rights required to stage a motor racing event.

LEGISLATION GOVERNING THE GOLD COAST MOTORSPORT EVENT

These rights are broad and include, but are not limited to, the power to:

- access land
- set ticket prices
- empower authorised persons
- fence and control a declared area, and
- establish safe traffic management procedures.

In addition, the Act requires that the period before and after the declared period for the purpose of constructing and dismantling the works required to stage a motor racing event must be declared by the Minister by a gazette notice in the *Queensland Government Gazette*.

Following the declaration, the period is to be published in newspapers, with both a local (including the declared area) and state distribution, to inform the public about the powers to remove parked vehicles in the declared area during these periods.

STAKEHOLDER ORGANISATIONS INVOLVED IN THE GOLD COAST MOTORSPORT EVENT

There are a number of stakeholder organisations involved in the staging of the Gold Coast Motorsport Event, which are mentioned throughout this report. A short overview of each of these organisations is detailed below, with the roles and responsibilities they have in relation to the event.

Sport and Recreation Services (SRS) is a business unit within the Department of Communities. Prior to the state election in March 2009, Sport and Recreation Services was a unit within the Department of Local Government, Sport and Recreation (responsible to the Minister of Police, Corrective Services and Sport).

Key tasks undertaken by SRS in respect of the Gold Coast Motorsport Event are:

- administration of the Queensland Government's annual appropriation of \$11.6 million to Gold Coast Events Company (GCEC)
- progressing annual amendments to the Motor Racing Events Regulation 2003 as required under the Motor Racing Events Act 1990
- providing secretariat support to the GCEC
- managing the Significant Appointment process for directors of the board of the GCEC, and
- providing ad hoc support on an as-needed basis.

Ms Sharon Hodges, director of the Major Events and Partnership Unit within Sport and Recreation Services, Department of Communities, is the company secretary of GCEC.

Mr Ian Whitehead, who is the general manager (operations) of Stadiums Queensland – a statutory corporation within the portfolio of the Department of Communities – was the managing director of GCEC and an observer at Gold Coast Motor Events Company (GCMEC) partnership meetings.

STAKEHOLDER ORGANISATIONS INVOLVED IN THE GOLD COAST MOTORSPORT EVENT

The Gold Coast Events Co Pty Ltd (GCEC) is a Queensland Government-owned company responsible for managing the Government's interest and shareholding in the Gold Coast Motorsport Event.

GCEC was established in 1990 under the Corporations Law. The board of directors consists of a chairman, managing director and director.

As a government-owned company, appointments to the GCEC board are approved through cabinet.

The directors of GCEC are/were:

- Mr Terry Mackenroth, Chairman (1 January, 2006 – resigned 30 November, 2009)
- Mr Chris White, Chairman (interim appointment from 1 December, 2009)
- Mr Andrew Hogg, Director (1 January, 2009 – 31 December, 2011)
- Mr Ian Whitehead, Managing Director (31 October, 2000 – resigned 30 November, 2009), and
- Mr Cameron Hart, Managing Director (interim appointment from 1 December, 2009).

The GCEC company secretary is Ms Sharon Hodges of Sport and Recreation Services, Department of Communities.

The GCEC chairman, Mr Terry Mackenroth, was also the chairman of the Gold Coast Motor Events Company (GCMEC). Mr Hogg is also a director of GCMEC. Mr Whitehead was an observer on the partnership committee of GCMEC.

The Queensland Government provides annual funding of \$11.6 million to the Gold Coast Motorsport Event through an appropriation to the Department of Communities (Office of Sport and Recreation Services), which then makes the payment to GCEC.

The directors of GCEC that are members of the GCMEC partnership committee are Mr Mackenroth (resigned 30 November, 2009), Mr White (interim appointment from 1 December, 2009) and Mr Hogg (appointed 1 January, 2009).

Since April 2009, GCEC has also been the Government's contracting party

STAKEHOLDER ORGANISATIONS INVOLVED IN THE GOLD COAST MOTORSPORT EVENT

with V8 Supercars Australia Pty Ltd, who are the promoters of the Townsville 400 V8 Supercar event.

Gold Coast Motor Events Company (GCMEC) is the name given to the partnership between International Management Group of America (IMG) and GCEC.

GCMEC has responsibility for managing and organising the annual Gold Coast Motorsport Event. The partnership is constituted by a 50 per cent shareholding held by Gold Coast Events Company Pty Ltd and a 50 per cent shareholding by IMG.

The partnership deed sets out the roles and responsibilities of each party and establishes the governance committee known as the partnership management committee.

A key feature of the partnership deed is the designation of IMG as the manager of the partnership, responsible for managing the day-to-day operations of the partnership, including event delivery, and the underwriting of the event.

Being a partnership, both parties are jointly and severally liable for their actions.

The current partnership deed also acknowledges that GCEC can undertake whatever activities the State of Queensland requests without the prior written consent of IMG. This is a new addition to the partnership deed for 2009-13 (and allows GCEC to be the Government's contracting partner with V8 Supercars Australia Pty Ltd – the promoters of the Townsville 400 V8 Supercar event).

GCMEC employs a number of full-time and part-time staff at its Gold Coast office. IMG also pays some staff, including the general manager, as its responsibilities span across a variety of IMG events in addition to the Gold Coast Motorsport Event.

The partnership agreement between GCEC and IMG has been in place since 1995 as a result of the Queensland Government and IMG agreeing to extend the partnership agreement based on renegotiated terms and conditions after each five-year term. The current partnership deed extends to 31 December, 2013.

The organisational chart in Figure 1 shows the governance structure of

STAKEHOLDER ORGANISATIONS INVOLVED IN THE GOLD COAST MOTORSPORT EVENT

GCMEC.

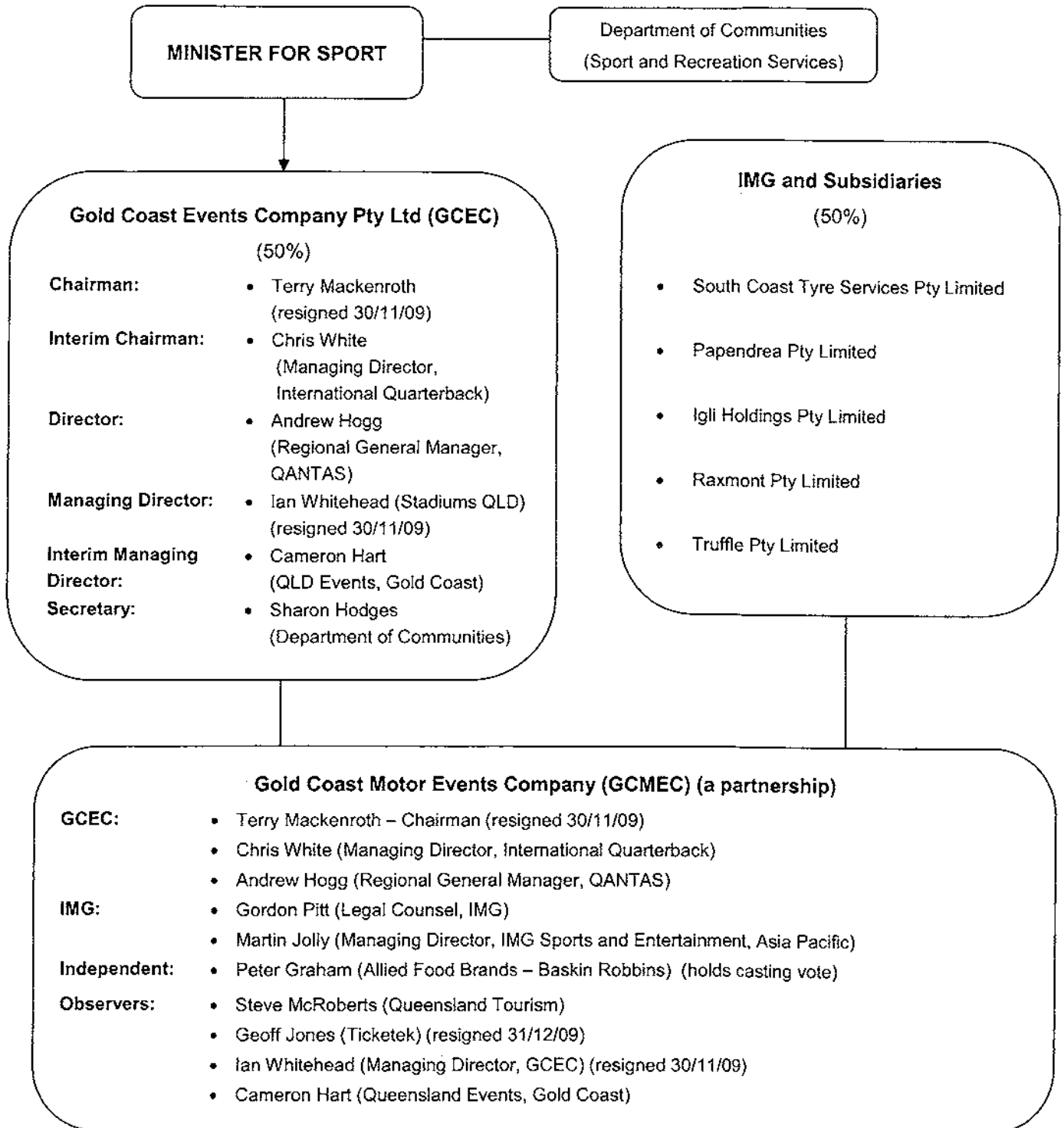


Figure 1: Governance Structure of GCMEC

STAKEHOLDER ORGANISATIONS INVOLVED IN THE GOLD COAST MOTORSPORT EVENT

The International Management Group of America (IMG) is an international sports management company. IMG has expertise in event management, sponsorship acquisition, brand management, licensing, merchandise, TV production and rights, and athlete management.

IMG's involvement with the Gold Coast Motorsport Event began when it was contracted to secure sponsorship for the 1995 event. IMG subsequently entered into a partnership agreement with GCEC (Queensland Government) to take a 50 per cent shareholding in the Gold Coast Motor Events Company. IMG has been the partnership manager for GCMEC since the 1996 event and has responsibility for managing all aspects of the event.

V8 Supercars Australia Pty Ltd is the corporate entity that owns and stages the V8 Supercars series in Australia and internationally.

The V8 Supercars (formerly Touring Cars) have participated at the Gold Coast Motorsport Event from 1994 to 2001 (excluding 1995) as a non-championship support event. From 2002 they have raced as an official pointscore event of the V8 Supercars Championship Series.

V8 Supercars Australia also stages two other events in Queensland – the Queensland 300 at Queensland Raceway (Ipswich) and the Townsville 400. Currently, V8 Supercars is the promoter of the Townsville event while the promoter of the Ipswich event is Queensland Raceways.

The series known as the A1GP World Cup of Motorsport (A1GP) was founded in 2004 by South African businessman Mr Tony Teixeira in association with Sheikh Maktoum Hasher Maktoum Al Maktoum of Dubai.

Sheikh Maktoum sold his equity in the A1GP in December 2006 to RAB Capital, a European hedge fund, through its RAB Special Situations fund. RAB Capital was reported to have secured a substantial equity position (80 per cent) in A1GP Holdings Ltd through an investment of \$US200 million.¹ The investment by RAB Capital was to prepare and position the A1GP series for public ownership.

¹ Webster, C., "Spinning Their Wheels: Lack of Sponsor Interest Plagues Hedge-Fund Bet on Racing's 'World Cup'", *Wall Street Journal*, 24 Apr. 2007.

STAKEHOLDER ORGANISATIONS INVOLVED IN THE GOLD COAST MOTORSPORT EVENT

The A1GP World Cup of Motorsport series is owned and controlled by a complex network of interrelated companies. Those companies include:

- A1 Holdings Limited, which has its registered office in the British Virgin Islands
- A1 Grand Prix Operations Limited, which has its head office registered in the United Kingdom, and was placed in liquidation in August 2009
- A1 Grand Prix Events Limited, which has its head office registered in Guernsey, Channel Islands
- Lyndhurst Racing Pty Ltd, which has its head office registered in the United Kingdom, and
- A1GP World Cup of Motorsport (Australia) Pty Ltd, which has its head office registered in Queensland, Australia.

The Australian affiliate of the A1GP, A1GP World Cup of Motorsport (Australia) Pty Ltd, was established in 2005 with the sole shareholder being the A1 Grand Prix Events Limited (UK).

The Promoter Agreement (contract) between GCMEC and the A1GP was signed with the Australian affiliate of the A1GP.

The Confederation of Australian Motorsport (CAMS) is the national body responsible for the sport of motor racing in Australia. CAMS is affiliated with the International Motorsport Federation, the Fédération Internationale de l'Automobile (FIA).

CAMS' responsibilities include certifying all motor racing tracks and street circuits in Australia and the licensing of drivers and officials.

HISTORICAL OVERVIEW OF THE GOLD COAST MOTORSPORT EVENT

In 1989, the Queensland Government agreed to provide financial support to secure an American open-wheeler 'Indy Car' motor racing event and establish an international motorsport event on the Gold Coast.

The proposal to the Queensland Government to secure a leg of the American Indy Car Series was put forward by a group of Gold Coast business identities who believed that an international open-wheeler motorsport event could rival the success of the Adelaide Formula One Grand Prix and provide an opportunity to promote the Gold Coast to motorsport fans and television audiences throughout Australia and overseas.

The American Indy Car Series, which was owned by CART (Championship Auto Racing Teams), raced primarily on oval tracks across the United States of America and was second only to NASCAR (National Association for Stock Car Auto Racing) in its popularity with motor racing fans and television audiences in the USA.

The CART Indy Car series was a domestic motorsport series in the USA and not well-known to motor racing fans in Australia. However, it took many years for the Indy Car event to establish a following with Australian audiences and required significant government investment.

The Queensland Government was of the view that the Gold Coast Motorsport Event could be a commercial success and decided to offset some of the financial risk of investing in the event by creating a partnership company and selling 50 per cent of the equity in the partnership to five private investors, some of whom were the original proponents of the event.

To enter into a partnership arrangement with the five private investors' companies, the Government created a 'wholly owned' company – Gold Coast Events Company Pty Ltd – to represent its 50 per cent equity in the partnership.

The partnership was named Gold Coast Motor Events Company (GCMEC). Its shareholding companies were Gold Coast Events Company Pty Ltd (GCEC) – representing the government's 50 per cent shareholding – and the five companies – representing the 50 per cent shareholding of the private investors.

HISTORICAL OVERVIEW OF THE GOLD COAST MOTORSPORT EVENT

The lead-up to the first Gold Coast Motorsport Event in March 1991 was marred by controversy. The cost of constructing the race circuit, residents' objections to the restrictions the event would place on them, and budget overruns plagued the organisers through to the start of the first event.

The financial loss incurred by the first Gold Coast Motorsport Event in 1991 was \$27.3 million; however, this included the capital costs of constructing a street circuit that required 11km of concrete barriers and fencing, pit facilities, temporary grandstands, bridges and corporate facilities, in addition to the operating costs of the event.

The loss was much higher than anticipated and placed the GCMEC partnership in a very precarious position. This led ultimately to the Queensland Government acquiring the 50 per cent shareholding of the private investors and taking back full ownership of the event.

Considering the controversy surrounding the first Gold Coast Motorsport Event it still achieved a reasonable level of success in attracting 150,000 spectators over the four days of the event. For a 'start-up' event with a relatively unknown motor racing product (Indy Cars), the attendance figures provided a good base on which to build the event in future years.

After the 1993 event, the Queensland Government recognised that it was unlikely that the Gold Coast Motorsport Event would ever make an operating profit and that its investment in the event should be measured in terms of the economic impact it generated and the promotional value to the Gold Coast nationally and internationally of the television coverage of the event.

The 1991, 1992 and 1993 events were underwritten through a loan from the Queensland Treasury Corporation to GCEC. On 1 July, 1993, the Queensland Treasury department formally released GCEC from the \$55 million in Government loans the event had accumulated between 1991 and 1993.

Funding from the Queensland Government to the event since 1994 has been provided by way of an annual grant to GCEC, rather than underwriting losses.

IMG's first involvement in the Gold Coast Motorsport Event occurred when it was contracted to secure sponsorship for the 1995 event. Later that year, IMG entered into a five-year partnership agreement with GCEC (Queensland Government) to manage and organise all aspects of the event.

A condition of the partnership agreement was that the Queensland Government

HISTORICAL OVERVIEW OF THE GOLD COAST MOTORSPORT EVENT

would provide an annual appropriation to the partnership through GCEC. In 1996, the agreed appropriation to the event was \$8 million per annum (additional appropriations were made in 1996 and 2000 for track upgrades). At the end of each five-year partnership agreement, a negotiation has taken place with IMG regarding the annual financial contribution of the Government and the terms of a new partnership agreement. The present five-year partnership agreement for 2009-13 requires the Government to provide \$11.6 million per annum.

The partnership agreement with IMG has allowed the Government to 'cap' its contribution to the event and have the security of a partner with responsibility for managing the event and underwriting any operating losses. Any profits from the event are distributed on a 'sliding scale' between IMG and GCEC (the Government's shareholding company).

The partnership between IMG and the Queensland Government (GCEC) has, until the 2009 event, been beneficial to both parties. The Government no longer had to worry about funding operating losses and IMG had developed the Gold Coast Motorsport Event into the largest and most prestigious event in Queensland.

The Gold Coast Motorsport Event has won many Queensland and national awards, both as a tourism and a sporting event. These awards include:

- Australian Tourism Awards 1999 – 'Winner of excellence' in the category of Major Festivals and Special Events
- Queensland Tourism Awards
 - 1999 – Winner – Major Festivals and Special Events
 - 2000 – Winner – Major Festivals and Special Events
 - 2001 – Winner – Major Festivals and Special Events
 - 2001 – Inducted into the Queensland Tourism Awards Hall of Fame for winning three consecutive years (this meant the event could not win this award again until 2004)
 - 2005 – Winner – Major Festivals and Special Events
 - 2006 – Winner – Major Festivals and Special Events
 - 2007 – Highly Commended
- Queensland Sports Awards 2007 – Winner – Major Event.

HISTORICAL OVERVIEW OF THE GOLD COAST MOTORSPORT EVENT

In the 18 years since the first Gold Coast Motorsport Event in 1991, the total investment by the Queensland Government has been \$218.45 million. The total estimated economic impact of the event to the Gold Coast is \$764.35 million, which is a relatively modest return on investment of approximately \$3.50 for every \$1 of investment.

The average annual attendance at the event since 2001 has been in excess of 300,000, with the exception of the 2009 event where the attendance figures were considerably lower due to negative publicity and the failure of the AIGP series to participate at the event. Table 1 details government investment, attendance figures and the economic impacts of the Gold Coast Motorsport event from 1991 through to 2009.

Year	Attendance figures	Financial contribution (\$ million)	Economic return (\$ million)
1991	150,000	\$27.3 (incl. cost to construct racetrack)	\$15.93
1992	167,000	\$16.2	\$10.2
1993	225,000	\$12.8	\$14.4
1994	220,000	\$9.1	\$23.031
1995	190,000	\$10.7	\$31.7
1996	216,000	\$8.5 (incl. \$500,000 in track upgrades)	\$35.3
1997	226,000	\$8.0	\$35.42
1998	245,553	\$8.0	\$39.1
1999	250,817	\$8.0	\$42.1
2000	269,890	\$9.4 (incl. \$1.4 million in track upgrades)	\$42.1*
2001	286,610	\$10.7	\$42.1*
2002	297,835	\$10.95	\$42.1*
2003	306,194	\$11.2	\$50.43
2004	309,583	\$10.8	\$50.43*
2005	316,459	\$11.0	\$60.1
2006	312,054	\$11.2	\$60.1*
2007	314,136	\$11.4	\$60.9
2008	297,288	\$11.6	\$60.9*
2009	205,260	\$11.6	\$48.01
TOTAL		\$218.450	\$764.351

* Values based on previous years if no economic impact carried out in that year

Table 1: Government investment in the Gold Coast Motorsport Event 1991-2009

HISTORICAL OVERVIEW OF THE GOLD COAST MOTORSPORT EVENT

Economic impact assessments of the Gold Coast Motorsport Event have been commissioned by GCEC for 12 of the 18 years of the event. They have been calculated by estimating expenditure of visitors from outside the Gold Coast regional boundary and expenditure by the event organisers, sponsors, corporate guests, motor racing teams and so on. Brisbane visitors to the event, who make up the largest single market outside of the Gold Coast regional boundary, are included in the visitor expenditure calculations, as are all other Queensland visitors to the event.

The 2009 economic impact assessment found that the most significant downturn in spectators to the Gold Coast Motorsport Event came from intrastate markets and primarily from South East Queensland, where the decline in spectator attendance was down 60 per cent on the 2007 event. Of the 205,000 reported attendance at the event, 52 per cent were spectators while the balance (48 per cent) comprised a range of categories that included guests of sponsors and corporate clients, VIP, media, volunteers, race and support teams, officials, free-of-charge guests, and so on. The reduction in attendance at the 2009 event was largely attributed to the decline in the number of spectators. However, spectators contributed only 35 per cent of the spending relevant to the economic impact calculation of \$48.01 million.

Governments that invest in events have traditionally wanted economic impacts to reflect new money attracted into the state by interstate and overseas visitors as a result of an event, rather than money spent by residents of the state. Including expenditure of Queenslanders in the calculations of the economic impact gives a significantly higher value to an economic impact than if the assessments were based only on visitors from outside Queensland who came specifically to attend the event.

It is recommended that future economic impact assessments of the Gold Coast Motorsport Event measure the value of the event to Queensland based on expenditure of interstate and overseas spectators in addition to measuring the impact of the event to the Gold Coast.

From the time of the announcement on 22 November, 2008, that an A1GP series event would replace the popular Indy Car series at the Gold Coast Motorsport Event there was consistent media speculation about the lack of success of the A1GP series and its future financial viability. That negative speculation continued through to the ultimate termination of the contract with A1GP on 17 October, 2009.

Promoting and marketing a new international motor racing series to replace the

HISTORICAL OVERVIEW OF THE GOLD COAST MOTORSPORT EVENT

Indy Cars was always going to be challenging. Queensland and Australian audiences had grown used to the Indy Cars on the Gold Coast and they had established a considerable following. The rebranding of the 2009 event 'Gold Coast SuperGP', with the joint 'headline' racing categories of V8 Supercars and A1GP 'open-wheeler' racing cars, was difficult to promote against the backdrop of negative stories circulating about the financial liquidity of the A1GP series.

There was controversy over the selection of Nitro Energy Drink as the naming rights sponsor for the 2009 event. Nitro Energy Drink was owned by a Gold Coast company and had only been on the market for six months. Questions were asked as to why the event could not attract a national sponsor. IMG advised that a range of sponsors had been canvassed and Nitro was selected as no other sponsors were in a position to take up the naming rights sponsorship.

In mid-August, it was evident that Nitro Energy Drink could not honour its sponsorship agreement and subsequently the company went into receivership. This created more negative publicity for the event and raised further questions about the decision to select Nitro as the event's naming rights sponsor.

On 7 September, 2009, six weeks before the Gold Coast Motorsport Event, IMG announced photography company Nikon as the naming rights sponsor of the 2009 Event. Nikon had also been the naming rights sponsor of the 2008 event.

In the months leading up to 2009 event, media stories focused more and more on the financial problems of the A1GP series, with doubt being expressed as to whether the A1GP cars would race on the Gold Coast. This, coupled with the effect of the global economic crisis, which was impacting on household disposable income, ultimately resulted in the lowest attendance figures at the Gold Coast Motorsport Event since 1995.

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

This chapter deals with the participation of the V8 Supercars series and Indy Cars series (CART / Champ Cars / IRL) at the Gold Coast Motorsport Event. It also looks at the chronology of negotiations between Gold Coast Motor Events Company (GCMEC) and the IRL for a continuation of the Indy Car Racing Series on the Gold Coast, the identification and contracting of A1GP as a replacement event to the IRL Indy Car Series and the circumstances leading up to the failure of the A1GP to honour its contract and participate at the 2009 Gold Coast Motorsport Event.

The V8 Supercars have raced at the Gold Coast Motorsport Event from 1994 to 2001 (excluding 1995) as a non-points scoring event. From 2002, V8 Supercars have raced at the Gold Coast as a points scoring round in the V8 Supercars Championship Series.

The success of the V8 Supercars Championship Series in Australia and the V8 Supercars' participation at the Gold Coast Motorsport Event has been one of the major reasons for the event's success. The V8 Supercars attract a large percentage of the domestic spectators to the event and have wide appeal with domestic and New Zealand television audiences.

The V8 Supercars Championship Series has been one of the great success stories of Australian sport over the past 10 years. In 2010, there will be 16 championship series events, three of which will be international events – in New Zealand, Abu Dhabi and Bahrain (with further expansion into Asia expected in the next three years).

