

Chairman; Mr Peter Watson; Mr Terry Waldron; Mr Tony Simpson; Mr Mick Murray; Mr John Kobelke; Ms Andrea Mitchell

Division 47: Western Australian Sports Centre Trust, \$186 977 000 —

Mr J.M. Francis, Chairman.

Mr T.K. Waldron, Minister for Sport and Recreation.

Mr D.P. Etherton, Chief Executive Officer, VenuesWest.

Mr C.J. Johnson, Finance Manager, VenuesWest.

[Witnesses introduced.]

The CHAIRMAN: The member for Albany.

Mr P.B. WATSON: I refer to page 607, the fourth dot point, which states that in 2008-09 the trust continued the provision of venues that are used as elite training and competition facilities. Basketball Western Australia has been running the basketball facility at Perry Lakes Stadium since 1962. Under the new tenancy arrangements for the new basketball facility, that facility will now be run by the Western Australian Sports Centre Trust. What is the reason for that?

Mr T.K. WALDRON: I thank the member for the question. It is a fair question. Basketball WA has been running the basketball facility at Perry Lakes for many years. That facility has been in use since the commonwealth Empire Games, and it has been fantastic. However, that facility is now very dilapidated and run down. A magnificent new facility has now been built. I do not know whether the member has had a chance to have a look at it —

Mr P.B. WATSON: No; I was not invited there either!

Mr T.K. WALDRON: When we get the opportunity, we will take the member there to have a look at it. It is a wonderful facility. I want to tell the member why the Sports Centre Trust will be running that facility and not Basketball WA. Basketball Western Australia will certainly be given a lot of independence at that facility, with the 10 500 hours that it will be given to manage and run that facility. However, the Sports Centre Trust—now VenuesWest—will be taking these new facilities forward and managing them on a professional basis. The new basketball stadium at Perry Lakes, along with the other facilities, will provide a major new sporting hub in that region. We have made a very large government-taxpayer investment in those facilities, and it is important that these facilities are run well. However, that should not be to the detriment of the sports that use those facilities. We want to make sure the sports can afford to operate at those facilities, and also give them the flexibility to do what they want to do. I think it is fair to make the comment that the people in sports know about sports, but the people at VenuesWest are the ones who have the expertise to run the facilities. We have had meetings recently with Basketball WA, and we have come to an agreement about the subsidised amount that Basketball WA will pay to the trust. Built into that is quite a lot of flexibility, as I have said; namely, the 10 500 hours that has been given to Basketball WA to manage basketball activities within that stadium.

Mr P.B. WATSON: In 1962, Basketball WA had one court at Perry Lakes. It has since built that facility up to eight courts. It has been running that facility since 1962. It has never had a handout from the government. People may say that the facility is now very run down. However, previous governments had been saying to Basketball WA that they were dealing with the City of Cambridge council, and all those facilities were going to be knocked down, so they were told not to improve that basketball facility. I cannot understand why, when Basketball WA has been running that facility so professionally and has been given that autonomy, Big Brother is now coming in and saying that the Western Australian Sports Centre Trust is going to run it. It is bureaucracy taking over from a sport that has been very successful. I do not know whether the minister has played basketball at that facility during Country Week, but Basketball Western Australia is also using that facility to put money into regional areas. I have one more question for the minister. Will Basketball WA be required to put money into a fund that will be used in 60 years' time for the replacement of that stadium?

Mr T.K. WALDRON: I think Basketball WA has done a wonderful job over the years. However, there have been issues with Basketball WA at the old stadium.

Mr P.B. WATSON: That is because they were told they did not need to upgrade it!

Mr T.K. WALDRON: Okay. Basketball will now be going into a \$40 million facility at Perry Lakes that is funded by the state government. These modern, new facilities at Perry Lakes require professional management. We want to make sure that the upkeep and lifecycle maintenance is done and we do not get to a stage, as has been the case with sporting facilities over the years, at which that upkeep is not done. I am a sporting person. Sports are good at running sports. However, sometimes they are not quite as good at running the actual facilities that they are using. I have to tell the member that when I came into this position and I read through and looked at what has happened with the Sports Centre Trust in the past, I was a bit concerned about some things.

