

Division 70: Western Australian Sports Centre Trust, \$46 962 000 —

Ms W.M. Duncan, Chairman.

Mr D.T. Redman, Minister for Regional Development representing the Minister for Sport and Recreation.

Mrs A. McAllister, Principal Policy Adviser, Office of the Minister for Sport and Recreation.

Mr D. Etherton, Chief Executive Officer.

Mr R. Picardo, Director, Corporate Services.

The CHAIRMAN: This estimates committee will be reported by Hansard. The daily proof *Hansard* will be available the following day.

It is the intention of the Chair to ensure that as many questions as possible are asked and answered and that both questions and answers are short and to the point. The estimates committee's consideration of the estimates will be restricted to discussion of those items for which a vote of money is proposed in the consolidated account. Questions must be clearly related to a page number, item program or amount in the current division. It will greatly assist Hansard if members can give these details in preface to their question.

The minister may agree to provide supplementary information to the committee, rather than asking that the question be put on notice for the next sitting week. I ask the minister to clearly indicate what supplementary information he agrees to provide and I will then allocate a reference number. If supplementary information is to be provided, I seek the minister's cooperation in ensuring that it is delivered to the principal clerk by Friday, 19 June 2015. I caution members that if a minister asks that a matter be put on notice, it is up to the member to lodge the question on notice with the Clerk's office.

I now ask the minister to introduce his advisers to the committee.

[Witnesses introduced.]

The CHAIRMAN: Are there any questions?

Ms R. SAFFIOTI: I refer to page 787 of the *Budget Statements*. I have a bit of a technical question. It is in relation to the statement of financial position and the fact that the Sports Centre Trust will be the manager of the new Perth Stadium. Can I clarify that the \$422.8 million in borrowings shown under "Non-Current Liabilities" is the financing component that will be paid to Westadium over a period of 28 years?

Mr D. Etherton: Yes, that is the leasing component. Only 25 years of that is for VenuesWest to pay.

Ms R. SAFFIOTI: In relation to that, the non-current assets are shown to increase from \$1.043 billion in 2016–17 to \$2.106 billion in 2017–18. Does that reflect the fact that the Sports Centre Trust now owns an asset worth over \$1 billion and that is why it is increasing in non-current assets?

Mr D. Etherton: Yes.

Ms R. SAFFIOTI: My further question relating to financials refers to page 785 and the total cost of service in 2013–14 being higher than anticipated. Can the total compensation paid to Allia for the nib Stadium redevelopment be confirmed?

Mr D. Etherton: The compensation paid to Allia when it terminated its contract was \$8 million.

Ms R. SAFFIOTI: Can I just confirm the other two components in relation to the stadium redevelopment and the pitch placement?

Mr D. Etherton: Those two numbers were \$1.9 million and \$1.33 million. All three of those numbers were confirmed by independent auditors.

Mr P.B. WATSON: I refer to page 781 and the third dot point referring to the nib Stadium operating costs. Could we get a breakdown of the different sports there and what major sporting clubs like Western Force and Perth Glory pay, in order to compare what it costs them to use the stadium?

[9.50 pm]

Mr D.T. REDMAN: I will pass on to Mr Etherton.

Mr D. Etherton: Although I would not like to go into the intricate details of each hirer's licensing agreement, traditionally the cost to sporting hirers is about \$2.90 per person to hire the stadium.

Mr P.B. WATSON: It is \$2.90 per person?

Mr D. Etherton: Yes, for the licence fee to hire the stadium.

Mr P.B. WATSON: Further to that, is it true that Western Force pays a lot more to use nib Stadium than any other Super Rugby team in Australia?

Mr D. Etherton: I do not have that analysis, so not to my knowledge, no.

Mr P.B. WATSON: So, it is \$2.90, and you work out the whole system by each person who comes into the gate?

Mr D. Etherton: We have a set fee for under 10 000 people at \$2.90—again, I am talking about for the sporting codes here—and then it is \$2.90 thereafter. For the first 10 000 people it is \$29 000 and for 10 001 people it is \$29 002.90.

Mr P.B. WATSON: It is \$2.90 no matter what?