Table 2 details the V8 Supercars Championship Series events in 2010.

**CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM**

Month	Dates	Event/Circuit	Location
February	18-20	Yas Marina Circuit	Abu Dhabi
	25-27	Desert 400 Bahrain International Circuit	Bahrain
March	11-14	Clipsal 500 Adelaide Parklands	Adelaide, SA
	25-28	Australian Grand Prix Albert Park	Melbourne, VIC
April	16-18	ITM Hamilton 400 Hamilton Street Circuit	New Zealand
	30-2 May	Queensland Raceway (provisional)	Ipswich, QLD
May	14-16	Winton Raceway	Victoria
June	4-6	BigPond 300 Barbagallo Raceway	Perth, WA
	18-20	Sky City Triple Crown Hidden Valley	Darwin, NT
July	9-11	Townsville 400 Townsville Street Circuit	Townsville, QLD
September	10-12	L&H 500 Phillip Island Phillip Island Grand Prix Circuit	Phillip Island, VIC
October	7-10	Supercheap Auto Bathurst 1000 Mount Panorama	Bathurst, NSW
	21-24	SuperGP Surfers Paradise Street Circuit	Surfers Paradise, QLD
November	5-7	Falken Tasmania Challenge Symmons Plains	Tasmania
	19-21	Norton 360 Sandown Challenge Sandown Raceway	Victoria
December	3-5	Sydney Telstra 500 Homebush	Sydney, NSW

Table 2: V8 Supercars Championship Series calendar of events for 2010

In all V8 Supercars Championship Series events across Australia and overseas, V8 Supercars are the 'headline' motor racing category, with the exception of the Formula One Grand Prix in Melbourne (where they still participate as a non-points-scoring event) and the Gold Coast Motorsport Event (where they now have equal billing as the 'headline' event in the program).

V8 Supercars Australia has its own television production company, which televises all V8 series events in Australia and overseas. It provides live coverage of all of its events to the Seven Network in Australia and to channels TV3 and C4 in New Zealand.

The Gold Coast Motorsport Event contracts its television production to V8 Supercars Australia at a cost negotiated between V8 Supercar Television Pty

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

Ltd and GCMEC.

V8 Supercars Australia advised it had television distribution agreements with TV networks and satellite and cable networks in 140 countries (*Appendix 2*).

The increasing popularity of the V8 Supercars series, both as a spectator sport and with television audiences, has resulted in the contract conditions in the sanction agreement between V8 Supercars Australia and GCMEC being progressively upgraded to reflect the strength and popularity of the series to include:

- equal billing for V8 Supercars with any future international motorsport category as the 'headline' event
- V8 Supercars providing the TV production of the Gold Coast Motorsport Event and the live telecast to the Seven Network in Australia and TV3 and C4 in New Zealand, and
- that V8 Supercars be consulted with and must approve any other international 'headline racing category' to replace Champ Cars/IRL racing series.

Demographic research on V8 Supercar fans in Melbourne, Brisbane and Sydney, prepared by Market Communications Research (MCR) in January 2009, showed that the primary supporter market for V8 Supercars is male white-collar workers, aged 40-plus (73 per cent), with 30 per cent having a household income in excess of \$80,000 per annum. Table 3 summarises the demographic research of MCR.

V8 SUPERCARS	
Gender	
Male	74%
Female	26%
Age group	
25-39	24%
40-54	36%
55+	37%
Employment status	
Full-time	53%
Retired	21%
Occupation	
White collar	70%
Blue collar	27%
Household income	
Less than \$39,999	22%
\$40,000 - \$79,999	30%
\$80,000+	30%

Table 3: 2009 demographics of V8 Supercar fans

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

Indy Cars have raced at the Gold Coast Motorsport Event as the 'headline' racing category since the start of the event in 1991 until 2008 when the new owners of the Indy Car series, the Indy Racing League (IRL), and GCMEC were unable to agree a further five-year extension of the contract that had seen Indy Cars racing on the Gold Coast for 18 uninterrupted years.

When Indy Cars first raced on the Gold Coast in 1991 they were part of the Championship Auto Racing Teams (CART) Racing Series. In 1995, a group of team owners and event promoters broke away from the CART series and created their own championship series under the title of Indy Racing League. The IRL teams wanted to focus on the domestic North American series rather than international events. This split weakened the CART series, but their popularity grew in Australia and they continued racing on the Gold Coast under the CART banner until 2003.

The CART Racing Series experienced a number of financial challenges over the years and ultimately went into bankruptcy in 2004 when its assets were purchased by Champ Cars. A new Champ Car World Series was created in 2004, and they agreed to a new five-year contract with GCMEC to race on the Gold Coast from 2004-08.

Indy Cars continued to race on the Gold Coast as part of the Champ Car World Series and maintained their popularity with motorsport racing fans. However, Champ Cars also experienced financial difficulties, and in early 2008 they merged with the IRL. The 2008 Gold Coast Motorsport Event saw the Indy Cars race under the IRL banner as a non-points-scoring event.

The merger of Champ Cars with the Indy Racing League in February 2008 created concern within Gold Coast Motor Events Company that the IRL may not want to continue participating at the Gold Coast Motorsport Event after the existing contract with Champ Cars expired after the Gold Coast event in October 2008.

The negotiations between GCMEC and the IRL for a new contract from 2009 to 2013 began in February 2008 when Mr Terry Mackenroth, the then chairman of GCMEC, Mr Greg Hooton, general manager of GCMEC, and Mr Gordon Pitt, IMG legal counsel and representative on GCMEC, went to Indianapolis to meet with Mr Tony George, president of the IRL, to seek a commitment from

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

the IRL to honour the final year of the existing Champ Car contract and race at the 2008 Gold Coast Motorsport Event. They also began the process of negotiating a new five-year agreement (2009-13) with the IRL for Indy Cars to continue racing on the Gold Coast.

The meeting was successful in that the IRL signed a Memorandum of Understanding which provided a 'non-binding' commitment that the IRL would negotiate in 'good faith' to continue racing on the Gold Coast from 2009-13 and they subsequently agreed to honour the commitment of Champ Cars to race at the October 2008 Gold Coast Motorsport Event. However, the event was listed as a non-pointsoring exhibition event as the IRL wanted the final race of their championship series to be held in the USA in September 2008.

In April 2008, GCMEC received the first draft of the proposed sanction agreement from IRL to continue the participation of the Indy Cars in the Gold Coast Motorsport Event from 2009-13. A number of the provisions within the proposed sanction agreement were unacceptable to GCMEC and they advised the IRL accordingly.

Negotiations continued with the IRL by phone and via email during April and May 2008, but concern was growing within GCMEC that an agreement may not be able to be reached with the IRL.

In May 2008, the then Minister for Sport, Ms Judy Spence, travelled to Indianapolis with Mr Mackenroth, Mr Whitehead and other advisors to finalise negotiations and sign a five-year agreement with the IRL for the Indy Cars to continue racing on the Gold Coast. In her statement to Parliament on 15 May, 2008, Ms Spence said that she "will be visiting Indiana in the United States, home of the Indianapolis 500, to meet with Indy Racing League's chairman, Tony George, to finalise details for this year's event" (*Appendix 3*).

The Minister's meeting with the IRL in May 2008 did help secure a commitment from IRL to participate in the 2008 Gold Coast Motorsport Event as an exhibition race but the negotiation of the five year sanction agreement with IRL was not completed.

In late June 2008, the IRL proposed a March or September racing date for the 2009 event as they remained committed to ensuring that the last race of the IRL championship series would be held in the USA at the end of September or early October. Neither the March nor September dates were acceptable to GCMEC or V8 Supercars Australia. The March date clashed with other motorsport events, the Clipsal 500 in Adelaide and the F1 Grand Prix in Melbourne. The

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

September date clashed with the AFL grand final series, which would have made it difficult to secure a Seven Network telecast of the event.

In August, the IRL advised that they would not reconsider an October race date for the Gold Coast event and that they also wanted a significant increase in the annual sanction fee and more air tickets and accommodation for the teams as a condition of any new sanction agreement.

Negotiations continued through August and September 2008, but it was evident a new agreement with the IRL to race on the Gold Coast was highly unlikely. A final face-to-face meeting with the IRL was held during the October 2008 Gold Coast event, with the then Minister for Sport, Ms Judy Spence, present. The IRL would not reconsider its position on the October race date or the increased sanction fees. This marked the end of the Indy Cars participation at the Gold Coast Motorsport Event.

The criteria used by IMG for selecting a new race category required that any new international motor racing event had to comply with the following conditions:

- It must be able to race on an October date.
- It must accept equal billing with V8 Supercars.
- It must provide its Australian TV rights to the promoter (GCMEC) at no cost.
- No pay-TV network was to broadcast the event in Australia until certain time delays had been adhered to.
- It must have international television distribution, particularly in the Asian and European markets, which are strategically important to Gold Coast tourism.

In addition, the V8 Sanction Agreement with GCMEC required that V8 Supercars Australia be consulted with and agree to any new international motor racing series event to replace the Champ Car/IRL series.

GCMEC advised that in the months leading up to October 2008 it considered a number of international racing series events as a possible replacement for the IRL. These included the A1 Grand Prix (A1GP), Formula Nippon, BMW Asia-Pacific, Superleague racing, DTM, NASCAR, Le Mans, Formula GT and Formula 3 series.

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

As part of the assessment process that IMG undertook to identify a new international motorsport event, the following criteria were applied to each of these motor racing series:

- goodwill / pulling power
- suitability of racing format
- international focus
- affordable cost
- sufficient international television coverage
- marketability, and
- desire to stage the event outside home market.

The results of this assessment are shown in Table 4.

Team	A1GP	Nippon	BMW	Super league	DTM	NASCAR	Le Mans	F. GT	F.3
Pulling power/ established goodwill	Pass	Fail	Fail	Fail	Fail	Good	Pass	Fail	Fail
Suitable race format	Pass	Pass	Pass	Pass	Pass	Pass	Fail	Pass	Pass
International focus	Good	Fail	Fail	Fail	Fail	Good	Good	Fail	Fail
Affordable cost	Good	Not known	Not known	Not known	Not known	Fail	Not known	Fail	Fail
Sufficient international television coverage	Good	Fail	Fail	Fail	Fail	Good	Fail	Fail	Fail
Marketability and ability to grow the event after rebranding	Good	Fail	Fail	Fail	Fail	Good	Good	Fail	Fail
Desire to stage outside home market	Good	Fail	Pass	Pass	Not known	Fail	Pass	Fail	Not known

Table 4: Comparative of international motor racing series

Based on these assessment criteria, GCMEC determined that the A1 Grand Prix (A1GP) series was the strongest international motorsport series. It is an 'open-wheel' racing series in which drivers represent their country in cars that are built to the same specifications, including the chassis, engine and technology.

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

The Fédération Internationale de l'Automobile (FIA) endorsed the A1GP series in 2005 and it had run for four seasons between 2005 and 2009 (*Appendix 4*).

The A1GP series satisfied the GCMEC requirement for an established international series with good international television coverage, particularly in Asia. With the Asian regions strongly represented in the overall number of competing A1GP teams, it was considered to be the series with the greatest potential to attract international motor racing fans and promote the Gold Coast through television in international markets.

IMG has acknowledged in writing the inherent risks associated with international motorsport series, but was satisfied that the A1GP series had performed sufficiently well, and had the financial backing, to continue into what would have been the fifth year of its championship series, commencing with the Gold Coast event in October 2009. This was despite the rumours and articles written on the financial liquidity of the series.

IMG, in its submission to the review, recommended that any review of the contract between GCMEC and the A1GP World Cup of Motorsport (Australia) Pty Ltd should take into account the underlying risks associated with contracting with international motorsport organisations. Those risks include:

- Motorsport series promoters are reliant on a limited number of revenue streams (television revenue, sanction fees, series sponsorship, merchandise and government funding) that are highly variable; changes in television scheduling decisions or renewal of sponsorship are sometimes all that is required to cause a series collapse.
- Motorsport series promoters are generally reliant on individual team owners to provide the cars and drivers that compete in the series. As ownership of a team has very high costs and limited revenue streams, frequently team ownership will require subsidies from the series owner and/or may be subject to frequent turnover.
- Motorsport series promoters do not generally operate at best practice corporate standards, but are frequently controlled by one, or a number of, motorsport enthusiast investors who do what they have to do to keep the series running.
- Finance sources are aware of the above risks and, consequently, access to debt is more costly and difficult to obtain.
- Access to financial information is usually limited, with many series reliant on continual capital injections from the owners, leading to a situation where the series are only as financially strong as the will of the owners to continue to provide funds.

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

- The combination of the above factors means that there is a higher risk of financial problems emerging for a motorsport series promoter than sporting federations that are operated in more conventional ways.

IMG advised that it fully understood the risks associated with selecting the A1GP when it made the recommendation to GCMEC and believed that the risks were outweighed by the following factors:

- A1GP was the only true international racing series event in the market.
- A1GP allowed GCMEC to keep the October date, which satisfied management, government and V8 Supercars.
- A1GP had an excellent broad TV coverage and was particularly strong in the Asian region.
- A1GP provided GCMEC a better fit with the marketing objectives of Tourism Queensland and Tourism Gold Coast by aligning the Gold Coast event with a series that was strong in Asia and Europe.
- The concept of country versus country was a new addition to the event, allowing GCMEC to promote the event to new demographics and markets in Australia.

The scope of the financial viability assessment undertaken by IMG on the A1GP series included:

- a review of the performance of the 2007-08 and the 2008-09 A1 Grand Prix series, which included television coverage, quality of racing, sponsorship and newspaper coverage
- a review of the franchise/team structure
- inquiries within IMG motorsport division, and other motorsport intelligence sources, as to the performance of the series, past compliance with contractual obligations and financial stability
- seeking advice on the historical financial performance of the series and its future prospects with the owner of the series, Mr Tony Teixeira, and
- commissioning a Dun & Bradstreet financial report on the proposed A1GP contracting entity, A1GP World Cup of Motorsport (Australia) Pty Ltd.

The research into the financial viability of the A1GP was not in writing, with the exception of the Dun & Bradstreet financial report on the A1GP World Cup of Motorsport (Australia) Pty Ltd, who was the signatory to the promoter agreement (contract) with GCMEC. This report shows a recommended credit limit for the company of \$750 to \$3000; yet the contract was signed with A1GP (Australia) and \$1.8 million was paid to them in July 2009 as the first

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

installment of the sanction fees for the event.

The report also states that: "On 19 November, 2008, Rod Paech, General Manager, A1GP (Australia), declined all financial information (to Dun & Bradstreet) due to company policy."²

There had been three previous A1GP series events held at Sydney's Eastern Creek Raceway between 2005 and 2008, which had received financial support from the New South Wales (NSW) Government.

The three events at Eastern Creek, held in November 2005, February 2007 and February 2008, were not considered to be successful either in terms of spectator numbers or television ratings.

Events New South Wales, the NSW Government's major events agency, conducted surveys at the 2007 and 2008 events that showed that most attendees were from Sydney, with very few visitors from interstate or overseas.

A1GP put a proposal to the NSW Government in 2008 to extend its contract to race at Sydney's Eastern Creek for a further five years. Events NSW's economic impact evaluation of the series estimated very limited economic benefit to the state from the A1GP event and the NSW Government declined to negotiate an extension of the A1GP contract.

A spokesman for Events NSW, John Montgomery, said in a media article on 10 June, 2008, that "the decision to not support the A1GP bid for next season was based on economic concerns"³. He added that A1GP was attracting a decreasing number of interstate and international visitors to Sydney each year. He also said: "Our research shows the awareness of A1GP is declining in all Australian states and the average expenditure of visitors is dropping."⁴

Desktop research on what was known about the financial status of the A1 Grand Prix series at the time of contract negotiations revealed a number of articles and reports relating to the financial viability of the series and its related corporate entities, which should have been of some concern to GCMEC.

² D & B report, *A1GP World Cup of Motorsport (Australia) Pty Ltd*, 19 Nov. 2008.

³ Buckle, G., "Australia Left Off A1GP Map", *Daily Telegraph*, 10 June 2008.

⁴ Buckle, G., "Australia Left Off A1GP Map", *Daily Telegraph*, 10 June 2008.

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

An article in early 2007 from *The Wall Street Journal* reported that A1GP had “lost US \$240 million in the 2005-06 season” and that the European hedge fund RAB Capital had “strayed into another unpredictable investment” when it paid “US \$200 million to purchase an 80 per cent stake in the A1GP racing series”⁵ (*Appendix 5*).

On 10 September, 2008, *Bloomberg*, a global financial information service, reported that RAB Capital had “lost almost half its value this year after writing down an investment in a motor racing franchise (A1GP)”⁶ (*Appendix 6*). The *Bloomberg* article went on to say that “RAB told investors it was the third time it had written down the value of the motor racing franchise, which was supposed to create a ‘World Cup of Motorsport’ with national teams racing identical cars”⁷.

The next day, the *Financial Times* in London reported that “RAB Capital’s flagship hedge fund has plunged by almost half this year after it wrote down stakes in private companies including A1 Grand Prix, the motor racing series”⁸ (*Appendix 7*).

The lack of success of the three A1GP events held at Sydney’s Eastern Creek racetrack and the significant financial losses of the major financial backer of the A1GP series, RAB Capital, were available in the public domain at the time that contracts were signed with A1GP, and pointed to a high level of risk and uncertainty as to the financial viability of the series.

The first meeting between GCMEC and the A1GP series executives occurred in October 2007 at the Lexmark Indy Grand Prix on the Gold Coast when Mr Alan Jones, the seat-holder for the A1GP Team Australia, who participated in the A1GP Championship Series, introduced Mr Paul Cherry, A1GP general manager (franchise and special projects), to Mr Terry Mackenroth, chairman of GCMEC.

⁵ Webster, C., “Spinning Their Wheels: Lack of Sponsor Interest Plagues Hedge-Fund Bet on Racing’s ‘World Cup’”, *Wall Street Journal*, 24 Apr. 2007.

⁶ Cahill, T. and Martinuzzi, E., “RAB Tries to Halt Redemptions After Loss on Racing Investment”, *Bloomberg*, 10 Sept. 2008.

⁷ Cahill, T. and Martinuzzi, E., “RAB Tries to Halt Redemptions After Loss on Racing Investment”, *Bloomberg*, 10 Sept. 2008.

⁸ Mackintosh, J., ‘RAB in plea to fund investors’, *Financial Times*, 11 September 2008

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

Mr Cherry expressed a future interest in A1GP racing on the Gold Coast if the Indy Car series was ever discontinued. A1GP had, at the time, staged two A1GP events at Sydney's Eastern Creek Raceway that had not been successful in terms of media coverage and spectator numbers.

The next meeting between Mr Mackenroth and A1GP executives occurred in January 2008 at Lake Taupo, New Zealand, when Mr Mackenroth and GCMEC managing director Mr Ian Whitehead accepted an invitation to attend an A1GP series event.

During that visit, Mr Mackenroth and Mr Whitehead met with Mr Tony Teixeira, the founder of the A1GP series, and Mr Cherry. They had the opportunity to watch an A1GP series event in action and again discuss opportunities to host a future A1GP series event at the Gold Coast Motorsport Event.

The January 2008 meeting at Lake Taupo between Mr Mackenroth and A1GP executives occurred prior to the first meeting with the IRL to negotiate a contract extension for the Indy Cars to continue racing at the Gold Coast. That suggests that GCMEC was already investigating prospects for a new international motor racing series to replace the IRL if negotiations for a new contract were unsuccessful.

A further meeting with Mr Teixeira took place in Sydney in September 2008 prior to the signing of the A1GP contract in November 2008, with Mr Mackenroth, GCMEC general manager Mr Greg Hooton and GCMEC board member Mr Gordon Pitt present.

In 2009, Mr Mackenroth and Mr Hooton attended the final race of the fourth championship season of the A1GP at Brands Hatch in the UK on 2 and 3 May. They held a series of meetings with Mr Teixeira and other A1GP executives. A further meeting was also held with Mr Teixeira and Mr Cherry in London on 4 May, 2009, which was also attended by GCMEC board member Mr Martin Jolly, of IMG.

Mr Hooton advised that GCMEC made no written notes of any of those meetings with Mr Teixeira and, as such, it has not been possible to determine the extent of GCMEC's due diligence at those meetings in assessing the viability of the A1GP series.

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

GCMEC advised that when negotiations with IRL concluded the then Minister for Sport, Ms Judy Spence requested GCMEC to finalise the negotiations with the A1GP series owners within 14 days. Ms Spence disputes that she made this request.

GCMEC also stated that it was advised on the 8 November, 2008, that the Government was going to announce on 11 November, 2008, that an in-principle agreement had been reached with A1GP. GCMEC states that it advised against this approach, as it wanted to finalise the contract negotiations prior to any public announcement and had not yet consulted V8 Supercars Australia for its approval prior to announcing that an agreement had been reached with the A1GP.

On 9 November, 2008, when it became clear the public announcement was to proceed, GCMEC chairman Mr Terry Mackenroth called the chairman of V8 Supercars Australia, Mr Tony Cochrane, to inform him that GCMEC was in the final stage of negotiations with the A1GP owners for an A1GP series event to replace the IRL Indy Car event. Mr Cochrane, who at the time was boarding a flight for Bahrain, advised Mr Mackenroth that V8 Supercars would not agree to the A1GP replacing the IRL Indy Car event.

Mr Cochrane wrote to GCMEC, the Premier and the Minister on 13 November, 2008, advising that V8 Supercars Australia believed GCMEC was in breach of its sanction agreement with them and that it was considering its position regarding participation in the 2009 event. V8 Supercars Australia also expressed concerns about A1GP's viability in the long term and the V8 Supercars brand name being attached to an international motor racing series that had failed up until now in Australia and New Zealand.

However, following a meeting on 17 November, 2008, attended by Mr Cochrane, Minister Spence, Mr Mackenroth with other advisors, V8 Supercars gave its approval for the A1GP as the replacement series for the Indy Cars.

On 11 November, 2008, the Premier, the Hon. Anna Bligh MP, and the then Minister for Sport, Ms Judy Spence, issued a joint media statement titled 'Motor racing carnival set to continue on the Gold Coast' (*Appendix 8*), announcing that in-principle agreement had been reached with A1GP to race on the Gold Coast from 2009-13. The Premier and the Minister also announced in Parliament that an in-principle agreement had been reached with A1GP, with the contractual agreements expected to be finalised within the next week

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

(Appendix 9).

The final contract/sanction agreement with A1GP was signed on 21 November, 2008, and on 22 November, 2008, Minister Spence issued a media statement titled 'A1GP World Cup of Motorsports joins V8 Supercars and signs on for the Gold Coast 300' (Appendix 10).

Minister Spence quoted Mr Teixeira, the founder of the A1GP series, in her press release, when he said that "both the government and IMG have offered us every courtesy in putting this together, and I think we must have set a record in doing such an important deal in such a short space of time" (Appendix 10).

The contract between GCMEC and A1GP is unusual in that it was not signed with any of the UK parent bodies of A1GP (A1GP Holdings or A1GP Operations or A1GP Events), but with the Australian affiliate, A1 Grand Prix World Cup of Motorsport (Australia) Pty Ltd.

GCMEC advised that the decision to contract with A1GP's Australian affiliate company was to "eliminate the need for GCMEC to deduct withholding tax and incur additional costs in grossing up the consideration to account for the amount deducted".

GCMEC also advised that it was A1GP's non-negotiable position that any deduction of withholding tax would have to be paid for by GCMEC. This would have led to a significant increase in the cost of sanction fees for the 2009 event.

The decision by GCMEC to sign the A1GP promoter agreement and pay the sanction fee to the Australian affiliate company (a company of very few assets or resources) may make it more difficult to pursue any legal action for the return of the sanction fees or any damages claim against A1GP.

GCMEC advised that it is presently pursuing appropriate action and it stands behind the decision it made as being commercially appropriate at the time.

The chairman of A1GP (Australia), Mr Alan Evans, advised that he was unaware the contract was signed with A1GP (Australia). Mr Rod Paech, the general manager and an authorised signatory of the A1GP (Australia), who signed the contract, had not been involved in any the negotiations pertaining to the contract.

The issue of the appropriateness of contracting with and making payments to the Australian affiliate of A1GP is a matter that the Auditor-General may take

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

up in his audit report.

Given the inherent risks in contracting with a new international motorsport series that were identified by GCMEC in its written submission to the review, and the rumours about the financial liquidity of A1GP throughout 2008, it is surprising that the A1GP contract did not reflect those risks in setting out the warranties, guarantees and performance clauses in the promoter agreement/contract.

GCMEC advised that in the period to November 2008 when the sanction agreement was signed the extent of media reports and rumours about A1GP was essentially limited to the following:

- It had lost a very considerable sum in its first season in 2005-06.
- Some teams required support from the series organiser.
- Sponsorship had been harder to attract than expected.
- Sheikh Maktoum Hasher Maktoum Al Maktoum had sold his investment to RAB Capital for \$US200 million and RAB Capital had written down its investment and was looking to sell its interests.