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[10.20 am]

Mr P.B. WATSON: That is why I am concerned about the trust running this centre.

Mr T.K. WALDRON: Right, and that is a good point. A review was held over the past 15 months. The former minister was involved in that, as I understand it. There is a new board, a new chairman, a new manager and a whole new direction in the Sport Centre Trust, which I think it needed. It has come forward with a strategic plan. The focus is now on venue management, and people with the professional expertise and knowledge to run the facilities. I think that as time goes on Basketball WA will be glad it is not running the facility. It will take the pressure off, and enable Basketball WA to manage the sport.

Mr P.B. WATSON: It does not think that at the moment.

Mr T.K. WALDRON: We have just finalised the arrangement there. As I said before, Basketball WA said that it did not want to be any worse off. That arrangement has been met.

Mr P.B. WATSON: It is worse off; it is not running the stadium.

Mr T.K. WALDRON: Does the member think the sport is worse off playing in the new stadium or the old stadium?

Mr P.B. WATSON: It was supposed to be like for like when it changed, but it is not. Big Brother has taken over.

Mr T.K. WALDRON: Let us get real here. We can play the game about —

Mr P.B. WATSON: It is not a game, minister.

Mr T.K. WALDRON: Basketball WA is going into a magnificent new stadium that will be good for basketball.

Mr P.B. WATSON: Which it was promised.

The CHAIRMAN: The member knows better than to ask questions by interjection.

Mr T.K. WALDRON: This magnificent new stadium is a huge benefit to the sport. I know from my meetings with Basketball WA that it is rapt about going into the new stadium. It was involved in the development of the stadium. Yes, there were some issues about rental and management, but we have resolved them with Basketball WA. VenuesWest will manage the centre, but there is a lot of flexibility for Basketball WA to manage the sport, which I am confident it will do well.

The CHAIRMAN: Further questions? The member for Darling Range.

Mr P.B. WATSON: I have a follow-up question.

The CHAIRMAN: I am aware of the time, and we have two more divisions to get through. The member for Albany has had about four further questions by way of interjection. The member for Darling Range.

Mr A.J. SIMPSON: My question refers to the final dot point on page 606, which reads, in part —

The Trust is experiencing a significant period of growth and the imminent completion of the Western Australian Athletics Stadium and State Basketball Centre adjacent to Challenge Stadium has presented an opportunity for integrated management practices in the precinct to be adopted.

Can the minister explain how this will occur?

Mr T.K. WALDRON: That is a good question, and I have touched on it a little already. The WA Sport Centre Trust, now VenuesWest, has been revitalised over the past 18 months. That is a really key point. It has been revitalised and has a new direction. This change, along with the intellectual property and the expertise retained from the existing staff, provides the capacity for VenuesWest to manage facilities across Western Australia. The precinct that is being developed, including the Western Australian Institute of Sport, Challenge Stadium, the basketball, the rugby, the new athletics stadium and potentially netball in the future, makes for ease of management, particularly in the more elite area of sport. The precinct being located close to WAIS makes a lot of sense to me, because facilities can be shared. We talk a lot about sharing facilities provided by the community sport and recreation facilities funding in country areas. We are trying to do that as much as we can in country Western Australia, so why should we not try to efficiently utilise facilities in the same precinct? I congratulate the minister in the previous government on some of the decisions he made in this area, because it has headed us in the right direction. There is a wonderful set-up at Challenge Stadium and AK Reserve, and it is improving all the time. The other advantage is working with the University of Western Australia. The close location of that facility to the university grounds enables us to utilise those grounds as well. Western Australia has a lot of expertise in sport and recreation in the university that overseas countries want to utilise. Ron Alexander and I are

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encouraging links with Asian countries to return benefits for them, but also to produce benefits for Western Australia. We can help them with their coaching, administration and general management of sport.