Mr D. Etherton: Yes, but to open the gates the first 10 000 —

Mr P.B. WATSON: There has to be a minimum of 10 000 on the night?

Mr D. Etherton: Correct.

Mr P.B. WATSON: So if they do not get 10 000, they do their dough.

Mr D.T. REDMAN: It does not work with one.

Mr P.B. WATSON: No. What other costs would be involved in the stadium? Does that figure include security and cleaning everything up? Is that the whole shebang?

Mr D. Etherton: No, that is just the licensing fees. The traditional costs to hire any stadium in Australia include a licence fee plus things like security costs. A lot of the security costs are ascertained by the hirer, so they understand how much they want to spend on security to protect the field of play to make sure that the players are safe, to make sure that the change rooms are safe and all those sorts of things; so there is a security cost. There are usher costs, ticketing costs and cleaning costs to clean the stadium after the patrons have left. They are the main cost elements. There is power for the lights and other smaller ones like that.

Mr P.B. WATSON: Further to that, there is a minimum of \$29 000 just to open the gates, and then there are all those other costs on top?

Mr D. Etherton: Correct.

Mr P.B. WATSON: I refer to “Statement of Cashflows” on page 775.

Mr D.T. REDMAN: I do not think we have page 775 in this division.

The CHAIRMAN: Yes, that is in the previous division 69.

Mr P.B. WATSON: In there it said that the new Perth Stadium, the Western Australian Institute of Sport and the new State Netball Centre were being transferred to the Sports Centre Trust.

The CHAIRMAN: What was the question, member for Albany?

Mr P.B. WATSON: Why have all these major projects been transferred to the trust? I can reframe the question. Were any other groups involved that could have taken over these projects?

Mr D.T. REDMAN: I will ask Mr Etherton to do his damndest to interpret what the member is saying and issue a response.

Mr P.B. WATSON: He is probably a lot brighter than the minister and will pick it up straightaway!

Mr D. Etherton: We have a relationship with the Department of Sport and Recreation. Traditionally what happens is that it is the client agency for the development of sporting facilities. As the member has seen, over the last eight years there has been significant sporting investment in Western Australia. What happens is that it is the client agency and when it completes the building, it hands it over to us and we run it. That has happened in this financial year with the State Netball Centre and with the Western Australian Institute of Sport. Those assets will be transferred to us in globo in the next 10 days and then we will have them in our accounts in 2014–15. In 2018, as the member recently pointed out, \$422 million worth of lease liability and \$1 billion worth of asset will come into our account. That is the way we do it. We have different responsibilities. The Department of Sport and Recreation is the client and build; we run.

Mr P.B. WATSON: I have one final question. There has never been any opportunity for anyone else to come in, for instance the football stadium putting out a contract for people to run it? The trust has the sole rights to take over?

Mr D. Etherton: There are two issues there. We own the assets on behalf of the state and for some of those assets we run them. At the moment we run ourselves using our staff—still with some services provided by others but principally with our staff—HBF Stadium, HBF Arena, the Midvale Speed Dome, the Western Australian Athletics Stadium, and the Champion Lakes Regatta Centre. We contract out the management of Perth Arena;

we contract out the management of the Perth Motorplex; and, as Mr Hurst said about an hour ago, we are in the process of contracting out the management of the new Perth Stadium. We therefore regularly provide opportunities for organisations to run facilities on behalf of VenuesWest, but we also run a number of them ourselves.

Ms R. SAFFIOTI: I have a further question in relation to nib Stadium. Where is the trust with that one?

Mr D. Etherton: With government approval we made the decision to run nib Stadium for two years. We are about 11 months into those two years. In September this year we will commence the process to evaluate what the best option is for us; whether it is to contract out the management or to retain the management. We will make a recommendation to government and if the decision is to contract out the management, we will enter into a process to do that. If we retain the management, we will keep undertaking the management.

Ms R. SAFFIOTI: I have a further in relation to the new Perth Stadium. For the \$422 million, will it be the Sports Centre Trust that will be making the monthly service payments to Westadium, the financier?

Mr D. Etherton: Yes.

The CHAIRMAN: Thank you, members. We are considering division 70 under the sport and recreation portfolio.

The appropriation was recommended.

Committee adjourned at 9.57 pm