GCMEC went on to say that these rumours were no greater than the kinds of rumours that had swirled around CART and Champ Cars for much of their existence. Additionally, at the point of signing the A1GP sanction agreement:

- A1GP was in its fourth season, and costs had been substantially reduced from the initial season.
- A1GP had introduced the new 'powered by Ferrari' car, which was to allow further cost reductions.
- A1GP had entered into a three-year agreement with Ferrari for the use of its branding in connection with the racing cars.
- A1GP had entered into a three-year consulting agreement with Octagon Worldwide for the provision of strategic advice on its commercial strategy.
- Ownership had been stabilised by the purchase of RAB Capital's interests by entities controlled by Mr Tony Teixeira.

GCMEC also advises that the contract arrangements in the end reflected the contextual and commercial leverage of the parties, and it has pointed out to the review that it believes some specific terms of the A1GP sanction agreement were more favourable to GCMEC than those contained in sanction agreements for past events.

It may have been prudent, in light of the identified risks, if GCMEC had

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

requested the A1GP to provide a bank guarantee against any sanction fees paid prior to the event, which would provide a draw-down provision for GCMEC if the A1GP did not fulfil its contractual obligations to race at the Gold Coast Motorsport Event.

GCMEC subsequently advised that as a matter of commercial reality there would have been no prospect of A1GP providing a bank guarantee.

In the period between the signing of the A1GP contract on 21 November, 2008, and the final termination of the agreement on 16 October, 2009, there was continued speculation and rumour regarding the financial viability of the A1GP series.

Despite the rumours regarding the A1GP series, it was not until 9 July, 2009, that GCMEC was formally advised by A1GP chairman Mr Tony Teixeira that A1GP Operations Pty Ltd (UK) had been placed in liquidation, but that this would not impact on the ability of the A1GP to participate in the October 2009 Gold Coast Motorsport Event (*Appendix 11*).

On 10 July, 2009, one day after Mr Teixeira advised of the liquidation of A1GP Operations Pty Ltd (UK), GCMEC made its first sanction fee payment of \$1.8 million to A1GP's Australian affiliate company, A1 Grand Prix World Cup of Motorsport (Australia) Pty Ltd.

From this point on GCMEC representatives received regular verbal and written updates from Mr Teixeira and A1GP executive Mr Paul Cherry assuring them that the financial 'repositioning' of the A1GP company would not affect the Gold Coast event (*Appendices 12-16*).

During August and September 2009 there were increasing concerns and speculation in the media, and through questions in Parliament to the Minister for Sport, the Hon. Phil Reeves MP, as to whether the A1GP series event would participate at the Gold Coast Motorsport Event. The GCMEC partnership committee continued to accept the assurances from Mr Teixeira and Mr Cherry that new bankers and lines of credit had been secured for the series and that A1GP would be participating at the Gold Coast event.

It is surprising that the GCMEC partnership committee continued to show ongoing confidence in A1GP in the face of mounting evidence that the A1GP vehicles had been impounded by creditors and a liquidator appointed to A1GP Operations Pty Ltd (UK).

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

On 9 October, 2009, Mr Teixeira wrote to GCMEC to advise that he was happy for a GCMEC representative to talk to his bankers about new loans that they were extending to A1GP to resolve the A1GP liquidity problems (*Appendix 16*); however, GCMEC did not take up that offer and at this point it would have been too late to secure a replacement series.

No contingency plan or 'Plan B' had been developed by GCMEC for an alternative event program for the Gold Coast Motorsport Event should the A1GP series event fail to participate at it. Mr Mackenroth, Mr Hooten and Mr Cochrane met on 22 September, 2009, reportedly to discuss the development of an alternative race program.

For its part, GCMEC maintains that additional contingency plans were in place to secure another replacement series, "but no plan reached the point of activation due to the manner in which the circumstances unfolded".

On 15 October, 2009, one week before the Gold Coast Motorsport Event, the Minister for Sport, the Hon. Phil Reeves MP, decided to intervene. He called a meeting with the GCMEC board and both verbally and in writing requested them to write to A1GP and give them 24 hours to confirm their freight bookings and attendance at the Gold Coast event. The Minister also requested that within 48 hours GCMEC meet with the chairman of V8 Supercars Australia, Mr Tony Cochrane, and develop a 'Plan B' for the Gold Coast event should the A1GP fail to participate (*Appendix 17*).

Minister Reeves appeared to have lost confidence with GCMEC following his meeting with them on 15 October, 2009, and, despite his request that GCMEC meet with Mr Cochrane within 48 hours to plan an alternative race program, he decided to personally meet with Mr Cochrane on the evening of 15 October, 2009. The meeting took place at Mr Cochrane's Gold Coast home, and the Minister asked V8 Supercars Australia to devise an alternative event program to replace the A1GP event.

The Minister met with Mr Cochrane again early the next morning (16 October, 2009) and gave in-principle approval to an alternative event program that Mr Cochrane and his management team had developed overnight. The new program included four V8 Supercar races over 150km each and a 'Legends Event', the concept of which had been developed by Mr Brett Murray of BAM Media, the contract media managers for the Gold Coast Motorsport Event.

The Minister subsequently called another meeting with GCMEC and advised them of his meeting with Mr Cochrane and the proposed new race program. He requested that GCMEC meet urgently with Mr Cochrane to finalise a new

CIRCUMSTANCES SURROUNDING THE STAGING OF THE 2009 EVENT AND
THE INCLUSION OF A1GP AND V8 SUPERCARS IN THE PROGRAM

event program and consider the financial terms for the new event program.

On 17 October, 2009, A1GP formally advised that it was unable to attend the Gold Coast event due to its financial situation. On the same day, A1GP released a press statement titled 'A1GP World Cup of Motorsport forced to withdraw from the Nikon SuperGP' (*Appendix 18*). GCMEC immediately terminated its agreement with A1GP (*Appendix 19*) and then agreed to terms with V8 Supercars Australia for the new event program, which included the Legends Event.

The chairman of GCMEC, Mr Mackenroth, believed he had been undermined by the Minister's intervention and on 16 October advised the Minister, and subsequently the GCMEC board on 17 October, 2009, of his intention to submit his resignation on Monday, 26 October, which would take effect from 30 November, 2009.

The question as to why GCMEC did not terminate its contract with A1GP earlier than 16 October, 2009 – one week before the Gold Coast Motorsport Event – appears to rest on the belief that GCMEC had no applicable termination clauses in its contract with A1GP to enable termination, other than the A1GP cars and equipment not leaving the United Kingdom in time to reach the Gold Coast, so that the vehicles could be prepared and set up for racing.

A detailed chronology of correspondence and communication between A1GP and GCMEC regarding its liquidity and financial restructuring following the start of liquidation proceedings against A1GP Operations Pty Ltd (UK) is in *Appendix 20*.

MINISTERIAL RESPONSIBILITY FOR THE GOLD COAST MOTORSPORT EVENT

The State of Queensland is the sole shareholder in GCEC which is part of the Minister for Sports portfolio responsibilities. Traditionally, representatives from the Sports Ministers portfolio agencies have been appointed to the positions of managing director and company secretary of GCEC. However, this practice was discontinued with the appointment of Mr Cameron Hart (Queensland Events) as interim managing director commencing on 1 December, 2009.

The partnership committee of GCMEC is made up of two representatives from GCEC and two representatives from IMG, plus an independent member. Historically, the chairman of GCEC has also been the chairman of GCMEC.

While the Queensland Government is not an actual 'party' to the GCMEC partnership, its interest and equity in the partnership are facilitated through GCEC representation on the GCMEC partnership committee.

In respect of the reporting responsibilities to the Minister by GCEC, the directors have an obligation, as would any company director, to act in the best interests of the company and its shareholders. In the case of GCEC, the State of Queensland through the Minister for Sport is the sole shareholder.

GCMEC does not have a direct reporting responsibility to the Minister; however, the partnership deed requires GCMEC to "provide the State such information in relation to the operation of the partnership and the event as the State may require from time to time".

The Minister also has the power to direct the partnership (GCMEC) through powers vested in him in the Motor Racing Act 1990, which states:

1. The Minister may direct the promoter to do or not to do such things in relation to a motor racing event for any year as the Minister thinks fit.
2. The promoter is to comply in every respect with a direction given under subsection (1) and is not to authorise any act or omission by any person contrary to the direction.

The Gold Coast Motorsport Event is the only major event in Australia that is

MINISTERIAL RESPONSIBILITY FOR THE GOLD COAST MOTORSPORT EVENT

organised through a government-private sector partnership, which is a historical legacy of the five private sector partners involved in the first event in 1991 and the subsequent agreement with IMG to take up a 50 per cent equity share in the partnership company in 1995. Most major events supported by governments are done either through a direct contract with an event promoter who assumes all risks associated with the event (Noosa Triathlon, V8 Supercars Townsville) or by creating a government-owned corporation or statutory body, where the government appoints the directors to that corporation/statutory authority and they employ the staff and contractors to manage the event (1994 World Masters Games).

The governance structure of the Gold Coast Motorsport Event was reviewed in 2007 when the partnership agreement with IMG came up for renewal. The decision to continue with the partnership was made based on a combination of factors, which included it being the simplest option, the quickest to achieve and that the retained tax losses of the partnership companies could be offset against any future profit distribution.

It is recommended that when the existing partnership deed next comes up for renewal, the Government consider a new governance structure that will give it greater control over the Gold Coast Motorsport Event, its budget and its management.

The management arrangements for the Gold Coast Motorsport Event were raised by a number of stakeholders. The general manager of GCMEC is an IMG employee based in Melbourne with responsibility for a number of IMG non-motorsport events in addition to the Gold Coast event. The damage caused to the reputation of the Gold Coast Motorsport Event by the negative publicity generated by the failure of the A1GP series to participate in the 2009 event and the concerns of residents, businesses and the council requires the commitment of a full time general manager based on the Gold Coast to restore the confidence and support of the Gold Coast community, businesses, sponsors and Queensland motor racing fans.

It is recommended that the position of general manager for the Gold Coast Motorsport Event be full time and that the general manager be based on the Gold Coast.

One of the shortcomings identified by this review has been the lack of written briefings to the Minister by his department and GCEC in respect of the 2009 Gold Coast Motorsport Event. Departmental staff advised that most briefings to the sports ministers (Ministers Spence and Reeves) were done verbally by the

MINISTERIAL RESPONSIBILITY FOR THE GOLD COAST MOTORSPORT EVENT

chairman of GCMEC and GCEC, Mr Mackenroth. The departmental officers who held the positions of company secretary and managing director of GCEC did not provide written briefing notes on GCMEC board meetings to the Minister after 2007; however, parliamentary briefing notes on the AIGP were provided to the Minister to refer to in responding to questions in Parliament.

Ms Spence has acknowledged the concerns about the lack of formal reporting mechanisms for the GCEC and the GCMEC. She has stated that she was in the process of setting up a formal reporting system with Mr Whitehead just prior to her ceasing to be the responsible Minister.

Prior to 2007, Mr Ian Whitehead, GCEC managing director and an observer at GCMEC meetings, would brief GCEC company secretary Ms Sharon Hodges after each GCMEC partnership meeting. Ms Hodges would then prepare a briefing note for the Minister through the department. Those written briefings stopped in October 2007 after the department refused Mr Mackenroth's request that he be provided with a copy of the departmental briefing papers to the Minister. Mr Whitehead subsequently stopped briefing Ms Hodges on GCMEC board meetings, which meant she could no longer provide departmental briefing notes to the Minister.

Mr Mackenroth has stated that the decision to stop providing briefings from the department to the Minister was made by the department and not by the GCEC. He further advised that departmental representatives only had to request information from GCEC and the information would have been provided to allow them to prepare a written brief. Alternatively, Mr Mackenroth states that if departmental representatives were concerned regarding the status of the 2009 Event or indeed, if the Minister's Office was concerned regarding the status of the 2009 Event that independent departmental advice could have been sought at any time.

It is quite common for departmental officers to provide ministers with confidential briefing notes prior to meetings they may have with chairs or chief executives of government boards and statutory corporations within their departmental portfolio. Those briefing papers would normally provide the minister with background on any issues the minister should be aware of and also act as a prompt for questions the minister might want to ask the person with whom he/she is meeting. It would be unusual to provide the person meeting with the minister with a copy of ministerial briefing notes relating to that meeting.

It has not been possible to make a judgement regarding the advice or information from GCEC or GCMEC to the Minister, as very little was in

MINISTERIAL RESPONSIBILITY FOR THE GOLD COAST MOTORSPORT EVENT

writing. In addition, there were very few notes taken of the meetings between the sports ministers and Mr Mackenroth, although Mr Reeves's office did provide some handwritten notes taken by one of his staff. Mr Mackenroth advised that when an issue arose that he thought the Minister or his office should be aware of he would brief them by telephone if there was no time for a face-to-face meeting. Mr Mackenroth stated that he believed that these were not unusual practices.

The GCEC and GCMEC were established to be at 'arms-length' from the Government and would not have been considered high-risk entities within the Minister's portfolio responsibilities, as the Gold Coast Motorsport Event was, until 2009, regarded as a successful and well-run event. In the absence of independent or alternative advice from departmental officers, Sports Minister Phil Reeves and former sports minister Ms Judy Spence relied primarily on the advice they received from Mr Mackenroth and GCMEC.

Minister Reeves was in a difficult position in respect to the A1GP from the time he assumed the portfolio of Minister for Child Safety and Minister for Sport on 26 March, 2009. The promoter agreement with A1GP had been signed in November 2008 by GCMEC and contained few performance or termination clauses.

Minister Reeves advised that he was aware of the rumours about the financial viability of the A1GP series, but had received repeated assurances from the chairman of GCMEC and GCEC, Mr Terry Mackenroth, and GCMEC general manager Mr Greg Hooton that the A1GP financial problems were being resolved and that they were confident the A1GP would race at the Gold Coast.

The A1GP chairman, Mr Tony Teixeira, wrote to Minister Reeves through the GCMEC office on 3 September, 2009, advising him that the A1GP would race at Surfers Paradise on 25 October, 2009. He went on to say that his assurances to the Minister were "unconditional and irrevocable" from his point of view, and also advised that a new financial proposal from A1GP's major shareholder was approved by the bank and that "the signed loan agreement is available by request through the Honourable Minister in order to appease himself of the facts of such loans" (*Appendix 12*). The review has seen nothing to indicate that either GCMEC or GCEC followed up on Mr Teixeira's offer to the Minister.

Mr Mackenroth wrote to the Minister on 8 September, 2009, assuring him that everything possible was being done by the partnership committee to ensure that the A1GP series competes at the Gold Coast Motorsport Event, but added that "all advice indicates that the event will go ahead as planned; however, I am not in a position to provide you with an absolute assurance until the A1GP series

MINISTERIAL RESPONSIBILITY FOR THE GOLD COAST MOTORSPORT EVENT

cars, drivers and officials arrive on Australian soil” (*Appendix 21*).

Minister Reeves had one teleconference discussion with Mr Teixeira on 14 September, 2009, where Mr Teixeira advised the Minister that:

- ‘Global Distribution Contacts’ (television rights) would be announced within seven hours
- teams participating in the Gold Coast event were to be announced in four days (following completion of A1GP restructure)
- \$100 million Euro was to be injected into A1GP – funds released by banks today
- all creditors of A1GP will be settled this week
- A1GP would participate in the Gold Coast event, with 18-20 teams present, and
- freight transport of cars and fuel has been booked.

Mr Teixeira’s assurances did not result in the outcomes that he promised.

From 14 September 2009, weekly teleconference briefings were also provided by the chairman and the GCMEC directors to Minister Reeves or his representative along with senior departmental staff. These teleconferences were in addition to any verbal briefings provided by the chairman.

From early August 2009, the Shadow Minister for Sport, Mr Jack Dempsey, the Member for Bundaberg, began asking Minister Reeves questions in Parliament about the financial status of the then naming rights sponsor of the Gold Coast SuperGP, Nitro Distribution Pty Ltd, and the viability of the A1GP series. Minister Reeves’s responses at all times mirrored the advice he received from Mr Mackenroth and Mr Hooton.

One of the challenges for both Minister Spence and Minister Reeves in their capacity as sports minister with responsibility for GCEC was the lack of major event experience and expertise in their departments to provide independent and objective advice regarding the A1GP event on the Gold Coast. The Queensland Government’s event expertise resided with Queensland Events, which is a government-owned company within the Department of the Premier and Cabinet’s portfolio of agencies. Due to the territorial nature of ministries and government departments, no advice was sought from Queensland Events in respect to the A1GP despite the ongoing concerns expressed by media and the motor racing industry about the financial viability of the series.

The level of investment by the Queensland Government in the Gold Coast Motorsport Event is by far the greatest annual investment it makes in any event

MINISTERIAL RESPONSIBILITY FOR THE GOLD COAST MOTORSPORT EVENT

in Queensland. It is therefore important that the Government's oversight and involvement with the event is facilitated through the Government's event agency, Queensland Events, as it provides event expertise in risk assessment and risk management, which was not available to the Minister for the 2009 event.

It is recommended that the Government consider transferring GCEC into the same portfolio department as Queensland Events (Department of the Premier and Cabinet) and that future directorship of GCEC include the chief executive and one board member of Queensland Events.

It is also recommended that the Minister request that GCEC provide written updates and briefings on all issues pertaining to the event and that written notes be taken of all future meetings between GCEC/GCMEC and the Minister. A chronology of Mr Reeves's briefings and actions in relation to the 2009 Gold Coast Motorsport Event is attached at *Appendix 22*.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

The Gold Coast Motorsport Event seems to have had a polarising effect on the Gold Coast community: there are those who love it and spend race days viewing the race from their balcony overlooking the track, and there are those who leave town to avoid the noise, traffic congestion and crowds.

The 2009 SuperGP event and the controversy surrounding the failure of the A1 Grand Prix (A1GP) series to participate at the Gold Coast Motorsport Event has given rise to a range of views on the event and its future on the Gold Coast. Through meetings and interviews, the review has canvassed a range of input from key stakeholders on the Gold Coast representing the interest of residents, business, council and tourism.

The key stakeholder organisations that were interviewed either face-to-face or by telephone were:

- Gold Coast City Council – Mayor, Mr Ron Clarke
- Gold Coast City Council – Councillor for Division 7, Ms Susie Douglas
- Gold Coast Chamber of Commerce – Vice President, Ms Laura Younger
- Surfers Paradise Alliance – CEO, Ms Rowena Howe
- Gold Coast Tourism Corporation Limited – CEO, Mr Martin Winter.

Due to the time constraints of the review it was not possible to call for submissions from individuals or residents on the Gold Coast who may have wished to have input as to the future of the event. However, copies of correspondence to Councillor Susie Douglas from constituents were forwarded to the review and contained concerns over the impacts of the event. The review received, and acknowledged, a submission from the Paradise Waters Action Group, which represented views very similar to the concerns expressed to Councillor Douglas by residents in the race precinct area.

The Minister for Sport, the Hon. Phil Reeves MP, also passed on correspondence that he had received regarding the event.

Councillor Douglas, whose constituents reside in and operate businesses in and around the race precinct, has been a strong supporter of the Gold Coast Motorsport Event. Her concerns, and those expressed in the correspondence from her constituents, included:

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

- the disruption caused to residents and visitors during the three to four months of the construction and deconstruction of the racing circuit
- the inability for residents to access properties
- changed traffic and parking provision and lack of adequate notice of these changes
- increased noise levels
- the desecration of Macintosh Island Park (notably the concrete barriers erected in the park), and
- the alcohol-fuelled behaviour of race-goers.

Feedback from businesses included limited or no access to shops at Main Beach, sales being down significantly and accommodation occupancy levels being substantially down on previous years.

Some consistent themes were presented through the review's stakeholder consultation process, and these are outlined in sections 10.1.1 to 10.1.5.

Gold Coast Mayor Ron Clarke advised that the Gold Coast City Council currently has a five-year contract in place with the Gold Coast Motor Events Company (GCMEC), which represents an investment of \$100,000 per annum in a cash contribution and at least \$400,000 per annum in additional in-kind services related to the event. The contract was signed by Council in 2008 for the period 2009-13. In addition, the Gold Coast Councillor for Division 7, Susie Douglas, made a grant from her divisional funds of \$100,000 to the Events Advisory Committee in 2009 to support the off-track All Country Street Parade for the A1GP.

The Council is also making a long-term infrastructure investment in the Rapid Transit system, which will meet the future public transport needs of the Gold Coast. The Rapid Transit infrastructure project, which has been approved for the Gold Coast, has attracted joint funding from the Gold Coast City Council and state and federal governments.

The planning for the Rapid Transit Project includes a deviation of the route to accommodate the current Gold Coast Motorsport Event street circuit. Concerns exist on the Gold Coast that an investment of this magnitude has been compromised and planned around an event and a race circuit that is under review. Likewise, concerns were expressed regarding the Council's inability to undertake any beautification works within the track precinct, including the Esplanade, as long as the event is held over the current Surfers Paradise street circuit.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

The Mayor advised that the Council was waiting until the independent review was finished and its recommendations made public before it would take a position as to whether it would continue to support the Gold Coast Motorsport Event in the future. The Mayor made clear his and the Council's concerns over the long-term disruption to Gold Coast traffic and the amenity of residents within the race precinct. He also indicated that he thought it would be unlikely that the Council would continue to support the event without a 'headline' international motorsport event.

The Gold Coast City Council believes that it should have a seat at the decision-making table of the event, given its investment and the fact that the event is held on Gold Coast city streets, with significant impact on residents and businesses.

The Surfers Paradise Alliance (SPA) is a subsidiary of Gold Coast City Council and funded by a special levy on businesses in Surfers Paradise. SPA is the official management and marketing authority for Surfers Paradise, with the objective of increasing visitation to Surfers Paradise for the economic benefit of the 700 businesses in the precinct. SPA provides an interface between businesses, council, residents, state government, event organisers and visitors to Surfers Paradise.

SPA believes the Gold Coast Motorsport Event has had a significant and positive impact on the Gold Coast. It raised the issue of public behaviour at the event, but was of the view that this aspect of the event had been misrepresented in the media and that the very visible, large-scale police presence had limited the number of public behaviour issues at the event.

Feedback to SPA from Surfers Paradise businesses suggests that business was down about 30 per cent from the 2008 event, while hotel occupancy was substantially lower than for the 2008 event. SPA recognised that the failure of A1GP to race at the 2009 Gold Coast Motorsport Event impacted on hotels and traders, but it also acknowledged that the global financial crisis may have reduced attendance and corporate support for the event.

SPA was of the opinion that the new brand, 'SuperGP', for the 2009 event was not strong enough to take over from the previous 'Indy 300' brand and generate interest in the event, and that corporate marketing was not as active as in previous years. The sponsorship management of the event was also an issue of concern raised by SPA; in particular, the signing of the Nitro Energy Drink naming rights sponsorship and the impact that had on the reputation on the event when that sponsorship was terminated.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

Businesses also expressed to SPA their frustration at the disruption caused by the traffic management plan implemented for the event and the significant disruption to business the changed traffic conditions caused.

The consistent view presented to SPA regarding the future of the event was that although the V8 Supercars are widely supported by motor racing fans, there is also a need to secure an international motorsport event with the potential to attract visitors from interstate and overseas and promote the Gold Coast to a wider international market through the televising of the event.

The Gold Coast Chamber of Commerce advised that it is strongly supportive of the Gold Coast Motorsport Event provided it included an international motor racing series event with the capacity to attract a wide international television audience.

The Chamber is of the view that the 2009 event was not well-promoted or advertised and that the media was more focused on negative stories such as the loss of the Nitro naming rights sponsorship and the A1GP series' financial problems. The Chamber considered that the drop in attendance at the event was not due solely to the withdrawal of the A1GP, but may also be attributed to the impact of the global financial crisis and the lack of positive media coverage about the A1GP series. Feedback from members to the Chamber indicated that accommodation providers suffered significant downturn in bookings and occupancy rates compared with previous years.

A survey of central Surfers Paradise retailers by Knight Frank Gold Coast (*Appendix 23*) also reinforced the view that businesses are supportive of the Gold Coast Motorsport Event provided it included an open-wheel international motor racing event.

The Chamber is aware that many of the residents within the race precinct move out during the event, and many object to the concrete road barriers erected for the event, some of which remain in place for more than three months and restrict access to their properties.

The Chamber believes that more could be done on and off-track for entertainment and that the entertainment program should extend beyond Surfers Paradise. Further, the Chamber thought that the event could be promoted more effectively to raise public awareness about what is happening at the event, and that the on-course commentary for the event could be improved.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

The Main Beach-Tedder Avenue Association undertook a survey of most of the pavement-based businesses in the retail precinct of Tedder Avenue. Cafes reported their worst trade ever, with business down 30-50 per cent overall. A major concern expressed by restaurants was that no one could get through to Tedder Avenue due to the police road blocks. The entrance from Tedder Avenue to the Gold Coast Highway was restricted a day earlier than usual. Restaurants were reliant on trade from local residents even though it is well-known that many local residents leave Main Beach for the event weekend.