Mr M.P. MURRAY: I refer to the second last dot point on page 606, which reads —

To ensure the effective management of the Perth Arena project through the transition from delivery to commissioning and operation, the Trust has assumed client agency status, budget responsibility and overall project completion and governance responsibility for this facility

Before asking the question I must explain that I have an interest across the road. I ask this question on behalf of all the people in the home units across the road. Who now will be responsible for damage claims and so on?

Mr J.C. KOBELKE: In other words, who can the member complain to?

Mr M.P. MURRAY: I think the member has it right. Where do we go to now? By my reading, it is not the project manager now that it has been taken over. Who can the tenant body now address?

Mr T.K. WALDRON: I will make a couple of comments, and then I will hand over to Mr Etherton for an accurate answer, because I know the member wants the particulars. The Western Australian Sport Centre Trust has recently taken over the client status of the Perth Arena from the Department of Housing. There have been a lot of issues with this project, including the blow-out in the budget and some of the planning that went on before. I could go into that in detail today, but I will not. This is a real shame, but it has happened, and we will deal with it as best we can now. As for the management, once the arena is completed, the management will go out to open tender and, obviously, I would imagine VenuesWest will be one of the tenderers. I will hand over to Mr Etherton for more details.

Mr D.P. Etherton: The principal in the contract is still the Minister for Housing and Works, represented by Building Management and Works. Richard Mann, in the office of strategic projects, is still actually building the arena. We are the clients, and he takes advice from us on the overall design and fit-out of the facility. It does not actually change where to direct complaints.

Mr J.C. KOBELKE: The capital cost of the Perth Arena is shown on page 609; I do not want to know that. I want to know how much money has gone to the Sport Centre Trust to help it with the extra responsibilities in managing the Perth Arena.

Mr T.K. WALDRON: I have the figure somewhere, but I cannot give it off the top of my head. I will pass the question to Mr Etherton. I know that amount has been allocated.

Mr D.P. Etherton: Directly, in the next four years, \$9.1 million has been allocated in the forward estimates for the administration and start-up of the Perth Arena. It is not just for administration.

Mr J.C. KOBELKE: Is that fairly evenly spread over four years—roughly \$2 million each year?

Mr D.P. Etherton: No, the amount is not evenly spread. In 2009-10, we are ramping up the team that is required, in 2010-11 it hits full steam, and in 2011-12 it starts to wind down. The numbers are \$1.6 million, \$4.2 million and \$2.7 million.

Mr J.C. KOBELKE: The minister mentioned in his earlier answer that the management was to be put out to tender or to contract. Can the minister explain a little about the objectives and the time line of that process?

Mr T.K. WALDRON: Obviously, the objective of the tender is to get the best possible people managing that huge asset for Perth and Western Australia. I am not aware of the time line or the completion date; I will pass that to Mr Etherton. On the VenuesWest direction, we talk about venue management and higher level sport. Concerts are held at Arena Joondalup as well, and one of the objectives of the trust is to manage those sorts of things as well. If VenuesWest is successful in tendering for the management of the Perth Arena, that would become even more important.

Mr J.C. KOBELKE: Can I just clarify the minister's last sentence? Is the minister allowing VenuesWest to also tender for the right to manage?

Mr T.K. WALDRON: It will have the opportunity, along with other tenderers. It will be an open tender, so anyone will have the opportunity. Mr Etherton will clarify that for me.

[10.30 am]

Mr D.P. Etherton: I refer to the member's first question about the timing. We go to the state tenders review committee with the procurement plan on 3 June. Subject to that being successfully put through, we expect to have an advertisement in the paper calling for expressions of interest on 17 June.

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Mr J.C. KOBELKE: The second part of my question was about it being an open process. Will there be any restrictions on who can apply?

Mr D.P. Etherton: The first phase of the process will be calling for expressions of interest and it will be open to only private sector respondents. The private sector respondents will respond and an evaluation panel comprising experienced people will make a recommendation to the board of VenuesWest on who would go forward to the request for proposal stage. The request for proposal stage would involve three, four or five suitable parties who will be asked to submit a proposal to manage the Perth Arena. At the same time that occurs VenuesWest intends, at the moment, to submit a public sector comparator and that will be compared at the end of that process with those private sector bids.