All but one boutique shop closed from the Saturday afternoon through to the Monday of the event, although all would typically open across the weekend. The boutique shops compared trade to last year, which they say delivered a better result on the Monday due to the international visitors who attended the event and made up for the lack of trade over the race weekend.

There was great appreciation among traders of the extra police patrolling the streets after the racing had finished, although police were unable to advise potential customers/patrons on where to park or offer options for entry to Tedder Avenue. Traders considered that the behaviour at the 2009 event was improved, largely because of the extra policing and the lower attendance at the event. Concerns had been expressed to the Association in previous years about the behaviour of motor racing fans in general, particularly when compared to events such as the Magic Millions Carnival and Sanctuary Cove International Boat Show.

Members of the Association were supportive of the Gold Coast Motorsport Event, but emphasised that it should include an international motorsport series event and that the organisers should show more consideration for Main Beach traders. All businesses objected to the long-term traffic restrictions and construction time frames, which caused negative media reports some weeks prior to the event of the Main Beach 'traffic nightmare'. The closure of the Tedder Ave/Main Beach Parade intersection was of major concern to traders, and was compounded by traders being unable to obtain extra employee passes for short-term, additional staff recruited in anticipation of increased trading.

The Gold Coast Tourism Corporation (GCTC) has always been a strong supporter of the Gold Coast Motorsport Event. It recognises that the tourism benefits of the event have been significant, with many hotels and accommodation providers in previous years being able to charge 'rack rates' for visitors and also require a minimum stay of three or four days. GCTC also

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

acknowledged that the event has provided great television images and promotion of the Gold Coast to both Australian and overseas television audiences.

GCTC acknowledges the popularity for the V8 Supercars Championship Series event at the Gold Coast with both Queensland and Australian motor racing fans and television audiences. However, it emphasised the importance of securing an international motor racing series event to complement the V8 Supercars championship event. GCTC believes that an international event is essential to grow a wider international television audience, particularly in the priority Gold Coast tourism markets of Asia and Europe.

The most resounding feedback to the review from the Gold Coast, businesses and residents alike is that support for the event on the Gold Coast is conditional on having an international component. The clear and consistent message presented to the review was that, although the V8 Supercars are widely supported by motor racing fans, sponsors and TV audiences, there is a need to offer an international motor racing category to provide a point of difference between the Gold Coast Motorsport Event and other V8 Supercar events across Australia.

One of the major imposts of the event on residents is the concrete road barriers that are erected along the race circuit. Residents are very critical of the barriers, some of which are in place for three to four months of the year – from the time they begin to be erected in July/August through to the time that the last barriers are removed in November/December. During this period, residents and visitors to Surfers Paradise and Main Beach confront unsightly concrete barriers along the foreshore and restrictions on access to road crossings, parks, beaches and private properties caused by the road barriers.

Macintosh Island Park remains a point of contention on the Gold Coast where views are divided on the restricted access to the park leading up to, during and after the event. Some argue that the park has been desecrated as a result of the concrete hardstands that are erected each year within the park for the event.

It is recommended that the Government provide more direction to GCMEC regarding the time frames for the construction and deconstruction of the race circuit and that GCMEC undertake more consultation with residents and traders within the precinct in respect of parking restrictions and access to properties and businesses.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

Some negative views were expressed regarding the extent of socially irresponsible behaviour by motor racing fans, particularly that caused by alcohol. Suggestions made to the review ranged from designated alcohol precincts through to an alcohol-free event such as the V8 Supercars event in Hamilton, New Zealand.

Concerns were expressed regarding the ‘family friendliness’ of the event and the fact that children are exposed to offensive language, exhibitionism and loutish behaviour from groups on unit balconies, and that this social misbehaviour at the event had seemingly become worse over time and undermines the desired image of the Gold Coast as a safe and secure family holiday destination.

Alternative views were also expressed suggesting that the behavioural issues covered by the media were exaggerated and misreported and that there were in fact a limited number of behavioural incidents, due mainly to the extensive police operation and the very visible police presence during the event.

Planning for the Gold Coast Rapid Transit Project began in 2006. Stage one of the Gold Coast Rapid Transit Project will see the construction of a 13km light rail corridor connecting Griffith University to Broadbeach, passing through Southport and Surfers Paradise.

The approved route through Main Beach and the northern end of Surfers Paradise (*Appendix 24*) was influenced by the need to minimise the impact on the Gold Coast Motorsport Event race circuit, minimise the need for property acquisitions and deliver a quality public transport service.

In late 2008, the Hon. John Mickel MP, then Minister for Transport, Trade, Employment and Industrial Relations, the Hon. Judy Spence MP, then Minister for Police, Corrective Services and Sport, and Mr Terry Mackenroth, then chairman of the Gold Coast Motor Events Company (GCMEC), agreed that the race circuit should be shortened at the southern end. Negotiations are still continuing in respect to a compensation package sought by GCMEC for the loss of revenue associated with the shortening of the circuit.

The project director for the Rapid Transit Project advised the review that the project had completed community consultation in October 2008 on the current proposed route through Surfers Paradise, but that community support for the current route is qualified on the basis that the route is considered sub-optimal

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

and secondary to the needs of the motoring event.

From 2010, the Gold Coast Motorsport Event will need to consider the requirements of the Rapid Transit Project in terms of the shortening of the race circuit and the impact of loss of land within the precinct designated for hospitality, event telecommunications, media and marketing, and emergency vehicle access, pedestrian connections and connections to the rapid transit corridor and other public transport services.

The street circuit for the Gold Coast Motorsport Event is constructed around and through a high-density residential precinct. The Formula 1 Grand Prix street circuit in Monte Carlo is probably the only other street racing circuit in the world to contain such high-density residential, hotel and apartment precincts.

The Gold Coast circuit runs along the world-famous beaches of Surfers Paradise and through canyons of highrise residential and holiday apartments and hotels. The location of the racetrack provides a spectacular backdrop for the event for television audiences, with images of highrise apartments, white, sandy beaches and the Pacific Ocean promoting Australia's most popular holiday destination, Surfers Paradise.

The sustainability of the Gold Coast Motorsport Event within the existing race precinct is questionable due to the increasing population density within and around the precinct as vacant land sites are developed. Of the six undeveloped land sites within the precinct, four are earmarked for development in the next few years. This will limit the capacity of the event organisers to use the undeveloped land during the event for storage areas, parking for category race teams, general public catering, big-screen locations, merchandise sales, and staging points for contractors putting up signage, fencing and so on. In addition, the Rapid Transit Project will require a shortening of the precinct, with consequent loss of vacant land used by the organisers of the event.

The present street circuit is unable to accommodate the large-scale entertainment events offered by the Melbourne Formula One Grand Prix, the Clipsal 500 in Adelaide and the new Sydney Telstra 500 at Homebush to attract a more diverse audience and make the event more appealing to interstate visitors.

It is recommended that the Government establish a task force – which should include the Gold Coast City Council, the Department of Transport, the

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

Department of Infrastructure and Planning, and GCMEC – to consider the sustainability of the existing street circuit and options to develop either an alternative street circuit in a less congested area of the Gold Coast or a more permanent facility similar to Albert Park in Melbourne, where the infrastructure for the F1 Grand Prix event was designed for year-round use by sporting associations and clubs.

The television broadcast rights for the Gold Coast Motorsport Event are owned by the management companies of the individual motor racing series events that participate at the Gold Coast event.

GCMEC earns no revenue from television and in fact pays V8 Supercar Television Pty Ltd a fee to undertake the television production and live telecast on the Seven Network.

The A1GP series had television agreements in place for the telecast of its events in Europe and Asia, and its failure to attend the event would have impacted upon the international television coverage of the 2009 event.

V8 Supercars Australia advised that it has international broadcast agreements in some 140 countries through contractual arrangements with a number of television distribution companies (*Appendix 2*). However, it has not been possible to verify the coverage of the Gold Coast Motorsport Event in each country at the time of writing this report to determine the extent of the coverage and whether it was live, delayed or highlights packages.

The Seven Network in Australia and TV3 and C4 networks in New Zealand provided live coverage of the 2009 Gold Coast Motorsport Event. The Seven Network had a 60 per cent share of the total viewing audience in the time slot for the first V8 Supercar race on the second day of the Gold Coast event in metropolitan markets and 49 per cent of the total audience in that time slot in regional markets⁹ (*Tables 5 and 6*).

The national average audience for the V8 Supercars event on the Gold Coast on Saturday 24 and Sunday 25 October, 2009, was 809,587. In spite of the negative publicity surrounding the failure of the A1GP series to attend the Gold Coast Motorsport Event, the high television audience viewing figures on the Seven Network reflected the significant following of the V8 Supercars series across Australia.

⁹ Source: OzTAM and RegTAM (Television Audience Measurement).

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

No viewing figures were available of New Zealand audiences for the 2009 event at the time of writing this report.

Date	Race	Network 7	Network 9	Network TEN
24 October, 2009	Race 1 – Day 1	35.40%	38.60%	26.00%
24 October, 2009	Race 2 – Day 1	35.90%	38.50%	25.60%
25 October, 2009	Race 1 – Day 2	60.10%	18.70%	21.20%
25 October, 2009	Race 2 – Day 2	49.60%	24.40%	26.00%

Table 5: Commercial audience share for V8 Supercars in 5-city metropolitan markets

Date	Race	Network Prime/ 7 QLD	Network WIN/ NBN	Network Southern Cross TEN
24 October, 2009	Race 1 – Day 1	36.20%	37.50%	28.50%
24 October, 2009	Race 2 – Day 1	32.80%	41.90%	26.70%
25 October, 2009	Race 1 – Day 2	49.30%	27.70%	22.70%
25 October, 2009	Race 2 – Day 2	44.20%	32.70%	26.50%

Table 6: Commercial audience share for V8 Supercars in regional markets (excluding Tasmania)

In September 2009, V8 Supercars Australia appointed IMG Media, based in London, as its international sales agency for all V8 Supercars media. This has resulted in an increase in the number of countries and broadcasters signed for the V8 Supercars Championship Series in 2010 and beyond.

Since appointing IMG Media in 2009, V8 Supercars has announced an ‘as live delayed’ television package on SPEED Channel in North America and Brazil, commencing in February 2010 for three years. SPEED TV currently has 79 million subscribers. V8 Supercars Australia advised that further announcements will follow in 2010 outlining an expanded global reach for V8 Supercars Australia.

The largest tourism market for the Gold Coast is the domestic Australian market, which amounts to 80 per cent of all overnight visitors. Brisbane is the largest day visitor market while Melbourne and Sydney are the major domestic target markets for the Gold Coast. International visitors make up the remaining 20 per cent of the Gold Coast tourism market, with New Zealand visitors accounting for 25 per cent of the international visitor market.

The V8 Supercars series event at the Gold Coast Motorsport Event is televised live in Australia and New Zealand, and provides excellent promotional opportunities for the Gold Coast into its primary domestic and international

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

markets.

The Gold Coast international tourism market is driven by direct air access from its major and emerging markets. Air New Zealand, Jet Star and Pacific Blue operate a total of 19 flights per week into Coolangatta from New Zealand, which reflects the demand in the New Zealand market for the Gold Coast as a holiday destination.

Other important international markets for Gold Coast tourism in respect of visitor growth are Malaysia and Japan. Both of these markets are driven by direct air services into Coolangatta airport. Air Asia X is the fastest-growing airline in South-East Asia and provides daily services from Kuala Lumpur into the Gold Coast. The Japanese market is driven by the direct daily Jetstar services from Tokyo and Osaka into Coolangatta and daily JAL flights into Brisbane. Other Asian markets that have provided growth into the Gold Coast are Korea, Taiwan and Singapore.

Tables 7 and 8, provided by Tourism Queensland, show the number of in-bound seats from Asia and New Zealand.

Asia			
Airline	Origin	Frequency	Seats/Week
Air Asia X	Kuala Lumpur	6	2,298
Jetstar	Osaka	7	1,061
Jetstar	Tokyo	7	2,121
		20	5,480

Table 7: In-bound visitor seats to the Gold Coast from Asia

New Zealand			
Airline	Origin	Frequency	Seats/Week
Jetstar	Auckland	7	1,239
Jetstar	Christchurch	2	354
Pacific Blue	Auckland	5	900
Air New Zealand	Auckland	4	608
Air New Zealand	Christchurch	1	152
		19	3,253

Table 8: In-bound visitor seats to the Gold Coast from New Zealand

The United Kingdom, United States and European markets remain important to the Gold Coast with the more mature visitors and backpackers.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

The Gold Coast Tourism Corporation believes that China has the greatest potential for future growth in the international tourism market.

The televising of the Gold Coast Motorsport Event provides a good promotional platform for the Gold Coast into its strongest markets of Australia and New Zealand. Any new international motorsport series event should provide a wider 'footprint' of television coverage, particularly into the international tourism markets that offer the greatest potential for growth – Asia, Europe and USA.

The Confederation of Australian Motorsport (CAMS) – the peak industry body for motorsport in Australia and a member of the Fédération Internationale de l'Automobile (FIA), the peak body for international motorsport – has provided details of all international motorsport events sanctioned by FIA.

There are three categories of international events sanctioned by the FIA. They are:

1. FIA world championships
2. FIA international cups, trophies and challenges, and
3. FIA international series.

The FIA may grant status as a world championship to any cup, trophy, challenge or series that:

- is held on at least three continents during the same season (at the discretion of the FIA)
- is registered on the FIA international calendar
- through the organiser, grants the FIA access for inspections and to review all relevant documentation, and
- appoints two stewards of the meeting from the official FIA list.

Only the ASN of a country in which the event is held may apply to the FIA to list it on the FIA international calendar.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

FIA WORLD CHAMPIONSHIPS	
FIA Formula One World Championship	The highest class of motor racing in world motorsport, with 19 Grand Prix events scheduled for 2010.
FIA World Rally Championship	A rally series on various surfaces that can include gravel, tarmac, snow and ice. These are called special stages and are linked by non-competitive road sections.
FIA World Touring Car Championship	A world championship for modified production touring cars.
FIA GT1 World Championship ¹⁰	Scheduled to commence in 2010 as a world championship (replacing the current FIA GT Championship) with manufacturers to include Nissan, Ford and Lamborghini.
CIK-FIA Karting World Championship ¹¹	The flagship event for kart racing that is held annually in a different country.

A series may be a number of events or a single event. There are national and international series. Only the FIA may authorise an international series (cup, trophy, challenge, etc). An international series must meet a standard level of international safety decreed by the FIA.

In order to claim international status, an event must:

- hold a circuit licence issued by the FIA
- ensure that competitors and drivers hold an appropriate FIA international licence, and
- be listed on the FIA International Sporting Calendar.

FIA CUPS, TROPHIES, CHALLENGES (SERIES)	
FIA Formula Two Championship	Raced in identical open-wheel cars at a significantly lower cost than F1, giving young drivers exposure to elite international motor racing.
FIA Formula 3 Intercontinental Cup	An open-wheel race conducted annually in Macau. Many F1 world champions have competed at Macau early in their careers.
FIA GT3 European Championship	Based on the FIA GT Championship and provides competition for drivers of amateur status.
FIA European Touring Car Cup	An annual touring car event in Europe that will change from being a one-off event to a four-event series in 2010.

¹⁰ Will assume world championship status in 2010.

¹¹ Karting world championship status.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

FIA CUPS, TROPHIES, CHALLENGES (SERIES)	
FIA European Truck Racing Championship	A truck racing series held at various locations throughout Europe.
FIA World Cup for Cross Country Rallies	International cross-country rally series.
FIA Cup for Cross Country Bajas	International cross-country rally series.
FIA European Drag Racing Championship	Drag racing sprint series with events in several European locations.
FIA European Autocross Championship	Raced on unsealed surfaces against the clock and in various locations in Europe.
FIA European Rallycross Championship	A form of sprint-style racing held on closed, mixed-surface circuits in Europe.
FIA Alternative Energies Cup	A championship for vehicles with alternative energy propulsion.
FIA European Hill Climb Championship	Held across Europe on mountain roads closed for the purpose.
FIA European Hill Climb Cup	Raced from base of mountain to top of mountain, where drivers compete alone in single-seat cars, open-cockpit sports prototypes and touring cars.
FIA International Hill Climb Challenge	Held across Europe on mountain roads closed for the purpose.
FIA Historic Hill Climb Championship	Held across Europe on mountain roads closed for the purpose.
FIA European Historic Rally Championship	Rally series held in 12 locations in Europe, with classifications for specific eras and car types.
FIA Trophy for Historic Regularity Rallies	European rally series for historic cars, with classifications for specific eras.
FIA European Rally Cups	European rally series divided into geographic regions.
FIA Middle East Rally Championship	Rally series held in several Middle Eastern countries.
FIA African Rally Championship	Rally series held in several African countries.
FIA Asia-Pacific Rally Championship	Rally series held in several Asian countries, Australia and New Zealand.
FIA European Rally Championship	Premier European rally series held in 11 countries.
FIA Historic Formula One Championship	Features Formula 1 cars raced between 1966 and 1985, with events held in Europe and the Middle East.
FIA Lurani Trophy for Formula Junior Cars	Revived as a historic series, the championship is run by the Formula Junior Historic Racing Association.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

An FIA international series may only be organised with approval from the FIA, which is based on the following:

- the approval of the sporting and technical regulations, particularly safety
- the approval of the calendar for the series
- an authority from the ASN of the territory on which the event/s is/are being held
- the verification that the circuit is appropriate to the categories of vehicles taking part, and
- the confirmation that the series title is consistent with its geographic scope, technical and sporting criteria.

An international series must be proposed by an ASN. The ASN of each country in which the series is proposed to be conducted must apply to the FIA to list an event on the FIA international calendar.

FIA INTERNATIONAL SERIES	
GP2 Series (Europe)	An international, open-wheeler motor racing series that is considered a feeder series for Formula 1 and races at all European F1 meetings.
Formula BMW Europe	A junior racing formula for identical single-seat cars at the entry-level of the motorsport career ladder.
Speedcar Series	A stock car racing series that was active from January 2008 to June 2009 for two championship seasons.
SEAT León Supercopa	A single-vehicle racing category of SEAT Leóns run by SEAT Sport.
Porsche Mobil 1 Supercup	International motor racing series in identical Porsche 911 GT3 Cup cars and support to Formula 1.
Porsche Carrera Cup Deutschland	A one-make series of Porsche 911 GT3s competing mainly in Germany.
SEAT León Eurocup	A one-make touring car racing series in SEAT Leóns, run by SEAT Sport, with most races in Spain.
Superleague Formula Series	An open-wheel motor racing series between identical cars, each carrying the colours of a major football club.
Formul' Academy Euroseries	Part of the Renault Formula series of races, running 1.6-litre engines.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

FIA INTERNATIONAL SERIES	
Eurocup Formula Renault 2.0	A class of open-wheel, single-seat racing regarded as an entry-level series and popular in Europe.
Formula Le Mans	Racing of identical vehicles for young up-and-coming drivers in endurance racing. In 2010, the Formula Le Mans Cup will become part of the Le Mans series through inclusion in four of the Le Mans series' European races.
Formula Renault 2.0 West European Cup	A Formula Renault 2.0 championship of open-wheel cars running 2-litre engines.
Formula Renault 3.5 Series	Considered to be the most senior of the Formula Renault series, with cars running 3.5-litre engines.
GP2 Asia	An open-wheel motor racing based on the GP2 (Europe) Series that is aimed at promoting motor racing in Asia and acts as support to the Formula 1 Grand Prix races in the Asia-Pacific region.
International Formula Master	Junior single-seat formula that regularly supports the World Touring Car Championship in Europe.
Formula 3 Euro Series	A European-based, junior single-seat formula for Formula 3 chassis.
Euroseries 3000	A European formula racing series to become known as the Auto GP in 2010.
500 Abarth Europe Trophy	A one-make series for the Fiat 500 that is expected to support the World Touring Car Championship and the British Touring Car Championship.
A1GP	A single-make open-wheel racing series in which competitors represent their nation.
DTM	DTM (German Touring Car Masters) is based in Germany and races heavily modified production cars.
Lamborghini Blancpain Super Trofeo	A one-make series featuring Lamborghinis competing in Europe.
European Formula 3 Open	A junior formula racing series based in Spain that is part of the career path toward Formula 1.
International GT Open	Grand tourer-style sports car (generally two-door coupes with four seats) racing held in various European countries.
GT4 European Cup	A sports car (two seats and closed wheels) championship for amateur drivers in the least powerful cars of the four GT classes.
Eurocup Mégane Trophy	A one-make racing series created and managed by Renault Sport and running Renault Megane-make vehicles.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

FIA INTERNATIONAL SERIES	
Super GT	A grand touring car race series that takes place on well-known Japanese circuits, with some races in the USA and Malaysia.
Porsche Carrera Cup Asia	A single category racing Porsche Carreras and based in Asia.
Le Mans Series	European sports car endurance racing series based on the 24 Hours of Le Mans race. It is similar to the American Le Mans Series (ALMS) based in the USA and Canada. Le Mans Series champions and runners-up receive automatic entry to the following year's Le Mans 24-hour race.
British Formula 3 International Series	A motor racing championship in single-seat Formula 3 chassis racing primarily in the UK.
Intercontinental Rally Challenge	A rallying series featuring amateur rally drivers in recognised regional rallies.

The three events that seem to offer the greatest potential to 'value add' to the Gold Coast Motorsport Event are:

1. FIA GT1 World Championship Series event
2. American Le Mans Series event, and
3. GP2 Series event.

No details on the sanction fees or costs for a new international motor racing event have been included, as they remain commercial and confidential.

A fourth option exists if none of the short-listed international events are viable. That would be the creation of a Gold Coast Motorsport Festival, which would consist of a high-class 'on-track' racing program, headed by V8 Supercars, and a support program of high-profile 'off-track' events being incorporated into the motorsport festival program.

Those events could include:

- the continuation and expansion of the 'Australian Legends' category
- on-track activity including 'The Stars and Cars' of world motorsport
- a concours d'elegance featuring a prestige/exotic car category each year (i.e. Ferrari, Porsche, Lamborghini)
- a motorsport tradeshow for the professional and amateur motor car

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

enthusiast

- a major motorsport-themed art exhibition, and
- Australia's biggest classic car auction.

V8 Supercars Australia has also proposed that the Gold Coast event become part of a 'Grand Slam' of signature events each year. The four signature V8 Supercar races that would become part of the 'Grand Slam' series are:

- Gold Coast Motorsport Event (October)
- Clipsal 500 Adelaide (March)
- Supercheap Auto Bathurst 1000 (October), and
- Sydney Telstra 500 (December).

V8 Supercars would offer \$2 million in prize money for the driver and team that is the points winner after the four 'Grand Slam' races.

FIA GT1 WORLD CHAMPIONSHIP¹²	
Background	The FIA GT1 World Championship will commence as a world championship in 2010 and replaces the current FIA GT Championship. GT stands for Grand Tourer, which is a high-performance, luxury, two-seat sports car. The GT is based on production road car designs and may be modified significantly from the road car they are based on. In June 2009, GT1 was granted official world title status by the FIA and has scheduled the opening round of 2010 for the United Arab Emirates in April. The forerunner to the GT1 World Championship, the FIA GT Championship, has been held successfully for 13 years.
Ownership	SRO MotorSports Group • SRO Ltd is the parent company of SRO MotorSports Group and was established in 1995. • SRO specialises in the promotion and organisation of motorsport series and manages eight championships and series, including the FIA GT3 European Championship, GT4 European Cup and the British F3 International Series. • Stephane Ratel is CEO and 100 per cent shareholder in SRO Ltd.
Financial records	Financial details presented by SRO Motorsports Group.

¹² Will assume world championship status in 2010.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

FIA GT1 WORLD CHAMPIONSHIP¹²	
	- Estimated 2009 operating profit before tax: £646,000 Dun & Bradstreet report: Stephane Ratel Organisation Ltd - As at 31 December, 2008: - Loss: £26,798 - Net assets: £(100,926) Risk Assessment: 2 (lower than average risk of business failure) Dun & Bradstreet report: SRO Paris - As at 31 December, 2008: - Net profit: 31,547 Euro - Net worth: (174,721) Euro Risk Assessment: 3 (greater than average risk)
No. of cars	24 cars: 12 teams - two drivers per car
Type of cars	Six brands: - Nissan - Ford - Lamborghini - Corvette - Aston Martin - Maserati
Race format	2 x 1 hour races: - Qualification Race – Saturday - Championship Race – Sunday - pit and driver changes
TV broadcast	Approximately 30 countries (unconfirmed)
Scheduled races	10 rounds

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

FIA GT1 WORLD CHAMPIONSHIP ¹²			
2010 calendar	Date	Country	Circuit
	4 April	United Arab Emirates	Yas Marina
	2 May	United Kingdom	Silverstone
	23 May	Czechoslovakia	Brno
	4 July	France	Paul Ricard
	1 August	Belgium	Spa-francorchamps
	29 August	Germany	Nürburgring
	19 September	Portugal	Portimao
	7 November*	South Africa	Durban
	28 November	Brazil	Interlagos
5 December	Argentina	San Luis	
* Subject to the ASN confirmation			
Possible dates	• Gold Coast dates for October are possible.		
Event positives	• A world championship – just one of three circuit racing categories under FIA designated as a world championship – the others being F1 and World Touring Car Championship. • Would be the last round in the championship.		
Marketing positives	• Prestige of being part of a world championship series. • Iconic brand race cars, including Lamborghini, Maserati, Aston Martin, Corvette, Ford and Nissan. • Television presence in approximately 30 countries (to be confirmed). • Pre-promotional opportunities with the series being late in the season.		
Category risks	• 2010 will be the first year of GT1 as a world championship. • Privately owned teams not supported by manufacturers. • The full complement of cars for the first year of GT1 World Championship (six brands/24 cars) is not yet confirmed.		

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

AMERICAN LE MANS SERIES	
Background	The American Le Mans Series (ALMS) is a North American-based racing series that races in the United States of America and Canada. The series is not sanctioned by the FIA, but is sanctioned by the International Motor Sports Association (IMSA), a sanctioning body in the USA. Not to be confused with the famous 24 Hours of Le Mans, the American Le Mans Series began in 1999. Team-points champions and runners-up in each class at the end of the season qualify for the 24 Hours of Le Mans race in the following year. Two categories of car compete in the American Le Mans Series: the prototype classes (LMP1 and LMP2) and the Grand Touring classes (GT1 and GT2). Each car is driven by two or three drivers, depending on the length of the race, and all classes of car race together at the same time. In 2000, an American Le Mans Series event was held in Adelaide. Known as the Race of a Thousand Years, the event was an endurance race run on the Adelaide Street Circuit on New Year's Eve 2000 as the final round of the American Le Mans Series season. The race was supposed to be held over 1000km, but was controversially stopped after only completing 850km. The South Australian Government cancelled its contract with the American Le Mans Series after the 2000 event.
Ownership	American Le Mans Series is owned by the Panoz Motor Sports Group. Panoz Motor Sports Group also owns the International Motor Sports Association (IMSA), which sanctions the ALMS.
Financial records	Dun & Bradstreet report: Panoz Motor Sports Group - As at 13 November, 2009: - Financial Stress rating: 3 (1-low; 5-high) - Dun & Bradstreet was "unable to obtain sufficient financial information from this company to calculate business ratios".
No. of cars	24 cars
Type	4 classes: - LMP 1 and 2 - GT 1 and 2

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

AMERICAN LE MANS SERIES			
Race format	• 1 hour 40 minutes to 12 hours • Likely to be 100-120 minutes		
TV broadcast	31 countries, with the main focus on the US market		
Scheduled races	• 9 rounds: ▪ 8 rounds – USA ▪ 1 round – Canada		
2010 calendar	Dates	Event	State
	17-20 March	Twelve Hours of Sebring	Florida, USA
	16-17 April	Long Beach Grand Prix	California, USA
	20-22 May	Monterey Sports Car C'ships	California, USA
	9-11 July	Utah Grand Prix	Utah, USA
	23-24 July	Northeast Grand Prix	Connecticut, USA
	5-7 August	Mid-Ohio	Ohio, USA
	20-22 August	Road Race Showcase	Wisconsin, USA
	27-29 August	The Grand Prix of Mosport	Ontario, Canada
	29 Sept-2 Oct	Petit Le Mans	Georgia, USA
Possible dates	• Last race – Atlanta, 2 October, 2010. • ALMS preferred dates are 28-30 October, 2010.		
Event positives	• Series continues the positive US history of motor racing on the Gold Coast. • An Australian driver and 2009 champion, David Brabham, competes in the series. • Four categories and two uniquely different types of race cars. • Would be the last round in the championship. • Established and proven series. • Factory backed teams compete in all four classes. • Ten manufacturers from USA, Europe and Japan support the series. • Winner of series qualifies for the famous 24-hour Le Mans endurance race.		

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

AMERICAN LE MANS SERIES	
Marketing positives	• Established 'Le Mans' brand, which has wide global brand recognition among motorsport fans as well as the general market. • Strong manufacturing support representing key motoring brands such as Ferrari, BMW, Porsche, Corvette and Ford. • Leader in 'green' racing. • Good US TV broadcast package compared to other US-based series. • Pre-promotional opportunities with the event being late in the season • Association with the 24-hour Le Mans race.
Category risks	• Legacy of unsuccessful Adelaide event in 2000 – issues and media attention. • North American-based racing series that races only in the USA and Canada – the Gold Coast would be its only overseas round.

GP2 SERIES (EUROPE)	
Background	The GP2 Series (Europe) is an international, open-wheel series that began in 2005 and replaced the long-term Formula One feeder series Formula 3000. GP2 has now established itself as the feeder series for Formula One and is designed to make racing accessible and affordable for teams. Most GP2 Series races are support races to European Formula One races. The 2009 GP2 Series season, the fifth for GP2, consisted of 10 rounds, nine of which supported Formula One races. Since 2005, GP2 has seen many drivers hone their skills in the GP2 series and go on to drive in Formula One. More than one-third of the current Formula One drivers have graduated from the GP2 Series. Lewis Hamilton, the winner of the 2008 Formula One World Championship, was also the winner of the GP2 Series in 2006.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

GP2 SERIES (EUROPE)			
Ownership	The GP2 Series is owned by GP2 Motorsports Limited. The immediate parent company of GP2 Motorsports Limited is Gamma Topco Limited, a wholly owned subsidiary of Delta Prefco Limited, which is majority owned and controlled by funds under the management of CVC Capital Partners. The <i>Telegraph</i> in the United Kingdom reported in 2007 that CVC "has bought into the sport's feeder series GP2 in a deal estimated to be worth about £150m"¹³. The report also said that "CVC's investment funds have about a 70pc stake in Delta Topco (F1's ultimate holding company)"¹⁴. Mr Bernie Ecclestone, the influential figure behind Formula One, also holds equity in GP2 through his family trust and direct shareholdings.		
Financial records	Dun & Bradstreet Report: GP2 Motorsports Limited - As at 31 December, 2008: - Operating profit: 3,359,569 Euro (\$4.9 million Euro is one-off revenue due to sale of new cars to teams) - Net assets: 3,312,259 Euro - Cash at hand: 3,357,514 Euro - Risk Assessment: 1 (minimum risk of business failure)		
No. of cars	26		
Type	One-make: - Dallara chassis - Renault V8		
Race format	2 x races: - Saturday feature race (pit) - Sunday sprint race (no pit)		
TV broadcast	Approximately 30 countries, with the main focus being Europe, Asia and the USA		
Scheduled races	11 rounds, with 10 rounds supporting F1 Grands Prix in Europe		
2010 calendar	Dates 8-9 May 15-16 May 29-30 May 19-20 June 26-27 June	Country Spain Monaco Turkey Portugal Spain	Supporting Spanish Grand Prix Monaco Grand Prix Turkish Grand Prix Stand-alone event European Grand Prix

¹³ Reid, C. and Sylt, C., "CVC Takes Wheel With GP2", *Telegraph*, 19 Oct. 2007.

¹⁴ Reid, C. and Sylt, C., "CVC Takes Wheel With GP2", *Telegraph*, 19 Oct. 2007.

FUTURE OPTIONS FOR THE GOLD COAST MOTORSPORT EVENT

GP2 SERIES (EUROPE)			
	10-11 July 24-25 July 31 July - 1 Aug 28-29 August 11-12 September 13-14 November	United Kingdom Germany Hungary Belgium Italy United Arab Emirates	British Grand Prix German Grand Prix Hungarian Grand Prix Belgian Grand Prix Italian Grand Prix Abu Dhabi Grand Prix
Possible dates	- Round 10 scheduled for 11-12 September, 2010, in Italy. - Round 11 scheduled for 13-14 November in the United Arab Emirates. - An October for Gold Coast possible in 2010; however, there is no confirmation post-2010.		
Event positives	- Established and strong series backed by an ownership group that includes Bernie Ecclestone. - Replaces an open-wheel category with an open-wheel category. - Features the best emerging open-wheel drivers in the world. - Most advanced open-wheel cars after Formula One. - GP2 races at Europe's premier motorsport events (Formula 1 Grand Prix). - Cars race at close to Formula One speeds and would suit the Gold Coast track.		
Marketing positives	- High-quality drivers – former GP2 drivers include Lewis Hamilton (2008 Formula One World Driver's Champion). - Pre-promotional opportunities with the event being late in the season. - Fast and impressive cars.		
Category risks	- GP2 predominantly races in Europe and will take time to build an audience in Australia. - Series viewed as a Formula One support category. - No confirmation of October race date post-2010. - Additional capital cost to increase barrier fencing height under new FIA safety regulations for 'open-wheeler' racing car events.		

RECOMMENDATION OF A NEW INTERNATIONAL MOTORSPORT EVENT

The three shortlisted international motorsport events are being assessed by Gold Coast Motor Events Company (GCMEC) on the basis of:

- cost and commercial viability
- potential to attract new motor racing fans from Australian and New Zealand markets
- capacity to increase the television audience reach of the Gold Coast Motorsport Event in Asia, Europe and USA
- potential to 'add value' to the Gold Coast Motorsport Event and complement the V8 Supercars Championship Series event, and
- ability to provide a credible and internationally recognised motor racing series event that will enhance the Gold Coast Motorsport Event's national and international reputation and standing.

AMERICAN LE MANS SERIES EVENT

The American Le Mans Series was considered too expensive for GCMEC to deliver a commercially viable event. There was also concern that the media would focus negative attention on the unsuccessful Le Mans series event in Adelaide in 2000, which could continue the adverse publicity that surrounded the AIGP series.

FIA GT1 WORLD CHAMPIONSHIP SERIES EVENT

A GT1 World Championship Series is financially viable and would be the least expensive of the three shortlisted events. In addition, it has the status of being a FIA sanctioned World Championship Series event. However, there are concerns that as 2010 will be the first year for GT1 as a world championship series, and as it is still finalising teams and sponsors, there may be some risk associated with the category.

The owners of the new GT1 World Championship Series are well-regarded in motorsport and have successfully run other championship events and series, including the GT3 European Championships, GT4 European Cup and the British F3 International Series. The international television reach of GT1 is still being confirmed for the 2010 season. *Appendix 25* details the present status of the international television distribution for the 2010 FIA GT1 World Championship Series.

RECOMMENDATION OF A NEW INTERNATIONAL MOTORSPORT EVENT

GP2 SERIES (EUROPE) EVENT

The GP2 Series (Europe) is the most financially stable of the three shortlisted events. GP2 Motorsports Limited, which owns the series, had a Dun & Bradstreet risk indicator of one (minimum risk of business failure) and a financial strength rating of 2A (based on a net worth of \$2.625 million GBP). The GP2 Series is a well-established motorsport category, with a low level of financial risk; however, it is relatively unknown in Australia and, like the Indy Car series, it will take time to build a following.

The GP2 Series has established a reputation as arguably the strongest 'open-wheeler' motor racing category sanctioned by FIA outside Formula 1. The series began in 2005 and claims one-third of today's Formula 1 drivers have come through the GP2 Series, including 2008 F1 world champion, Lewis Hamilton.

In 2010, the GP2 race calendar will include 10 events, nine of which will be as support events to all the Formula 1 Grand Prix events in Europe.

The cost of securing a GP2 Series (Europe) event is high and will put pressure on the GCMEC budget, particularly as it will also be important to allocate additional funding for marketing and promotion of the 2010 Gold Coast Motorsport Event after the significant reduction in spectator numbers and the negative publicity surrounding the 2009 event.

A major issue with the GP2 (Europe) Series is that it has not yet been able to confirm a long-term commitment to race on the Gold Coast in October after 2010. Its race calendar can only be confirmed after Formula 1 finalises its calendar for each season.

An additional financial issue in contracting with the GP2 (Europe) Series is a new safety requirement by FIA that requires race tracks hosting international 'open-wheeler' events to meet minimum FIA height requirements for trackside fencing. This is likely to cost GCMEC between \$2.5 million to \$3 million to upgrade the existing trackside fencing for the Gold Coast Motorsport Event.

In respect of its television broadcast distribution, GP2 is in its sixth season and has TV network coverage in Europe, the Americas, Asia-Pacific and Africa. It has not been possible to determine the audience reach (potential number of households covered by contracted TV networks in each country) at this time. GCMEC will need to ensure that it is satisfied with the international network coverage into the Gold Coast's tourism priority markets. A full list of countries that take live, delayed or highlights packages of the GP2 Series telecast is in *Appendix 26*.

RECOMMENDATION OF A NEW INTERNATIONAL MOTORSPORT EVENT

RECOMMENDATION

GCMEC is still in the process of negotiating with the owners of two of the shortlisted international motorsport series, GP2 (Europe) and GT1 World Championship Series Event. The process of finalising a due diligence assessment, agreeing race dates, warranties, performance clauses and contractual details etc are still being undertaken at the time of concluding the report.

It is recommended that prior to agreeing a contract with either of the two shortlisted motor racing series (GP2 (Europe) and GT1 World Championship Event) that the GCMEC due diligence assessment should incorporate the following criteria:

- verification of international television audience reach in the Gold Coast tourism priority markets
- verification of the financial viability of both shortlisted series
- verification of the company structure and financial status of the proposed contracting company for each series
- appropriate warranties, guarantees and performance clauses are agreed and contained in the sanction agreement
- independent advice and verification from motor racing experts as to the international status and standing of both series
- the cost of meeting new FIA safety requirements for trackside fencing being accommodated within the existing budget for the event (if GP2 (Europe) is the preferred series)
- the cost to secure either series event being economically viable based on GCMEC's existing budget, and
- an October race date guaranteed through to 2014.

If neither of the shortlisted international motorsport series meet the assessment requirements of GCMEC then both the Queensland Government and GCMEC will need to consider the option of creating a Gold Coast Motorsport Festival around a 'Grand Slam' V8 Supercar Championship Series event with an enhanced 'on' and 'off track' program of events.

Appendix 1 – Consultation List

- The Hon. Phil Reeves, Minister for Child Safety and Minister for Sport, Member for Mansfield, Queensland State Government
- The Hon. Judy Spence, Former Minister for Police, Corrective Services and Sport, Member for Sunnybank, Queensland State Government
- The Hon. Peter Lawlor, Minister for Tourism and Fair Trading, Member for Southport, Queensland State Government
- Mr John-Paul Langbroek, Leader of the Opposition, Leader of the LNP, Shadow Minister for the Arts, Member for Surfers Paradise, Queensland State Government
- Mr Ray Stevens, Shadow Minister for Tourism and Fair Trading, Member for Mermaid Beach, Queensland State Government
- Mr Jack Dempsey, Shadow Minister for Child Safety and Shadow Minister for Sport, Member for Bundaberg, Queensland State Government
- Mr Glenn Poole, Auditor-General, Queensland Audit Office, Queensland State Government
- Ms Linda Apelt, Director-General, Department of Communities, Queensland State Government
- Ms Ruth Brown, Acting Deputy Director General, Sport and Recreation Services, Department of Communities
- Ms Sharon Hodges, Acting Manager Business Development and Advice, Sport and Recreation Services, Department of Communities (and Secretariat to Gold Coast Events Company)
- Mr Michael Kinnane, Associate Director-General, Department of Infrastructure and Planning (former Director-General, Department of Local Government, Sport and Recreation)
- Mr Tim Poole, Project Director, Gold Coast Rapid Transit Project, Department of Transport
- Mr Terry Mackenroth, Chairman, Gold Coast Motor Events Company (resigned 30 November 2009) and Chairman, Gold Coast Events Company (resigned 30 November 2009)
- Mr Chris White, Interim Chairman, Gold Coast Events Company and Managing Director, International Quarterback

- Mr Greg Hooton, General Manager, Gold Coast Motor Events Company
- Mr Ian Whitehead, Managing Director, Gold Coast Events Company (resigned 30 November 2009); Observer, Gold Coast Motor Events Company (resigned 30 November 2009) and General Manager Operations, Stadiums Queensland
- Mr Andrew Hogg, Director, Gold Coast Events Company and Regional General Manager, QANTAS
- Mr Gordon Pitt, Legal Counsel, IMG representative, Gold Coast Motor Events Company
- Mr Steve McRoberts, Observer, Gold Coast Motor Events Company and Executive Director, Marketing, Tourism Queensland
- Mr Geoff Jones, Observer, Gold Coast Motor Events Company and Chief Executive Officer, Ticketek (resigned 31 December 2009)
- Mr Peter Graham, Independent, Gold Coast Motor Events Company and Managing Director, Allied Brands
- Mr Tony Cochrane, Chairman, V8 Supercars Australia
- Mr Gary Connelly, Australian Delegate, Fédération Internationale de l'Automobile (FIA)
- Mr Graeme Fountain, Chief Executive Officer, CAMS
- Mr Phil Ward, Aussie Racing Cars
- Mr Paul Cherry, General Manager, Franchise and Special Projects, A1GP World Cup of Motorsport
- Mr Alan Evans, Chairman, A1GP Australia Pty Ltd
- Mr Alan Jones, Seat holder and Team Director, A1 Team Australia
- Mr Rod Paech, General Manager, A1GP World Cup of Motorsport
- Mr Brett Murray, Founder, BAM Media
- Mr Bill Gibson, Gibson Freight
- Mr Ron Clarke, Mayor, Gold Coast City Council Gold Coast City
- Ms Susie Douglas, Councillor of Division 7 (Surfers Paradise), Gold Coast City Council

- Ms Laura Younger, President, Surfers Paradise – Broadbeach Chamber of Commerce, Vice President, Gold Coast Combined Chamber of Commerce
- Ms Rowena Howe, Chief Executive Officer, Surfers Paradise Alliance
- Mr Martin Winter, Chief Executive Officer, Gold Coast Tourism Corporation Limited
- Mr John Witheriff, Chair, Business GC Advisory Board
- Mr Anthony Hayes, Chief Executive Officer, Tourism Queensland
- Mr Michael Denton, Chief Executive Officer, Queensland Events
- Mr Kevin Simmonds, Event Development Manager, Sport and Strategic Events, Events New South Wales
- Mr Colman Ridge, Director, Greenfest
- Dr Chris Hunn, Strategic Facts

Appendix 2 - International TV Contracts: V8 Supercars Australia

Customer	Territories	No. of Countries	Licence	Programs	Mode Of Transmission
Motors TV	Europe - United Kingdom (SKY & Virgin), France, Czech Republic, Holland, Estonia, Germany, Macedonia, Serbia, Russia, Portugal, Latvia, Greece, Slovenia, Romania, Cyprus, Belgium, Ukraine, Spain, Malta, Hungary, Iceland, Sweden, Albania, Austria, Bulgaria, Denmark, Switzerland, Lithuania, Monaco, Poland, Slovakia, Norway.	36	Non-exclusive	Full Coverage International live feed 1 Season Preview Programme 1 Season Review Programme 26 V8XTRA Programmes (24 x 30', 2 x 60')	Cable and Satellite Subscription
Channel 5	United Kingdom, Isle Of Man, Channel Islands.	6	Exclusive	16 x 52' Race Highlights Programs with One Break 1 x 104' Race Highlights Programme Bathurst with 2 Breaks	Free Terrestrial
Band Sports	Brazil	1	Non-exclusive	16 x 52' Race Highlights Programs with One Break 1 x 104' Race Highlights Programme Bathurst with 2 Breaks 1 Season Preview Programme 1 Season Review Programme	Pay TV
Motor Sport Mundial, Greenlight	Worldwide	Global	Non-exclusive	16 x 52' Race Highlights Programs with One Break 10 minutes edited highlights within Magazine show 1 x 104' Race Highlights Programme Bathurst with 2 Breaks	Free to Air, Cable, In Flight

Drive TV - AM Group - Moscow Russia	Moscow, St Petersburg, Ufa, Kemerovo, Kachkanar, Latvia, Estonia, Belarus, Kazakhstan, Ukraine, Moldova, Azerbaijan.	12	Non- exclusive	16 x 52' Race Highlights Programs with One Break 1 x 104' Race Highlights Programme Bathurst with 2 Breaks	Cable, Satellite and subscription
AXN Asia	Brunei, Cambodia, Hong Kong, Indonesia, Japan, Macau, Malaysia, Maldives, Nepal, Palau, Papua New Guinea, Philippines, Singapore, Sri Lanka, Taiwan, Thailand, Vietnam.	17	Non- exclusive	16 x 52' Race Highlights Programs with One Break 1 x 104' Race Highlights Programme Bathurst with 2 Breaks 1 Season Preview Programme 1 Season Review Programme	Cable, Satellite and subscription
Setanta GB	Great Britain and the Republic of Ireland.	4	Non- exclusive	16 x 52' Race Highlights Programs with One Break 1 x 104' Race Highlights Programme Bathurst with 2 Breaks 1 Season Preview Programme 1 Season Review Programme	Satellite and Cable
Speed - Latin America	Latin America - Anguilla, Aruba, Antigua, Argentina, Bahamas, Barbados, Barbuda, Belize, Bolivia, Brazil, British Virgin Islands, Cayman Islands, Chile, Columbia, Costa Rica, Dominican Republic, Ecuador, El Salvador, Grenada, Guadeloupe, Guatemala, Guyana, Haiti, Honduras, Jamaica, Martinique, Mexico, Montserrat, Netherland Antilles, Nicaragua, Panama, Paraguay, Peru, St Christopher, (St Kitts) and Nevis, St Lucia, St Marten, St	43	Non- exclusive	16 x 52' Race Highlights Programs with One Break 1 x 104' Race Highlights Programme Bathurst with 2 Breaks	Satellite and Cable

	Vincent, and The Grenadines, Suriname, Trinidad and Tobago, Turks and Caicos Islands, Uruguay, Venezuela.				
Motor Sports Media, USA	North America	1	Non-exclusive	16 x 52' Race Highlights Programs with One Break 1 x 104' Race Highlights Programme Bathurst with 2 Breaks	Satellite and Cable
TV3 New Zealand	New Zealand	1	Exclusive	Full Coverage International live feed 1 Season Preview Programme 1 Season Review Programme 25 V8XTRA Programmes (24 x 30', 2 x 60')	Free to Air, Telephony
Bahrain International Circuit (Bahrain TV)	North Africa including Libya, Morocco, the Sudan, Algeria, Egypt, Middle East including Lebanon, Syria, Palestine, or Palestinian Territory, Kuwait, Yemen, Bahrain, Oman, Qatar, Saudi Arabia, the U.A.E., Iran, Iraq, Pakistan and India.	19	Exclusive	Full Coverage International live feed	Satellite
TOTAL		140*			

Appendix 3 - Ministerial Statement

15 May 2008

Ministerial Statements

1705

Minor Facilities Program; Gold Coast Indy

Hon. JC SPENCE (Mount Gravatt—ALP) (Minister for Police, Corrective Services and Sport) (9.59 am): A key challenge we face as a community is addressing the increasing levels of obesity and inactivity. It is important that Queenslanders of all ages are encouraged to pursue active, healthier lifestyles. I am sure many members will be pleased to know that on Monday I will be opening the department of sport's Minor Facilities Program and the Club Development Program for 2008.

This year the Minor Facilities Program will be a \$7.5 million grant program which is available to sporting clubs and organisations for minor construction, extension or upgrade works to sport and recreation facilities for local sporting competitions and for community participation in active recreation activities—for example, upgrades to or the development of new sports fields and outdoor courts, projects which incorporate water-saving initiatives as part of the scope of works or installing lighting or the upgrade of lighting to competition standards as well as other items. Eligible organisations which apply for grants must contribute one-third towards the total project cost. The maximum project cost is \$200,000.

The Club Development Program is a \$3 million program where clubs can apply for \$4,000 grants for education and training, participation initiatives and organisational planning aimed at increasing participation in local areas—for example, a series of come-and-try days, after school hours or holiday activities, player coaching clinics for new members or participants or establishing new competitions in the local area. Those organisations which are based in rural and regional locations can apply for an extra \$1,000 for travel and higher program cost delivery.

The release of these funding programs is highly anticipated by the local community and is a very positive way in which the Bligh government will tackle the obesity epidemic head on. Specific details for the programs will be available on the department of sport and recreation web site or, alternatively, applicants can contact the nearest departmental office on telephone number 1300656191. I strongly encourage all members to encourage all eligible applicants to take this opportunity to submit an application under these programs.