Mr J.C. KOBELKE: When does the minister expect to have that process concluded? I am very concerned, and I was when I was the minister, that this is taking too long. My point is that if the management is not in place, we will have a venue that is open but there will be next to no bookings. We have to be attracting events now for when the venue is completed. When does the minister think a manager will be in place?

Mr T.K. WALDRON: I will get Mr Etherton to give the member a detailed answer.

Mr D.P. Etherton: We expect to have a preferred tender in place in December. We expect to negotiate a contract in December or January, potentially February, and to start the contract not long thereafter. The decision that we will be faced with at that point is whether to start them immediately or delay them for six months. The best advice that we have received from a variety of consultants and venue managers is that we need 12 to 18 months to start getting the bookings. We will have plenty of time beyond March to do that. We may not need to start until later than March. In terms of bookings, we already have people inquiring, as the member is aware from his history in the role. Big acts do multiyear rotations. An example is Andre Rieu. He knows what he is going to do around the world three years out. Some big acts that have really long time frames have been in contact with us. On behalf of the eventual venue manager we are taking advance notice of that and recording that information. One of the key events is the Hopman Cup and we are recording their requirements to utilise the facility.

Ms A.R. MITCHELL: I refer to the heading "Income" on page 611 of the *Budget Statements*. My question is about the name "Challenge Stadium". I understand that was a naming-rights sponsorship from Challenge Bank. I understand that income no longer comes from that organisation. Does that mean that there is now a chance for another naming rights sponsor?

Mr T.K. WALDRON: That is a good question. Naming rights does present opportunities. I understand it is up for consideration at the moment. I do not know exactly at what stage that is. It is not easy to attract funding for sport and recreation, and we have referred today to what it means to health, fitness and social wellbeing. Sports need to, within reason, look at every opportunity presented to it. In selecting appropriate naming rights we have to be a little bit careful.

I think members will agree with me that the recognition at the AK Reserve of Herb Elliott, Shirley Strickland, and Wally Foreman was very good. There is scope there for commercial opportunities and we need to bear that in mind when we are looking at facilities. I will ask Mr Etherton to add to that.

Mr D.P. Etherton: The name was because of the Challenge Bank. The fantastic thing about naming it "Challenge Stadium" is that it is a good name for a sports stadium. Even with the bank gone, it is not an issue. We will retain that name unless and until someone else comes in. If the member knows anybody who would be interested, we would love to talk to them.

Mr T.K. WALDRON: There is a great opportunity for business or groups to look at it. As that precinct grows the opportunity for business will also grow.

Ms A.R. MITCHELL: I believe it is an opportunity to recognise people.

Mr P.B. WATSON: I refer to the last dot point on page 606 about the State Basketball Centre. Is it true that basketball has to have a sinking fund to replace the stadium in 40 years? If so, does any sport in Western Australia have to do that; for example, athletics?

Mr T.K. WALDRON: I understand the State Basketball Centre is not required to have a sinking fund. They will pay a higher fee that we have agreed to, and it is a subsidised figure, to enable basketball to use the stadium and be on the same playing field that they were previously. I am not aware of any sinking fund that they have to contribute. However, they will pay a higher fee than currently, which has been negotiated with basketball and decided on at a level that they felt they could operate at.

Mr P.B. WATSON: Can the minister provide me with the details of how much basketball will be paying the trust that could be going back into the development of junior basketballers throughout Western Australia?

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Mr T.K. WALDRON: If the member puts that question on notice, I will answer it.

Mr J.C. KOBELKE: There has been a problem with the leaking of Challenge Stadium, which was embarrassing to me.

Mr T.K. WALDRON: I remember that very well. It was unfortunate.

Mr J.C. KOBELKE: Minister, we are short of time. Has it been fixed?

Mr T.K. WALDRON: No, but it is in the process of being fixed. An amount of \$450 000 has been allocated for it to be fixed properly. The money is there to do it. The tenders are completed. They need to get them out. I make the point that this is part of the new direction of the trust in managing these things. It is about government putting in money for these things.

Mr J.C. KOBELKE: The minister is right, but he is wasting our time.

The appropriation was recommended.