As I have mentioned previously, the Gold Coast Indy, which was a part of Champ Car, has merged with the Indy Racing League to form one of the world's greatest open wheel racing competitions. Next week I will be visiting Indiana in the United States, home of the Indianapolis 500, to meet with Indy Racing League's chairman, Tony George, to finalise details for this year's event. I will also be meeting with Kevin Kalkhoven, who together with Jimmy Vasser has signed Queensland's own Will Power to their new motor racing company, KV Racing Technology. With a new Indy event this year and a V8 event in Townsville next year, Queensland looks set to further establish its credentials as a premium motor racing state.

Appendix 4 – 2005 – 09 A1GP Seasons

2005- 06 A1 Grand Prix Season

Round	Date	Country	Circuit
1	25 September 2005	United Kingdom	Brands Hatch
2	9 October 2005	Germany	EuroSpeedway Lausitz
3	23 October 2005	Portugal	Autódromo do Estoril
4	6 November 2005	Australia	Eastern Creek Raceway
5	20 November 2005	Malaysia	Sepang International Circuit
6	11 December 2005	United Arab Emirates	Dubai Autodrome
7	29 January 2006	South Africa	Durban street circuit
8	12 February 2006	Indonesia	Sentul International Circuit
9	26 February 2006	Mexico	Parque Fundidora Monterrey
10	12 March 2006	United States of America	Laguna Seca
11	2 April 2006	China	Shanghai International Circuit

2006- 07 A1 Grand Prix Season

Round	Date	Country	Circuit
1	1 October 2006	Netherlands	Circuit Park Zandvoort
2	8 October 2006	Czech Republic	Auto Motodrom Brno
3	12 November 2006	China	Jingkai Street Circuit, Beijing
4	26 November 2006	Malaysia	Sepang International Circuit
5	10 December 2006	Indonesia	Sentul International Circuit
6	21 January 2007	New Zealand	Taupo Motorsport Park
7	4 February 2007	Australia	Eastern Creek Raceway
8	25 February 2007	South Africa	Durban street circuit
9	25 March 2007	Mexico	Autódromo Hermanos Rodríguez
10	15 April 2007	China	Shanghai International Circuit
11	29 April 2007	United Kingdom	Brands Hatch

2007- 08 A1 Grand Prix Season

Round	Date	Country	Circuit
1	30 September 2007	Netherlands	Circuit Park Zandvoort
2	14 October 2007	Czech Republic	Brno Circuit
3	25 November 2007	Malaysia	Sepang International Circuit
4	16 December 2007	China	Zhuhai International Circuit
5	20 January 2008	New Zealand	Taupo Motorsport Park
6	3 February 2008	Australia	Eastern Creek Raceway
7	24 February 2008	South Africa	Durban street circuit
8	16 March 2008	Mexico	Autódromo Hermanos Rodríguez
9	13 April 2008	China	Shanghai International Circuit
10	4 May 2008	Great Britain	Brands Hatch

2008- 09 A1 Grand Prix Season

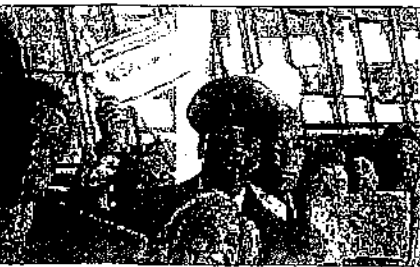
Round	Date	Country	Circuit
	21 September 2008	Italy	Autodromo Internazionale di Mugello
1	5 October 2008	Netherlands	Circuit Park Zandvoort
2	9 November 2008	China	Chengdu International Circuit
3	23 November 2008	Malaysia	Sepang International Circuit
4	25 January 2009	New Zealand	Taupo Motorsport Park
	8 February 2009	Indonesia	Jakarta Street Circuit
5	22 February 2009	South Africa	Kyalami
6	12 April 2009	Portugal	Autódromo Internacional do Algarve
7	3 May 2009	Great Britain	Brands Hatch
	24 May 2009	Mexico	Autódromo Hermanos Rodríguez

*N.B. Events highlighted in yellow were cancelled.

THE WALL STREET JOURNAL.

Make it happen

The Royal Bank of Scotland Group brings you a series of exclusive interviews with modern business leaders, all of whom have used either ingenuity, clarity of thought or resourcefulness to make it happen for their business.



Spinning Their Wheels --- Lack of Sponsor Interest Plagues Hedge-Fund Bet On Racing's 'World Cup'

By Camilla Webster
24 April 2007
The Wall Street Journal

Related Links:

STREET SAVVY: Mixing Fun And Profit With Sports Indexes

Dow Jones NewsWires, 18 June 2007

Formula 1: The inside track on

Formula 1

The Wall Street Journal Europe, 9 March 2007

Formula 1 -- Drivers, start your engines: The race is on to crown

Formula 1's new king

The Wall Street Journal Europe, 9 March 2007

Pursuits -- Racing books: right on track

The Wall Street Journal Europe, 24 Nov. 2007

Philip Richards is the darling of the London hedge-fund circuit in large part because of the stratospheric financial returns realized from high-risk investments in nickel, copper and other natural-resource companies selling to Asia.

But in December, the RAB Capital PLC chief executive strayed into another unpredictable investment: auto racing. The RAB Special Situations fund paid \$200 million to purchase an 80% stake in the A1GP racing series from one of its founding investors, Sheikh Maktoum Hasher Maktoum Al Maktoum, the 30-year-old scion of Dubai's royal family.

A1GP -- in which largely unknown young drivers compete under their nation's flags in a series of 11 International events -- seemed like an ideal platform from which multinational advertisers could put their products and logos in front of the developing world's millions of budding consumers. High-profile global sponsors were all that were needed to turn the series into what RAB envisioned as "the World Cup of Motorsport." An initial public offering of shares in A1 Holdings Ltd. was slated for this month. "You can grow businesses from small beginnings, and I think this does have global appeal," Mr. Richards says.

But the series has hit some serious speed bumps. It hasn't signed an international sponsor, the cost of holding its races is spiraling upward, some events have been canceled or are in danger of not being run again, and the IPO has been delayed.

"I don't know that RAB fully understood what they were buying, the hill that they have to climb or the competition in the marketplace for entertainment," says Mark Coughlin, executive vice president of Octagon Racing Group, a Norwalk, Conn., sports-marketing firm that negotiates auto-racing sponsorships. "Simply put, there is no value. . . . No one knows the drivers, the cars are uninteresting and the xenophobic concept of my-country-racing-against-yours doesn't hold water because America's best drivers aren't competing, or [the best] drivers from other countries."

Without a single global advertising partner on board for the series, it calls into question whether A1GP can establish itself as a viable open-wheel racing series alongside those governed by the Federation Internationale de l'Automobile -- including Formula One, which is considered the sport's highest level of drivers and technology, is lavishly sponsored and is avidly followed in hundreds of countries world-wide. In the U.S., where Formula One has a modest fan base, A1GP must contend with sponsorship juggernaut NASCAR, which governs several immensely popular stock-car racing series in North America.

A1GP -- which Mr. Richards says currently makes up 5.5% of the RAB Special Situations fund -- lost \$240 million in the 2005-2006 season, according to Pete da Silva, the former CEO of Siemens South Africa who was named A1GP's chief executive in a February restructuring. But Mr. Richards, the Oxford University educated fund manager, says it is too soon to judge A1GP a success or failure. "Never overestimate what you can achieve in one year," he says, "and underestimate what you can achieve in five years. We say it over and over again."



**Sir Jacki
Video Ar**

**Do
Sir**

RAB has banked on the concept of fielding 23 national teams -- including such countries as Pakistan, Malaysia, China, Brazil and India -- as a way to attract advertisers hungry to reach consumers in rapidly developing countries.

A1GP had hoped to sign Coca-Cola Co., but Coke declined. Both the U.S. and the China team approached computer maker Lenovo Group Ltd., but the computer maker said no and signed instead with Formula One for 2007. "Formula One is a great place to build the Lenovo brand because it reinforces what our company stands for. It's highly international, it's based on the best engineering in the world, and it's completely driven by innovation and performance," says Lenovo spokesman Bob Page.

Adrian Sussmann, a vice president at CSS Stellar Management, a sports management company that works on both Nascar and FIA events, says, "From what I can see, it is going to be a struggle [for A1GP] to get sponsorship. . . . Any business taking that kind of loss in 2005 -- you have to wonder how long they can do it for?"

But Mr. da Silva notes A1GP is just 20 months old and in only its second season, compared with premier race organizations that have been around for decades. He says he will put "disciplines" in place for next year that will put A1GP in the black and then improve its profitability in the fourth season. "I've got my head on the block for season four," he says. "We've got to achieve in our fourth year what Formula One achieved in its first 10 or 20 years."

Besides series partners, A1GP teams are having difficulty attracting sponsors to defray the \$3 million to \$5 million a year it costs them to operate. Rick Weidinger, the A1 Team owner in the U.S., signed up Berkshire Hathaway Inc.'s Geico to sponsor the U.S. team last year. But Geico is no longer sponsoring the team, according to Kimberly Aiello, account manager for Geico at its media agency, Horizon Media.

The 2006-2007 A1GP season started out well enough in October in the Netherlands. The Dutch prime minister was among some 140,000 people who attended. But things began to get rocky in November in Beijing. The race there presented problems, including crowd-control issues and stretches that were too tight for cars to negotiate. Local press reports quoted the Beijing organizers as saying they refused to lose another \$2.6 million and so were bowing out for next year. Liu Yu, owner of the A1 Team China, denies the event has been scrapped.

But it wasn't until February, at the A1GP race in Durban, South Africa, that a race turned into a public-relations migraine for A1GP. It cost A1GP some \$33 million, according to Mr. da Silva. Attendance was strong, but organizers enraged the city's merchants by closing off streets to traffic without much notice, prompting the local papers to admonish organizers. Readers wrote in to call the race a "debacle." The head of South Africa's A1GP team, quit after the Durban race. Michael Sutcliffe, Durban's city manager, says local people were incensed by a sudden increase in the price of tickets in the weeks before the race went off. The bad news continued. Rio de Janeiro dropped out in March for want of a Brazilian TV network to broadcast the race.

But South African diamond-mining executive and natural resources investor Tony Teixeira, who co-founded what was then called A1 Grand Prix with Sheikh Maktoum and still retains an interest in the series, says his 2004 investment in A1GP amounted to some \$200 million and was worth every penny. Despite the lack of corporate sponsors and money-losing races, Mr. Teixeira says he has almost broken even, by virtue of A1GP's VIP club, the "Pangaea Club."

VIP tents are a common feature at motor-sport events, providing sponsors, team owners, organizers and other elite guests with five-star amenities. But A1GP gives the VIP tent tradition an unusual and crucial twist: It brings the usual VIPs literally under the same tent as high-level government officials from around the world, who are attending the race to see their national teams compete. "The access to leaders in one room is huge to businessmen," Mr. Teixeira says. It has "nothing to do with motor-racing. They want to meet so-and-so from China and Indonesia." RAB Capital declined to comment on the Pangaea Club.

Meanwhile, A1GP has engaged Nomura Securities to raise an institutionally targeted debt financing in anticipation of the future IPO. And as part of a restructuring in February, it has hired Scott Hollingsworth, a marketing executive whom A1GP credits with turning around the financial picture for AMA Pro Racing, a motorcycle-racing series, to oversee franchise and event sales and marketing.

Hugh Chambers, a consultant to the French and Swiss A1GP teams, which finished first and second in the 2005-2006 season, recalls that before the start of that season, "there was huge enthusiasm in A1 management." Now, he says, "they've been beaten by reality." Still, he says, they are in a start-up phase. Today, he says, "people lick their lips when [Formula One impresario] Bernie Ecclestone does another bond issue, but it took 40 years."



RAB Tries to Halt Redemptions After Loss on Racing Investment

Share | Email | Print | A A A

By Tom Cahill and Elisa Martinuzzi

Sept. 10 (Bloomberg) -- **RAB Capital Plc** is trying to freeze client redemptions for three years to avoid liquidating its flagship hedge fund, which lost almost half its value this year after writing down an investment in a motor-racing franchise.

Special Situations, RAB's largest fund, lost 22 percent in August, bringing this year's decline to 48 percent. Most of the loss came from its private-equity stake in A1GP, a rival to Formula One, London-based RAB said in a letter to investors today.

RAB Chief Executive Officer **Philip Richards** stepped down this month to concentrate on the fund, which returned 1,475 percent in 2003. Richards, who initially had four-fifths of the fund invested in natural resource companies, widened its focus to include the racing company and 35 million shares of **Northern Rock Plc**, the U.K. mortgage lender nationalized by the government.

"In a worst-case scenario, unwinding of this could pose a significant threat to the franchise, said **Irfan Younus**, an analyst at NCB Stockbrokers in London who rates the stock "reduce."

RAB rose 0.8 percent to 29.5 pence in London, valuing it at 147 million pounds. The stock is down 66 percent this year.

RAB said investors have until Sept. 29 to vote on the plan, which would cut fees and postpone redemptions until Oct. 3, 2011. It will liquidate the **investments** if it's unable to get investor support for the new structure, the company said.

At least 75 percent of investors voting in the fund's Cayman Island-listed vehicle would need to approve the plan, according to **Stephen Couttie**, who took over as CEO this month.

'In It Together'

"Investors have indicated this lockup will be fine as long as everyone's in it together," Couttie said in an interview today.

The family of **Lakshmi Mittal**, one of Britain's wealthiest men and head of the world's largest steel company, is one of the company's biggest investors, with a 10.4 percent stake. The family invested \$200 million in Special Situations in December 2006 with an agreement to keep the investment for at least three years.

RAB told investors it was the third time it had written down the value of the racing franchise, which was supposed to create a "World Cup of Motorsport" with national teams racing identical cars, according to its Web site.

The fund paid \$200 million in December to purchase an 80 percent stake in the A1GP racing series from **Sheikh Maktoum Hasher Maktoum Al-Maktoum** of Dubai's royal family. It has yet to gain popularity with motor racing enthusiasts, and RAB delayed plans for an April 2007 initial public offering.

RAB also was hurt by its investments in natural resource companies, which have been hammered by a collapse in commodity prices. Ospraie Management LLC, the New York investment firm run by **Dwight Anderson**, said last week it was closing its biggest fund after it slumped 39 percent on bad bets on commodities stocks.

Cutting Fees

Special Situation's assets under management fell to \$923 million as of Sept. 1 from \$1.4 billion on June 30 and \$2 billion in December 2007 and as much as \$2.3 billion on June 30 2007.

Under RAB's existing arrangement, withdrawals are paid out quarterly and investors can ask for their money back by giving 180 days' notice. The fund manager is proposing cutting management fees to 1 percent from 2 percent, and annual performance fees would fall to 15 percent from 20 percent, RAB said.

“We're trying to tell investors we don't want to liquidate in these markets and their best interest is committing to a longer duration,” Couttie said. “Our proposal is anchored in the belief that we can win this vote, but in the event we don't, we still want a fair solution for investors.”

To contact the reporter on this story: **Elisa Martinuzzi** in Milan at emartinuzzi@bloomberg.net **Tom Cahill** in London at tcahill@bloomberg.net

Last Updated: September 10, 2008 13:19 EDT



©2009 BLOOMBERG L.P. ALL RIGHTS RESERVED. [Terms of Service](#) | [Privacy Policy](#) | [Trademarks](#)

RAB in plea to fund investors



By James Mackintosh in London

Published: September 11 2008 03:00 | Last updated: September 11 2008 03:00

RAB Capital's flagship hedge fund has plunged by almost half this year after it wrote down stakes in private companies including A1 Grand Prix, the motor racing series, and will be shut unless investors agree to lock up their money for three years.

RAB, one of a handful of London-listed hedge fund managers, yesterday confirmed a report in the Financial Times that it was asking investors in RAB Special Situations not to withdraw money, in return for a cut in fees. It said if it did not receive 75 per cent support the only "equitable" option would be to wind up the \$923m fund.

Significant losers from the 48 per cent drop in the fund so far this year include the family of Lakshmi Mittal, the steel baron who is its biggest investor. Mr Mittal - also a big investor in the shares of RAB - injected \$200m into Special Situations 18 months ago and has lost almost half of it.

The hedge fund is the latest in a long line to hit trouble and try to limit or stop withdrawals by investors, but RAB is relatively rare in threatening to close the fund if clients do not support its proposals.

Stephen Couttie, who is taking over as chief executive from Philip Richards, who is stepping down to spend more time managing Special Situations, said big investors in the fund had indicated they would like everyone locked in to the fund.

"The reason for the slightly binary nature of the proposal comes from conversations we had with investors beforehand," he said.

RAB, founded by Mr Richards and executive chairman Michael Alen-Buckley, said it had total assets under management of \$4.7bn, down from \$7.2bn at the start of the year.

Shares in RAB initially plummeted on the news yesterday, coming within 1p of the 24p-25p of cash and investments per share that analysts estimate it has. But they recovered to close up ¼p at 29½p, levels not seen for four years until this week.

Closing the fund would likely lead to big losses, analysts said, as it is heavily invested in Aim-listed mining stocks and unlisted companies.

Copyright The Financial Times Limited 2009. Print a single copy of this article for personal use. Contact us if you wish to print more to distribute to others.

Appendix 8 – Ministerial Media Statement

Joint Statement

Premier

The Honourable Anna Bligh

Minister for Police, Corrective Services and Sport

The Honourable John Spencer

Tuesday, November 11, 2008

MOTOR RACING CARNIVAL SET TO CONTINUE ON THE GOLD COAST

The thrills and spills of a world class motor racing carnival are set to continue on the Gold Coast, Premier Anna Bligh announced today.

Ms Bligh said Indy cars would no longer feature in the carnival but the exciting A1GP series would now join the V8s in October.

"We have reached in-principle agreement with the A1GP and expect to finalise contractual arrangements within the next week," Ms Bligh said.

"The A1GP is a world class racing series with an action packed race calendar that includes Great Britain, China, Mexico, Portugal, Malaysia, New Zealand, Indonesia, South Africa and The Netherlands.

"As a result of this deal Queensland will now be a permanent fixture on the calendar as well.

"The A1GP World Cup of Motorsport features national teams – including Australia – competing against each other on a level playing field with identical cars.

"It is true test of driver skill and determination with the cars lapping three to four seconds quicker than Indy cars.

"And instead of racing for a manufacturer, sponsor or driver they race for their national flag.

"The cars use cutting-edge technology with Ferrari signed up to a six year deal to manufacture and supply all racing engines and consult on design and manufacturing.

"Top drivers from around the world compete with the famous Andretti family fielding a team which will next year include one of this year's most popular drivers from the Indy Racing League – Danica Patrick

"I am sure the A1GP will be a terrific attraction for both 'revheads' and new fans to the world of motorsport.

"It will give a new lease of life to our event on-track with all the fun and excitement off-track also set to continue."

Minister for Sport Judy Spence said the Indy Carnival had undergone many incarnations in its 18 year history and this promised to be one of the most exciting.

"We have had Indy Cars, CART, Champ Cars and the Indy Racing League," Ms Spence said.

"However the A1GP series is one of the newest and most exciting in the world.

"It is unfortunate that hurdles in relation to timing of events and funding could not be overcome with the owners of the Indy Racing League.

"They have an expanded series of events and our Indy clashes with the early part of the American Football season. Moving our race to March as they had requested was not an option due to the clash with the F1 Grand Prix in Melbourne and the Clipsal V8 race in Adelaide.

"In addition a March race would have involved track construction right in the middle of January school holidays and we would not tolerate Gold Coast residents being inconvenienced in that way.

"It is disappointing but we will certainly not lose anything with the addition of the A1s".

Ms Spence said the addition of the A1GP series would once again showcase Gold Coast and Queensland to the world.

"The audience for A1GP continues to grow each year with the broadcast reaching more than 700 million household across the world during this year's season," she said.

"Television exposure equals tourism dollars and more international tourists to our shores.

"Our motor racing carnival generates around \$60 million for our economy each year and in these tough times it provides a terrific boost for the local economy and community."

Further information on the A1GP series is available at <http://www.a1gp.com>

November 11, 2008

Media Contact: Premier's Office – 3224 4500

A1GP

Hon. AM BLIGH (South Brisbane—ALP) (Premier) (10.19 am): Australia's premier sporting and entertainment event on the Gold Coast is set to roar into action. Indy cars will no longer feature in the carnival, but the exciting A1GP series will now join the V8s in October. We have reached in-principle agreement with the A1GP and expect to finalise contractual arrangements within the next week. The A1GP is a world-class racing series with an action-packed race calendar that includes Great Britain, China, Mexico, Portugal, Malaysia, New Zealand, Indonesia, South Africa and the Netherlands. As a result of this deal, Queensland's Gold Coast will now be a permanent feature on the A1 calendar as well. The A1GP World Cup of Motorsport features national teams, including Australia, competing against each other on a level playing field with identical cars. It is a true test of driver skill and determination, with the cars lapping three to four seconds quicker than Indy cars. Instead of racing for a manufacturer or a sponsor, they will be racing for their national flag. The cars use cutting-edge technology, with Ferrari signed up to a six-year deal to manufacture and supply all racing engines and consult on design and manufacturing.

This decision will give a new lease of life to our event on the track, with all of the fun and excitement off the track set to continue. We have seen Indy cars, CART, Champ Cars and the Indy Racing League in the 18-year history of this event. However, the A1GP series is one of the newest and most exciting in the world. The audience for A1GP continues to grow each year, with the broadcast reaching more than 700 million households across the world during the year's season. Television exposure equals tourism dollars, and more international tourists to our shores means jobs in the tourism sector and dollars into the local economy. The A1 is broadcast in more than 150 countries over 60 television channels and has a broader reach into markets in Europe and Asia than the Indy had, which had a bigger focus on the US market. Today's announcement is a terrific boost to the Gold Coast. It is great news for Gold Coast residents and tourism operators, and it is also great news for racing fans.

A1GP

Hon. JC SPENCE (Mount Gravatt—ALP) (Minister for Police, Corrective Services and Sport) (10.24 am): Today the government has announced an exciting new motor racing event for the Gold Coast. The Indy event was a great success, and I am sure our new event will also be just as big a success. We were pleased to welcome the IRL people who came and gave us a very good event this year, but at the end of the day commercial realities associated with coming to Australia were a crucial issue for them. As much as this is a sporting event, it is also a commercial event. The commercial realities from the perspective of the Indy Racing League as the owners of the race series and from the perspective of the government are crucial in terms of negotiating the staging of the event. At the end of the day, we were not able to conclude those negotiations to the government's satisfaction. In relation to funding, the Indy Racing League's commercial position bore down to additional money being required to continue to bring its event to the Gold Coast. The commercial arrangement—

Mr Stevens: Six years!

Ms SPENCE: I saw what the *Gold Coast Bulletin* had to say about you today. I would encourage all members to have a look at it. The commercial arrangement it put before us would have required the government to outlay an extra \$3 million to secure the event. The government already gives very substantial support to the event—\$11.6 million a year. We were not prepared to outlay an additional \$3 million on top of what we are already contributing.

On the issue of timing, the IRL was prepared to commit to an Indy event on the Gold Coast next October but not beyond that. It has an expanded series of events and our Indy clashes with the early part of the American football season, so in subsequent years it wanted to schedule the event in either March or September. The March timing clashes with Easter and moving the race to March, as it had requested, was not an option due to the clash with the F1 grand prix in Melbourne and the Clipsal V8 race in Adelaide. September also does not suit us as it is when sports fans are focused on the AFL and Rugby League grand finals. At the end of the day we have to do what is best for the Gold Coast and we are prepared to invest this money into this event because it creates jobs and increases tourism opportunities for the Gold Coast, and that was a very important part of our negotiating position.

The government, though, was in a position where it did have an alternative, and the event that we will see on the Gold Coast next year is a very strong alternative. It will feature faster cars, Ferrari engines, world-class drivers—this year's winner Ryan Briscoe has raced in the A1 series, as has Will Power—and a bigger television audience. Some 22 countries are represented in the event, countries such as France, Germany, Italy, Japan and Brazil—the powerhouse countries of international motor racing. This new event will be a great event for motor racing enthusiasts, for tourism, for the Gold Coast economy and for Queensland.

Appendix 10 – Ministerial Media Statement

Minister for Police, Correctional Services and Sport
The Honourable Judy Spence

Saturday, November 22, 2008

A1GP WORLD CUP OF MOTORSPORT JOINS V8s AND SIGNS ON FOR GOLD COAST 300

The deal securing the future of the Gold Coast 300 motor race event has been concluded, Sport Minister Judy Spence said today.

"The event organisers have signed a new five-year agreement with A1GP World Cup of Motorsport," Ms Spence said.

"With the signing of this agreement, the tradition of world class open-wheel motor racing alongside homegrown V8 Supercars on the streets of Surfers Paradise is confirmed to continue.

"A1GP motor racing series will join the Gold Coast 300 as a co-headline act alongside the Australian V8 Supercar Series from 2009."

The five year arrangement sees the A1GP series at the Gold Coast to 2013, in line with arrangements already in place with the Queensland Government and the V8 Supercar Championship Series.

A1GP heads to Queensland and replaces the Indy Car Series as the open-wheel arm of the event, which will be officially renamed following a public competition conducted over the coming week.

"Recently, we announced in-principle agreement that the A1GP motor racing series would join the Gold Coast event in place of the Indy cars," Ms Spence said.

"Those arrangements have now progressed to a finalised and signed contract."

Gold Coast 300 General Manager Greg Hooton said he was excited by the announcement, as would be many thousands of motor racing fans around Australia.

"This is really something to look forward to - the A1GP cars and the V8s racing on the streets of Surfers Paradise, bringing their World Cup of Motorsport to the Gold Coast and Australia.

"Our event is Australia's premier motor sport event with four days and four nights of on and off track entertainment, and it is here to stay".

A1GP will be the first truly international category of open-wheel racing to head to the Gold Coast with nations pitted against each other.

In 2009, the Gold Coast 300 will hit the streets of Surfers Paradise over October 22-25.

A1GP World Cup of Motorsport chairman Tony Teixeira said: "We wanted to go back to Australia and this is the ideal venue for our series."

"A lot of people have worked hard on putting this deal together and in particular, Judy Spence, and now it has come to fruition it is very exciting.

"I am aware we are being given a perfect opportunity to showcase our series to the Australian fans, who have been great supporters of both the series and their own team.

"Australia has a rich motor sport heritage and I know our TV fans worldwide will be delighted to have this spectacular race on our calendar.

"Both the Government and IMG have offered us every courtesy in putting this together, and I think we must have set a record in doing such an important deal in such a short space of time."

Tony Cochrane, Chairman of V8 Supercars said: "We are delighted to finalise the new five-year arrangement at what has been one of our signature events.

"Our new race format, featuring a 200km race on Saturday and Sunday with both tyre and fuel pit stops, will make for an absolute must see on the streets of Surfers Paradise.

"V8 Supercars would particularly like to thank the Queensland Government, and in particular Minister Spence and the promoter - the Gold Coast Motor Events Company - for their tremendous work in bringing this together.

"Once again, V8 Supercars are delighted to bring the TV production and our host broadcaster, the Seven Network, to this iconic Australian motor sport event."

Media Contact: 3239 6218

**Note: This document is “commercial in confidence”
and is available only to the Government**

3 September 2009

Honourable Minister Reeves
Minister of Sport

Dear Honourable Minister Reeves

RE: A1GP's FUTURE

I have been asked to put in writing my assurances to your Government that A1GP will be at Surfers Paradise for the race on 25th October 2009. These assurances are unconditional and irrevocable from my point of view together with the assurances and support I have from our major suppliers.

To reiterate and to confirm that A1GP as a series like many other businesses globally has had to restructure itself financially and logistically in order to survive the present recession and more specific, in order to maintain a global sport property that in today's world can only survive by being streamlined, efficient and affordable to all stake holders. A1GP series from its beginnings in 2004 has always kept it's word, has always delivered what it set out to and the only difference in 2009 is that the rationalisation and refinancing of the series has to be of a nature to carry it to 2013 and beyond. Due to us not having our major financial partner from May 2008 in order to keep A1GP as a global series delivering the show that A1GP has become known for and to position itself in the global motor sport arena as a profitable series it had to be of a permanent nature and therefore like any other business who wants to succeed beyond 2009 has had to refinance itself to achieve this. As A1GP's balance sheet in its current form could not seek its own stand alone financing, a finance proposal from its major shareholders was approved by the bank (the signed loan agreement is available by request through the honourable Minister in order to appease himself of the facts of such loans). This loan to Lyndhurst Limited was due to be released $\pm$ 14th August but, due to confusion, unfounded rumours, further explanations had to be given to our bankers in order to satisfy themselves to the capability of the bank loan been repaid. We eventually reached agreement with our bankers, our major suppliers and all stakeholders that the financial situation of A1GP will be normalised and finalised by no later than the 12th September 2009. In the meanwhile I can assure you that our equipment is not been auctioned in any way, shape or form but, is been prepared for the Surfers Paradise race. Our balance of our calendar for 2009/2010 will be released in the next 7 working days. Our major TV partner which contracts were signed on 12th August will be announced in the next 7 working days, our freight bookings for Surfers can be confirmed by our shippers Deliver on Time and our teams will be announced by 20th September once all interested participating teams have met the minimum requirements to enter the 2009/2010 series.

In all our arrangements for Surfers, the only setback we have had is that we will be flying our equipment and not shipping as previously anticipated.

The liquidation of A1GP Operations GBR, A1GP USA and more recently A1GP Operations has caused confusion in terms of A1GP as a going concern but, we can assure you that none of these companies have any effect on the ongoing contracts of A1GP Holdings as a series and as a matter of fact A1GP UK and A1GP USA have been replaced with two new team owners and companies and the structure of A1GP globally as a series as such is that there are 32 global companies which are franchisees and franchisor.

We are not saying for a minute that it has been an easy period for A1GP but, like every other global racing series A1GP has had its problems but, all we would like to state is that the shareholders have invested almost US\$1 billion in this series and are totally committed to see a successful future and most definitely a very successful Surfers Paradise event.

Should any further information be required by this Government in order for it to satisfy itself of A1GP's future financial standing please don't hesitate to contact me.

Yours sincerely

Tony Teixeira
Chairman
A1GP – World Cup of Motorsport

**Note: This document is “commercial in confidence”
and is available only to the Government**

Date: 25 September 2009
Press release number: 0455
Embargo date: For immediate release

Financial Future of AlGP World Cup of Motorsport Secured

London, 25 September. AlGP World Cup of Motorsport will be starting Season Five in just over a month with the Nikon SuperGP on 22 to 25 October and a financial restructuring has been put in place to secure its long term future.

AlGP Chairman, Tony Teixeira, has outlined his plans for the series having secured the full financial package necessary to see it grow over the next three to four years. "I wanted to announce this re-financing a long time ago, but the reason it has taken longer than I planned was the size of the package. I could see no reason to look for a one year deal, it had to be for at least three to four years until such a time as the series is independent. This way we can make sure everyone involved in the series has the necessary security and the series is totally creditable."

Teixeira is also working closely with his major partners and suppliers to ensure their continued support. "I shall be meeting all of them personally in the next couple of days. I want them to understand this is a series that is here to stay on the motorsport scene, and they need to know their involvement is with a series that is going from strength to strength."

The way Teixeira sees the series now is as starting with a totally clean sheet with a re-structuring that has no outstanding issues that can hold back its growth: "We have always put on a fantastic show and this is only going to get better." However, he was also realistic about the adverse publicity that the series has received, and was quick to reassure all those involved that many of the stories were very wide of the mark. "I have seen all the stories written over the past few weeks doubting the future of the series, and these are not new to me as I have seen them at the start of every one of our four seasons. These are not things I like to read and I feel frustrated that I cannot always come out and explain exactly what we are doing, but, as you know, we have always delivered every season and race we have committed to," he said.

The series has recently announced a new deal with IMG Sports Media to market its worldwide media rights for the next three years and also the Season Five calendar. Teixeira is now working on further deals, and in the coming weeks the grid for the race in Surfers Paradise will be announced after final deals have been put in place.

The one outstanding issue that will be dealt with soon is the liquidation of Al Grand Prix Operations Limited, that was a subsidiary of Al Holdings Ltd. Administration for this company has now been applied for and this will be heard on the 6th October. Teixeira's message to all of the company's creditors was: "Our intention is to settle all our outstanding creditors prior to the administration hearing, and would like to thank them for their patience and support."

"We at AlGP have been so lucky to have such loyal support from all our stakeholders - management and staff, race promoters, team owners, partners, suppliers, TV rights holders, sponsors and last but not least our fans".

Ends.

For further information please contact:

Ann Bradshaw

Head of Motorsport Media

M: +44 (0) 7713 317 006, E: Ann.Bradshaw@AlGP.com

Sophie Ogg

Media & Communications Officer

M: +44 (0) 7748 981 224, E: Sophie.Ogg@AlGP.com


AlGP.com

**Note: This document is “commercial in confidence”
and is available only to the Government**

9th October 2009

Attention: Greg Hooton
IMG WORLD

CONFIDENTIAL

Dear Sirs

RE: A1GP Commitment to Surfers Paradise

As per the various telephonic discussions I have had with you, I hereby would like to confirm not only the commitment and promise that we will be at the A1GP Surfers Paradise event but also the sustainable future of A1 GP in the long term.

As you are all well aware we have experienced great difficulties in enabling us to give you this final written undertaking. However all of these barriers have been overcome by securing the required finances going forward.

Although we had secured the first tranche of funding in July 2009 we had to really consider and guarantee the long term viability of the series by revisiting the allocation of our intrinsic securities and by distributing these to financial institutions that would ensure us the highest Loan-to-Value returns. This took 2 months longer than we anticipated and created the obvious time constraints that we all face today.

After negotiations with the financial institutions the following credit facilities were approved and the following release dates determined:

1. Credit Suisse	€ 50 million	15.10.09	Securities delivered	Loan approved
2. Allied Chartered	€100 million	09.10.09	Securities delivered	Loan approved
3. Allied Chartered	€250 million	22.10.09	Securities delivered	Pending approval -
4. Credit Suisse	€ 50 million	30.10.09	Securities and approval under negotiation	
5. Allied Chartered	€ 50 million	16.11.09	Securities and approval under negotiation	

As can be seen from the above, the funding although secured by the shareholder's family trust for its entire group, I confirm that more than 50% is ear marked for A1GP exclusively. This will provide for 3 to 4 years of our funding required until the series is financially independent and self sustainable.

To address the current issues, as you can see from the above we will be in a position to settle all our creditors (Total outstanding €20million) commencing 13th Oct, Monday/Tuesday and would be complete prior to the freight, staff and Teams leaving for Australia as from the 16th October.

In terms of the racing capability of our series we have all the cars and equipment from Brands Hatch (25 cars) and intend running a minimum of 18 teams. Our major challenge would be the spare parts that a street circuit brings to bare, which we feel we have under control in order to ensure a very successful and exciting event.

In this time the A1GP Operations liquidation has been beneficially revised to administration whereby the A1GP Holdings Management and the Administrator have agreed to all the equipment being released in order for the company to generate income and revenues as a going concern. These negotiations were only completed yesterday the 7th after the court order was issued on the 5th October. Arrangements for the securities to be handed over to the Administrator for the release of the equipment have been made for Tuesday/Wednesday next week.


A1GP.com

Our determination and our track record shows and confirms that we will deliver another successful event.
~~We will confirm the teams which will participate today as well as aircraft departure confirmation for the weekend of the 16th.~~

I would like to extend my apologies if any inconvenience has been incurred however it has been necessary to process the above in order to re-align the structure of A1GP as a series to secure our sustainable future.

Kind regards



Tony Teixeira
Chairman, A1GP World Cup of Motorsport

Note:

As discussed should you wish to confirm any of the above with the relevant financial institutions directly, please do not hesitate to contact me. As can be appreciated, due to banking confidentiality, I will need to facilitate and set up your direct communication with the said institutions.

Credit Suisse, Mr Gonçalo Pinto Basto
Allied Chartered Bank, Mr Roberto Bruni

A1 Holdings Ltd
Craigmuir Chambers
PO Box 71
Road Town, Tortola
British Virgin Islands T: www.A1GP.com

A1 GP is a registered trademark of A1 GP Ltd. All rights reserved. © 2005 A1 GP Ltd.



COPY



Queensland
Government

Hon Phil Reeves MP
Member for Mansfield

Minister for Child Safety
and Minister for Sport

15 OCT 2009

Terry Mackenroth
Chairman
Gold Coast Motor Events Co. Pty Ltd
P.O Box 3007
SOUTHPORT QLD 4215

Dear Mr Mackenroth

As the Minister responsible for the conduct of the annual SuperGP event on the Gold Coast I write to express my strong concerns as to the status of the 2009 SuperGP event.

The Queensland Government has been provided with assurances from both the Gold Coast Motor Events Company (GCMEC) and the Chairman of the A1GP series Mr Tony Teixeira on numerous occasions that the A1GP series event for Surfers Paradise will take place with a minimum of 18 cars. Despite my repeated requests through GCMEC, Mr Teixeira has to date failed to provide any documentary evidence that the freight for the vehicles has been arranged.

I now require from GCMEC within the next 24 hours, documentary evidence from the A1GP organisation of the confirmed freight arrangements for the race.

To protect the integrity of the event, it is now imperative that GCMEC make immediate contact in writing with Mr Tony Cochrane of V8 Supercars Australia organisation to negotiate an alternative event program on the basis the A1GP Surfers Paradise series event fails to materialise. Confirmation of alternative event arrangements is required within the next 48 hours.

Yours Sincerely

Phil Reeves
Minister for Child Safety
and Minister for Sport
Member for Mansfield

Date: 17 October 2009

Press release number: 045x

Embargo date: For immediate release

A1GP World Cup of Motorsport forced to Withdraw from the Nikon SuperGP

A1GP Chairman Apologises to Queensland Government and Race Fans

London, 17 October. A1GP World Cup of Motorsport has been forced to withdraw from participation in the Nikon SuperGP on Australia's Gold Coast on the 22-25 October in what was due to be the series' first race of Season Five.

The series found itself in a race against time to make the deadline for when its cars would have to leave the UK to be on track in Surfers Paradise next Thursday. The series organisers never doubted this was possible, but today have been forced to accept this now cannot happen.

This decision was announced by A1GP Chairman, Tony Teixeira, who wanted to address everyone involved in the event. "I want to personally apologise to the people affected by this regrettable but unavoidable decision. The Queensland Government, Gold Coast Motor Events Co, the management and Chairman of the event have been patient and supportive of us in the past weeks. We were proud to be part of what has become one of the world's most iconic motorsport events, and are devastated at the decision we have had to make. We also know the Australian motorsport fans are very protective of this event and had welcomed us with open arms. To them I also apologise and stress that we wanted to put on a show for them that they would never forget, said Teixeira.

In view of what has happened A1GP will refund to Gold Coast Motor Events Co the sanction fee paid, and will donate AUS \$50,000 to a charity designated by them. Also contractors engaged directly by A1GP who have already incurred expenses on our behalf will be fully reimbursed.

One effect of the UK operating arm of the series going into liquidation in June was that access to the cars and the ability to pay its suppliers has been impeded. What should have been a summer upgrading the machinery in time for the first race of the 2009/10 season has turned into a frustrating time for achieving this.

Looking to the future Teixeira said: "We have recently announced 19 teams who were ready to race in Australia. I know they are still committed to racing in our unique series that pits nation versus nation. A1GP may be down, but I do not accept we are out. We have had four exciting seasons that have proved we are a force in the sport and now we shall consolidate on what we have achieved to date. My efforts will be on finding a way forward with the support of some very loyal people."

Ends.

For further information please contact:

Ann Bradshaw

Head of Motorsport Media

M: +44 (0) 7713 317 006, E: Ann.Bradshaw@A1GP.com

**Note: This document is “commercial in confidence”
and is available only to the Government**

Appendix 20 - Detailed chronology of the communication between A1GP and GCMEC

Date	Event
09 July 2009	◦ Advice from A1GP Holdings that as a result of its restructure to move from the United Kingdom "all subsidiaries in the Group that were not stand alone and financially viable and had no contractual obligations would be wound up or shut down". Does not include A1GP Australia Ltd. ◦ The letter provided advice that A1GP Operations in the United Kingdom liquidated in the previous week in London as one of the afore mentioned subsidiaries. ◦ Confirmation was provided that the A1GP series will continue to move from "strength to strength" stating that the full funding for the next season was in place.
24 August 2009	◦ Email correspondence between Greg Hooton (GCMEC) and Greg Eaton (A1GP General Manager - Asia Pacific Region) regarding A1GP and assurances from Greg Eaton that A1GP will be at the Gold Coast Event.
3 September 2009	◦ A letter from A1GP to Minister Reeves assuring the Minister of their attendance at the Nikon SuperGP and providing positive advice on its financial situation.
14 September 2009	◦ Tony Teixeira provides a briefing to the Minister updating him and stating he will be at Surfers.
21 September 2009	◦ Email from Tony Teixeira (A1GP) that written confirmation of freight being booked will be announced at 10am Monday 21 September 2009. The end comment to the email is "We will be at Surfers".
24 September 2009	◦ Email from Greg Hooton (GCMEC) to Stephen Gay (Queensland Government) updating the Minister on Tony Teixeira's plans to put out a release to the effect that he has secured the necessary funds to continue the A1GP Series for the next 4 seasons. All monies are to be paid to creditors however Tony is in dispute with the liquidator regarding his fee.
25 September 2009	◦ Email from Tony Cochrane (V8 Supercars) to Greg Hooton (GCMEC) confirming that A1GP had paid a deposit of \$20,000 for the A1GP TV Production requirements to V8 Supercar Television stating "I hope the below is a good sign for you. They turned this around pretty quickly".
25 September 2009	◦ Email from Greg Hooton (GCMEC) to Stephen Gay (Queensland Government) providing the Minister with a copy of the media release planned to be sent out by Tony Teixeira (A1GP) on the funding for the Series moving forward.
25 September 2009	◦ A1GP media release - Financial future of the A1GP World Cup of Motorsport secured. This advice was supported by several emails. Both the media release and emails state that the "only" other impediment is the liquidation of A1 Grand Prix Operations Limited, that was a subsidiary of A1 Holdings Ltd. Administration for this company has been applied for and would be heard on 6th October.
27 September 2009	◦ Copy of the media release issued by Tony Teixeira (A1GP) on the funding for the Series moving forward sent to Stephen Gay (Queensland Government) and Board Members.
7 October 2009	◦ Email from Greg Hooton (GCMEC) to Stephen Gay (Queensland Government) advising the Minister that A1 Grand Prix Operations Limited has gone from the stage of liquidation to administration. An

	administrator has been appointed, all debts are to be paid and they will be in Surfers.
8 October 2009	◦ Email from GCMEC to Tony Teixeira (A1GP) requesting documentary evidence within 48 hours of freight confirmation and team confirmations.
8 October 2009	◦ Letter from A1GP to Allied Charter Bank Limited seeking a resolution the financial matters. ◦ An attachment was a letter from Charles Russell (legal representation) advising that at a hearing of the same date A1GP (Operations) Ltd – a subsidiary of A1GP Holdings – was moved from liquidation to administration.
9 October 2009	◦ Letter from A1GP World Cup of Motorsport outlining A1GP's commitments to Surfers Paradise. "All of the barriers have been overcome by securing the required finances going forward." A1GP confirmed the following: ◦ £150 million in approved loan funding; ◦ £250 million in loans which securities were delivered and approval was pending; and ◦ £100 million in loans under negotiation. ◦ The letter also stated "This will provide for 3 to 4 years of our (A1GP) loan funding required until the series is financially independent and self sustainable". ◦ The letter further advised that the cars would be leaving for Australia on 16 October 2009.
14 October 2009	◦ Letter from Tony Teixeira (A1GP) to Greg Hooton (GCMEC) providing an update on a 'slight holding pattern' that A1GP find themselves in relating to the Administrator calling for aGPB6 million security bond before all goods would be released and usable to go racing.
15 October 2009	◦ Letter from GCMEC to Tony Teixeira (A1GP) placing A1GP on notice that in the event A1GP fails to ensure that at least 18 teams will compete in the Nikon SuperGP from 22 to 25 October 2009, the promoter will exercise its rights under clause 7.2 (b) to terminate the Agreement. The right to seek compensation for losses was reserved.
16 October 2009	◦ Letter from GCMEC to A1GP referring to a letter dated 15 October 2009 requesting confirmation that outstanding debts would be cleared to allow for the release of vehicles to race. Concerns regarding timeframes to meet commitments under the Agreement were expressed. Advised GCMEC would terminate Agreement on 17 October if issues were not resolved.
17 October 2009	◦ A1GP Media Release - A1GP Statement. Media release confirming A1GP's withdrawal from participation in the Nikon SuperGP.
17 October 2009	◦ Letter from GCMEC to A1GP referring to letters of 15 and 16 October 2009 which outlined the lack of progress in the resolution of outstanding matters and terminating of the Agreement with A1GP and GCMEC.


GOLD COAST AUSTRALIA 22-25 OCT 2009

8 September 2009.

The Honourable Phil Reeves
Minister for Child Safety
and Minister for Sport
GPO Box 806
BRISBANE QLD 4000.

Dear Minister

Thank you for your recent letter in which you seek a formal response from the Partnership Management Committee of the 2009 Nikon SuperGP that the contractual obligations of AIGP will be met for the 2009 event.

The Partnership Management Committee is very much aware of its responsibilities to deliver an international motorsport event for the State of Queensland. The past eighteen years of the events history has seen the "Indy" cars in one form or another (Indy Car Racing League (IRL), the break away series of Championship Auto Racing Teams (CART), Champ Car and the Open Wheel Racing Series consortium) take to the streets of Surfers Paradise for the enjoyment of the Queensland public and the benefit of the Queensland economy. Regrettably with the merger of the IRL and the Open Wheel Racing Series consortium in February 2008 the Partnership Committee, despite having a signed Memorandum of Understanding between the respective parties for the continued conduct of the event in October of each year, was unable to agree on the final commercial terms and dates with the IRL.

I can advise that the Premier and former Minister for Sport, Judy Spence were fully briefed prior to and during the 2008 Gold Coast Indy event on the issues arising from the IRL negotiations and supported the advice from the Partnership Committee following the 2008 event to identify and negotiate an agreement with an alternative international open wheel racing series to replace the IRL.

The AIGP series was identified as the only international open wheel racing series available which met the requirements of the Partnership Deed for the conduct of an international motor sport series on the Gold Coast and within the financial parameters available for the event. Consequently with the knowledge and support of the Government an agreement was struck with the AIGP series in recognition of the following:

- AIGP was the only true international racing series in the market;
- AIGP agreed to the October date for the annual conduct of the event which satisfied the requirements of the Partnership Committee, the Queensland Government and the event calendar of the V8 Supercars;
- AIGP had an excellent broad television coverage and was particularly strong in the Asian and European regions which allowed the event to better fit with the marketing objectives of Tourism Queensland and Tourism Gold Coast; and
- The concept of country versus country was seen to be a unique way to market the event and the event destination to new demographic markets in Australia.

Prior to finalising negotiations with AIGP series, representatives from GCMEC meet with the Chairman of AIGP to be briefed on the future of the series. The Committee was aware of the challenges associated with developing and maintaining the AIGP series, as the series was only in its fifth year of operation. The Committee acknowledged that any new series needs to develop and refine its product and that these challenges were not without financial pressure. To this end the AIGP series sought to refine its organisational structure and refinance its affairs. AIGP representatives and in particular their Chairman have been open and honest regarding their financial situation and acknowledge their reliance on the security offered by Tony Texeria's associated company to secure the required finance. To date, despite wide spread rumours surrounding the viability of the series, the actions taken by the AIGP organisation (refer attachment) indicate the series will compete on the Gold Coast in October of this year.

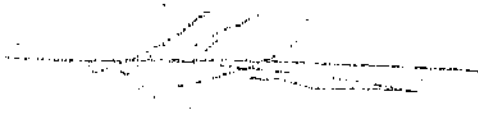
The financial uncertainty associated with the development and delivery of an international open wheel racing series on the Gold Coast is not new to the members of the Partnership Committee. Over the past 18 years of the event the Partnership Committee has been required to plan for and manage the expectations of the media and patrons who questioned the capacity of the IRL and the series break away groups of CART, Champ Car and the Open Wheel Racing Series (all of which experienced financial uncertainty and organisational restructures over the years) to deliver a competitive race program. The financial uncertainty associated with motorsport and the viability of competing teams is an inherent element of the motorsport industry which is dependent upon strong financial corporate backing and the support of wealthy individuals. The AIGP series is no different.

I can assure you that everything is being done by the Partnership Committee to ensure that the AIGP series competes at the 2009 Nikon Super GP in October of this year. All advice indicates that the event will go ahead as planned, however I am not in a position to provide you with an absolute assurance until the AIGP series cars, drivers and officials arrive on Australian soil (expected in mid October).

A detailed summary of actions taken by GCMEC in the promotion of the 2009 Nikon SuperGP event is attached for your information as requested. Should you wish to discuss any of the information provided please call me and Greg Hooton. Ian Whitehead and myself will be only too pleased to meet with you.

I trust that the above advice and attachments assist you in understanding the actions taken to date by GCMEC to deliver a successful 2009 Nikon SuperGP event on the Gold Coast.

Yours sincerely



Terry Mackenroth
Chairman.

Appendix 22 – Chronology: Office of the Minister for Child Safety and Minister for Sport

Date	Event
26 March 2009	The Honourable Phil Reeves MP, Member for Mansfield, assumes office as Minister for Child Safety and Minister for Sport.
2 April 2009	- Minister Reeves receives incoming briefing from Terry Mackenroth, dual Chairman of the Gold Coast Events Company (GCEC) and Gold Coast Motor Events Company (GCMEC). Matters discussed include: - Townsville 400 - Gold Coast SuperGP
23 June 2009	Minister Reeves and the Honourable Peter Lawlor MP, Minister for Tourism and Fair Trading, receive briefing on Gold Coast SuperGP from the Chairman of the GCMEC/GCEC
23 July 2009	The Gold Coast SuperGP event launch takes place.
24 July 2009	Minister Reeves meets with Paul Cherry, A1GP Australia and other representative of A1GP and is advised that arrangements for participation on Gold Coast event are on track.
6 August 2009	- Member for Bundaberg, Jack Demspey MP, questions Minister Reeves in Parliament about the financial status of the naming rights sponsor of the Gold Coast SuperGP, Nitro Distribution Pty Ltd. - In response to a request for information, Minister Reeves is provided verbal advice from the GCMEC/GCEC that Nitro has not honoured all conditions in its contract and that the GCMEC has been aware of this for 5 – 6 weeks.
18 August 2009	- Minister Reeves makes Ministerial Statement to Parliament advising that the GCMEC has terminated the naming rights sponsorship with Nitro Distribution Pty Ltd effective 14 August 2009 and tables letter of 17 August 2009 from Greg Hooton, General Manager, GCMEC. - Member for Bundaberg, Jack Demspey MP, questions Minister Reeves in Parliament about the cancellation of the naming rights sponsorship.
2 September 2009	Member for Bundaberg, Jack Demspey MP, questions Minister Reeves in Parliament about the financial status of A1GP.
3 September 2009	- Email received by Minister Reeves office from Greg Hooton, General Manager GCMEC, forwarding letter of assurance from Chairman of A1GP to Minister Reeves. - Minister Reeves convenes meeting with GCMEC board to request advice on the financial status of A1GP and the preparations for the 2009 Gold Coast SuperGP. Advice received included confirmation that A1GP will use Queensland Raceway for pre-season practice, financial status of company, tentative date for freight transport (15/10/09), and Nikon Australia Pty Ltd confirmed as new naming rights sponsor. - Minister Reeves issues letter of request to GCMEC that a detailed report be provided as to whether A1GP was meeting its contractual obligations and that the Gold Coast SuperGP would proceed as planned for 22-25 October 2009.
7 September 2009	GCMEC announces Nikon Australia Pty Ltd as new naming rights sponsor for the 2009 event.
10 September 2009	Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, in response to Minister Reeves' letter of 3 September with attachment 'Summary of Actions taken to secure A1GP for the 2009 Nikon SuperGP Event'.
14 September 2009	Minister Reeves convenes meeting with board members of the GCMEC and Chairman of the A1GP, Tony Teixeira (via teleconference, 5.30pm AEST) to receive briefing on status of the event.

	Tony Teixeira advised: ◦ 'Global Distribution Contracts' (television rights) would be announced within seven hours ◦ Teams participating in the Gold Coast event to be announced in four days (following completion of A1GP restructure) ◦ 100 million Euro to be injected into A1GP - funds released by banks today ◦ All creditors of A1GP will be settled this week ◦ Assurance that A1GP would participate in Gold Coast event with 18-20 teams present. ◦ Freight transport of cars and fuel has been booked Tony Teixeira departed teleconference. Greg Hooton, General Manager GCMEC, advised: ◦ Construction of new pit facilities on track ◦ Naming Rights changeover has been finished ◦ GCMEC still awaiting bill of lading to confirm freight bookings ◦ IMG has entered into a commercial arrangement with A1GP regarding television rights ◦ V8 Supercars TV is contracted to televise the SuperGP
15 September 2009	◦ Member for Bundaberg, Jack Dimspey MP, questions Minister Reeves in Parliament about the financial status of A1GP.
17 September 2009	◦ Member for Bundaberg, Jack Dimspey MP, questions Minister Reeves in Parliament requesting due diligence report into A1GP.
18 September 2009	◦ Minister Reeves discusses status of event with Terry Mackenroth, Chairman GCMEC/GCEC, and the need for a back up plan to be prepared with V8 Supercars Australia should speculation about A1GP not participating in the event prove to be true. ◦ Chairman advised that Tony Cochrane of V8 Supercars Australia had been trying to contact him to arrange a meeting about a back up plan. ◦ Minister Reeves recommended the Chairman meet with Tony Cochrane as soon as possible and offered to attend the meeting. Chairman suggested it would be best for himself and Greg Hooton, General Manager, GCMEC, to attend meeting.
21 September 2009	◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, forwarding advice from Tony Teixeira, Chairman A1GP, of upcoming announcements including: ◦ IMG to represent A1GP in sales of television rights ◦ Written confirmation of freight bookings to be issued 21/9/09 ◦ Teams participating in Gold Coast event to be announced 28/9/09 ◦ Minister Reeves convenes meeting with board members of the GCMEC (via teleconference, 5.30pm AEST) to receive briefing on status of event.
22 September 2009	◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, forwarding announcement issued by A1GP regarding commercial partnership with IMG and A1GP season five calendar. ◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, forwarding advice from Tony Teixeira, Chairman A1GP, regarding confirmation by Delivered on Time Ltd that two 747 aircraft had been booked for freight transport.
24 September 2009	◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, regarding financial arrangements of A1GP.
25 September 2009	◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, forwarding advice from Tony Teixeira, Chairman A1GP, regarding planned announcement of A1GP financial arrangements. ◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, forwarding advice from V8 Supercars Australia that

	payment had been received from A1GP as deposit for television production.
27 September 2009	◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, forwarding final version of A1GP financial arrangements announcement.
28 September 2009	◦ Minister Reeves receives briefing from Greg Hooton, General Manager GCMEC, (via telephone, 5.30pm AEST) about status of event. Greg Hooton advised: ◦ <i>A1GP financial arrangements announcement had been issued</i> ◦ <i>A1GP cars remain with Delivered on Time (DOT) with payment from A1GP planned for today or tomorrow (UK time)</i> ◦ <i>DOT advised Greg Hooton personally on Thursday 24/9/09 that "they have no concerns" and there are two freighters on hold</i> ◦ <i>A1GP would participate in a liquidation hearing on 6 October 2009 – not considered controversial as Tony Teixeira is major creditor</i> ◦ <i>Ticket sales for the event are currently down by 40%, however 80% of sales are 'walk ups'</i> ◦ <i>The speculation about the involvement of A1GP has hurt the event and a loss is expected this year</i>
5 October 2009	◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, confirming that arrangements for A1GP to participate in this year's event remain on track, updated timetable for team announcement and advice about "finalisation of liquidation process" to occur on 6/10/09. ◦ Minister Reeves convenes meeting with board members of the GCMEC (via teleconference, 5.30pm AEST) to receive briefing on status of event. Advice received included: ◦ <i>Team announcements expected this Wednesday 7/10/09</i> ◦ <i>Terry Mackenroth advised that he personally met with the owner of Delivered on Time (DOT) and was told the A1GP cars would be transported to Australia</i> ◦ <i>Arrival of cars expected 16/10/09 (departing UK 14 and 15/10/09)</i> ◦ <i>The A1GP cars will be "split" upon arrival, with some to be taken to Queensland Raceway and some directly to the Gold Coast</i> ◦ <i>Attendance will be down on 2008 event in keeping with all major events around Australia</i>
7 October 2009	◦ Email received by Minister Reeves' office from Greg Hooton, General Manager GCMEC, providing advice about the outcome of the A1GP liquidation hearing and providing further confirmation that A1GP would be participating in the Gold Coast event.
8 October 2009	◦ Copy of email from Greg Hooton, General Manager GCMEC, to Tony Teixeira, Chairman A1GP, received by Minister Reeves' office requesting confirmation of freight bookings and teams within 48 hours.
10 October 2009	◦ Copy of email from Tony Teixeira, Chairman A1GP, to Greg Hooton, General Manager GCMEC, received in Minister Reeves' office providing written commitment that A1GP series will compete at Surfers Paradise and outlining financial arrangements of the company.
14 October 2009	◦ Email received in Minister Reeves' office from Greg Hooton, General Manager GCMEC, forwarding advice from A1GP regarding the announcement of teams participating in the Gold Coast event, an announcement about an A1GP event scheduled for 15 November 2009 in Zhuhai, China and a list of drivers for the Gold Coast event.
15 October 2009	◦ Minister Reeves received telephone call from Terry Mackenroth, Chairman GCMEC/GCEC, advising that A1GP is likely to drop out of the Gold Coast event (approx 6am AEST). ◦ Minister Reeves convened emergency meeting with GCMEC (attended by Terry Mackenroth, Greg Hooton, Ian Whitehead) and ministerial staff

	for briefing on status of A1GP attendance at event (8.30am). <i>Advice received included:</i> ◦ Teams, suppliers, etc are ready ◦ Freighters still not confirmed ◦ There is a dispute between Tony Teixeira, Chairman A1GP, and the appointed Administrator ◦ The GCMEC has found itself "caught in the middle of a financial dispute" ◦ There is still time for freighters to be booked to transport the cars to Australia ◦ FIA regulations about required modifications to cars does not stop the transportation of the cars to Australia ◦ Deposits on accommodation, road signage, television production, etc are all paid ◦ GCMEC does not have the power under its contract with A1GP to cancel the contract at this time because no breachable actions have occurred ◦ \$1.8 million has been paid to A1GP to date ◦ At the time of signing A1GP it was in the middle of its fourth season ◦ If A1GP does not show, it would be necessary to offer a refund on tickets but not possible to offer compensation on accommodation ◦ Minister should contact Tony Cochrane of V8 Supercars Australia and ask to open discussions about an alternative format if required ◦ Minister Reeves spoke to Tony Cochrane of V8 Supercars Australia to explain situation and request meeting to discuss alternative format for the event (approx 9.30am). ◦ Minister Reeves advised Ian Whitehead, Managing Director GCEC, that GCEC should obtain its own independent legal advice on the contractual arrangements between A1GP and GCMEC ◦ Minister Reeves wrote to GCMEC requesting documentary evidence within 24 hours that A1GP would be attending and alternative race program to be developed within 48 hours ◦ Minister Reeves met with the Honourable Peter Lawlor MP, Member for Southport, the Honourable Margaret Keech MP, Member for Albert and Christine Smith MP, Member for Burleigh in the Southport Electorate Office and Peta-Kaye Croft MP, Member for Broadwater (via teleconference) to provide a briefing on the status of event (approx. 5.30pm) ◦ Minister Reeves met with Tony Cochrane of V8 Supercars Australia to request alternative race program be developed featuring an enhanced role by the V8 Supercars Championship Series (approx. 6.30pm)
16 October 2009	◦ Minister Reeves met with Tony Cochrane of V8 Supercars Australia and received proposed alternative race program. ◦ Minister Reeves met with GCMEC (via teleconference) to advise that he had received proposed alternative race program and that he required the board to reach formal agreement on alternative program with V8 Supercars Australia by 3pm today (11am). ◦ Minister Reeves receives verbal overview of GCEC legal advice on the contractual arrangements between A1GP and GCMEC ◦ Minister Reeves and staff made multiple attempts to contact the Honourable Terry Mackenroth, Chairman, GCMEC/GCEC and Greg Hooton, General Manager, GCMEC, to obtain response to Minister's requirement that agreement between GCMEC and V8 Supercars Australia had been reached by 3pm. Chairman responded to Minister at approximately 5pm to advise that agreement was not able to be reached with V8 Supercars Australia on full proposal, but that component 1 could be endorsed. ◦ Minister Reeves met with Tony Cochrane and reached in-principle

	agreement on alternative program should it be required. Announcement subsequently made to Gold Coast Bulletin.
17 October 2009	- Minister Reeves contacted Terry Mackenroth, Chairman GCMEC/GCEC to request update on status of A1GP participation in the event (approx. 7.50am) and was advised that Greg Hooton, General Manager GCMEC, had received advice at approximately 6am that A1GP would not be participating. - Email received in Minister Reeves' office from Ian Whitehead, Managing Director GCEC (8.44am), forwarding advice from A1GP that it would not be participating in the event. - Minister Reeves met with some members of the board of GCMEC and was advised that the board had agreed to additional V8 races only (approx 12.30pm). - Minister Reeves, Terry Mackenroth, Greg Hooton and Tony Cochrane launched the new race program (2pm). - Minister Reeves met with Terry Mackenroth, Greg Hooton and Ian Whitehead to stress importance of including the proposed 'Aussie Legends' category in the event format. - At approximately 5pm the Chairman of the GCMEC/GCEC advised Minister Reeves by telephone that the board, in a split decision, had agreed to the inclusion of the Aussie Legends category.
18 October 2009	Inclusion of Aussie Legends category in 2009 Nikon SuperGP announced.
19 October 2009	- Minister Reeves met with Director-General Linda Apelt and officers of the Department of Communities to request legal advice on various issues relating to the new arrangements for the Gold Coast SuperGP. - Email received by Minister Reeves' office from Ian Whitehead, Managing Director GCEC, forwarding advice from Gordon Pitt of IMG containing document entitled 'Assessment of risks associated with the selection of A1GP to participate at the 2009 Nikon SuperGP Event'. - Minister Reeves met with Premier Anna Bligh at 12pm to brief the Premier on recent developments and the status of the event.
21 October 2009	Minister Reeves participated in media launch of naming rights sponsorship for the Aussie Legends category of the event on the track precinct, Gold Coast.
22 October 2009	2009 Nikon SuperGP commences.

Appendix 23 - Survey of Central Surfers Paradise retailers



Press Release

3131 Surfers Paradise Boulevard
Surfers Paradise Qld 4217
PO Box 1278
Surfers Paradise Qld 4217
(61) (0) 7 5592 0555
(61) (0) 7 5592 0553 fax

www.knightfrank.com.au

Super GP was Super Hard for Surfers Retailers

Surfers Paradise retailers have indicated that although trade was down substantially this year, they are still in support of the Super GP going ahead next year, but only if open wheeler or Indy cars return as the feature race of the event.

This was revealed through a recent survey of central Surfers Paradise retailers conducted by leading commercial real estate agents Knight Frank Gold Coast.

Knight Frank Gold Coast is a major manager of retail shopping centres on the Gold Coast.

In central Surfers Paradise, the company manages over 140 retail shops tenanted by major and specialty fashion stores, gift shops, jewellers, restaurants, cafes and retail services within their managed properties including Chevron Renaissance, Piazza on the Boulevard, Le Boulevard and The Moroccan.

As the representative of the building owners Knight Frank Gold Coast conducted a survey of central Surfers Paradise retail tenants asking specific questions relating to their sales performance over the Super GP week relative to the previous year's retail sales results.

All tenants surveyed reported sales were down from last year with almost half (46%) of retailers reporting this was by as much as 30% on the previous year. This is reflective of the overall lower customer counts with 69% of retailers indicating that the event attracted up to 30% less customers than last year.

Most disappointing for those retailers who purchased special event merchandise like hats, shirts and flags all had more than 50% of their stock unsold and were heavily discounting to sell the balance.

All retailers were asked if they would support the event next year and 23% said no, whilst 77% said they would support the event but the majority were insisting that open wheeler cars or Indy cars return to feature in the event. Over 77% of retailers surveyed said they wanted the event to continue in Surfers Paradise. The other 23% expressed strong objection to the race.

Press Release / Continued...

Almost all retailers identified that the higher spending international and corporate style patrons were missing from this year's event which translated into poor sales.

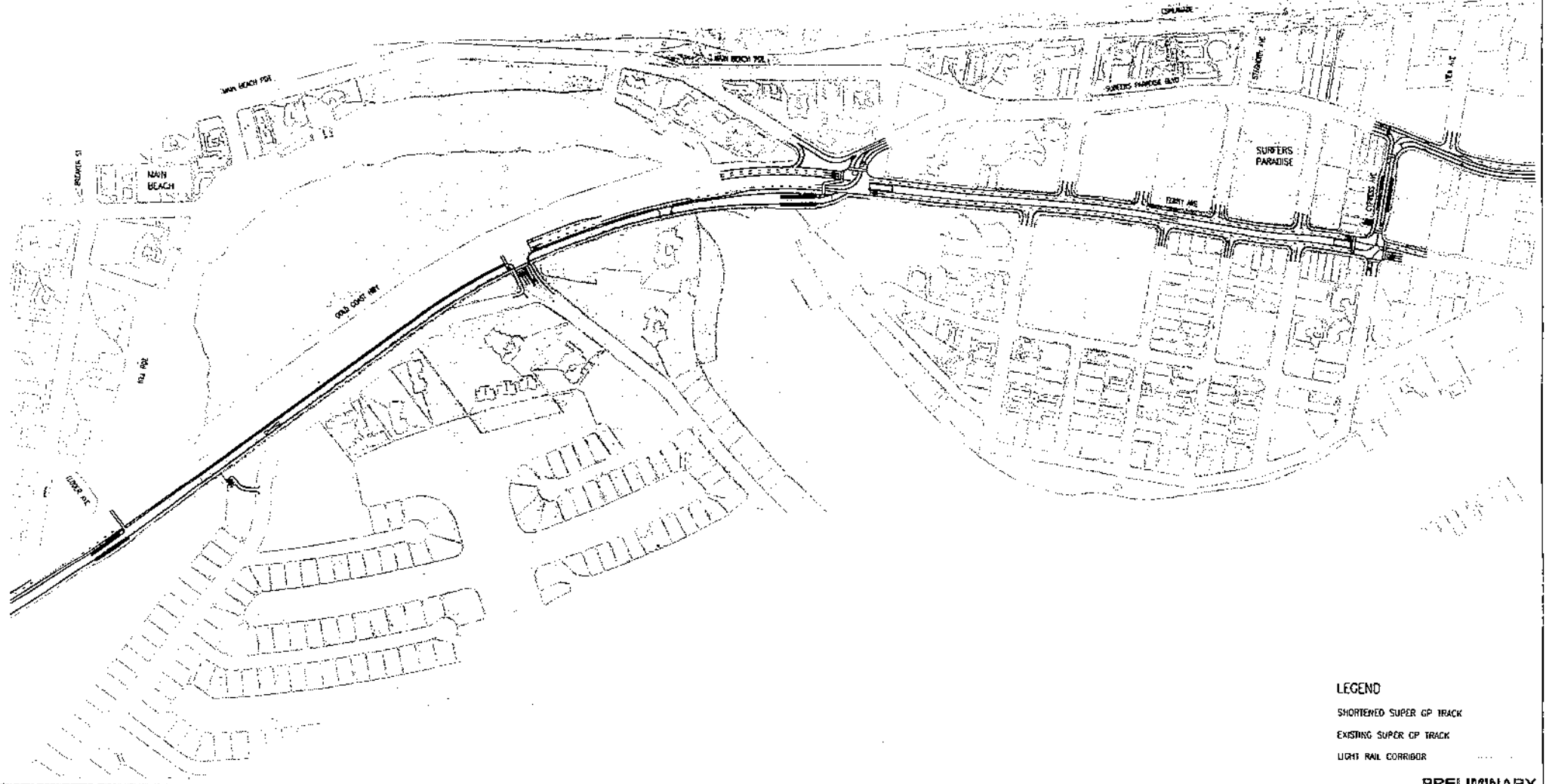
The results of the survey clearly highlight strong support for the event however that support is clearly conditional on the event including open wheeler or Indy cars participation.

Given the nature of the event and the physical obstacles placed around Surfers Paradise to prevent normal retail trade from occurring, it is vital that organisers get it right for next year otherwise we can expect similar poor results and unnecessary financial hardship for retailers.

-ENDS-

Contact : Tony Tooma, Managing Director, Knight Frank Gold Coast 0412763830

ATTACHMENT B



LEGEND
 SHORTENED SUPER GP TRACK
 EXISTING SUPER GP TRACK
 LIGHT RAIL CORRIDOR

PRELIMINARY

Australian Government Queensland Government				DO NOT SCALE		Drawn Checked Approved Date: 24/11/09 Scale: AS SHOWN	Designed Design Check Title: SHORTENED SUPER GP TRACK AND THE GOLD COAST LIGHT RAIL CORRIDOR Sheet No: A1 Drawing No: SK1003 Rev: A

Appendix 25 - TV Broadcast Potential FIA GT1

COUNTRY/REGION	CONTACT	FORMAT	BROADCAST
Belgium	EXD	HD	Live
Belgium/Lux	RTBF	SD	Live (when not F1)
Belgium/Lux	RTL BEL	SD	Highlights
Czech/Slovak	SPORT TV5	SD	Live
France/Switzerland/Belgium	SPORT +	SD	Live/Delay
Germany/Austria/Switzerland	SKY SPORTS	HD	Live
Germany/Austria/Switzerland	DSF	SD	Live/Delay
Greece	NOMA/SUPERSPORT	SD	Live
Italy	RAI SPORT +	SD	Live/Delay
Italy	SKY SPORTS	HD	Live
Italy	MEDIASET	SD	News
Malta	GO TV MALTA	SD	Live
Netherlands	NOS	SD	Highlights
Netherlands	RTL7	SD	Live/Highlights
Poland/Romania/Hungary	SPORTKLUB	HD	Live/Highlights
Portugal	SPORT TV	SD	Live
Russia	AUTO+	SD	Highlights
Scandinavia	VIASAT	HD	Live
Spain	SOCCERABLE	SD	Live/Delay
UK & Ireland	BT	Broadband	Highlights
UK & Ireland	Q4	SD	Highlights
UK & Ireland	ESPN	HD	Live
UK & Ireland	SKY SPORTS	SD/HD	Live/Highlights
UK & Ireland	SUNSET/VINE	SD	News
Australia	FOX	HD	Live
Australia	NETWORK 10	HD	Highlights
India	NEO SPORTS	SD	Live
Japan	J SPORTS	SD	Highlights
Brazil	ESPN BRAZIL	SD	Highlights
Pan-region	FOX	SD	Live/Delay
Pan-region	POG/SPEED	SD	Live/Highlights
Pan-region	ABU DHABI SPORTS	HD	Live
Pan-region	DUBAI SPORTS	HD	Live
Pan-region	SHOWTIME	SD	Live
Israel	THE SPORTS CHANNEL	HD	Live
Egypt	WADI DEGLA	SD	Highlights
Pan-region	DISCOVERY	HD	Live/Highlights
Pan-region	SPEED	SD	Live/Highlights
	BLOOMBERG	SD	Magazine
	MCDL 1	SD	Magazine
	ENTV	SD	News

Appendix 26 - GP2: 2009 Series™ TV Broadcast Summary

TERRITORY	BROADCASTER	RIGHTS GRANTED
EUROPE		
Denmark	TV2 SPORT	All Sessions Live or Same Day Delayed (SDD) plus 1 repeat option
Sweden	VIASAT SPORT	Live/Delayed and highlights in F1 Programming
Norway	VIASAT SPORT	Live/Delayed and highlights in F1 Programming
Finland	MTV3	All Sessions Live or SDD with repeat within 7 days
France	EUROSPORT	Races live or delayed as per schedule
Various	PREMIERE	All Sessions Live or SDD plus 11 repeats per round
Greece	ANT1	TBC – In Negotiation
Italy	RAI	Sprint race live & Magazine/news
Italy	SKY	Races Live or delayed and option for other session & 5 repeats
Netherlands	RTL NEDERLAND	Highlights during magazine show RTL GP
Poland	POLSAT	TBC – In negotiation
Portugal	SPORT TV	Live or SDD & highlight before next event
Ireland	SETANTA	Live or SDD & 2 repeats
United Kingdom	SETANTA	TBC – In Negotiation
Spain	LA SEXTA	TBC – In Negotiation
Catalunya	TV3	Feature race highlights, Live Sprint race
Turkey	TRT	TBC – In Negotiation
Austria	ORF	TBC – In Negotiation
Belgium	RTBF	Highlights in F1 Programming
Malta	GO TV	Live/Delayed
Bulgaria	TV7	TBC – In Negotiation
Cyprus	LTV	TBC – In Negotiation
AMERICAS		
Brazil	GLOBO TV	Live or SDD & 4 repeats
USA	SPEED	Sprint race SDD
Latin America	FOX SPORTS	TBC – In negotiation
Venezuela	MERIDIANO	Live or Delayed
MIDDLE EAST		
Various	BTV	Live/Delayed
ASIA PACIFIC		
Various	ESPN STAR SPORTS	Live/Delayed
Japan	FUJI TV	2 hour highlights show per round
New Zealand	SKY NZ	TBC – In Negotiation
AFRICA		
Various	SUPERSPORT	Qualifying & Race live and option to repeat
WORLDWIDE		
Various	GILLETTE WORLD SPORT	TBC – In Negotiation