

Chairman; Ms Rita Saffioti; Mr Terry Waldron; Mr Peter Watson; Mr Vincent Catania; Mr Mick Murray; Mr John McGrath

Division 49: Western Australian Sports Centre Trust, \$52 924 000 —

Ms W.M. Duncan, Chairman.

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

Mr D. Etherton, Chief Executive Officer.

Mr R. Picardo, Director, Corporate Services.

Mr M. Cutler, Chief of Staff, Office of the Minister for Sport and Recreation.

[Witnesses introduced.]

The CHAIRMAN: I call the member for West Swan.

Ms R. SAFFIOTI: I refer to page 547 and the \$8 million compensation payment to Allia Venue Management for the termination of the heads of agreement with Allia. I understand that there were three payments—\$1.9 million, \$1.3 million, and \$8 million. I can find the \$8 million, and I found the \$1.9 million in the midyear review. Can the minister explain where the payment of \$1.3 million for 2013–14 can be found?

Mr T.K. WALDRON: The first compensation payment has been made. The second compensation payment is still being negotiated. Allia has put in an application, but we are still working through that. I think the first claim of \$1.913 million was paid on 10 December 2013. The second claim is for \$1.3 million. But we have not settled on that claim because we want to make sure that that claim stacks up before we make the payment.

Ms R. SAFFIOTI: Will that payment be made in this financial year or next financial year?

Mr T.K. WALDRON: I think it has to be settled this financial year, but as to when the payment will actually come out, I would have to clarify that.

Ms R. SAFFIOTI: Why has that \$8 million been budgeted for this financial year, given that Allia will continue to operate nib Stadium for another three or four months?

Mr T.K. WALDRON: I think it is expensed and shown this year but it will be paid out —

Ms R. SAFFIOTI: So, cash flow next year?

Mr T.K. WALDRON: Yes.

Ms R. SAFFIOTI: As part of the heads of agreement, was Allia making an annual payment to access nib Stadium?

Mr T.K. WALDRON: I will refer that to Mr David Etherton.

Mr D. Etherton: Allia is required under the heads of agreement to make a capital contribution every year. This year, \$73 400 is the capital contribution that it is required to make, and it has made that contribution.

Ms R. SAFFIOTI: Is that for maintenance costs?

Mr D. Etherton: It is for capital upgrades and maintenance, yes, such as to fix or replace an air conditioner—those sorts of things.

Ms R. SAFFIOTI: In a previous session, we heard that Allia initially paid about \$4 million under the original heads of agreement. I assume that was paid to the Town of Vincent at the time. Has the state government received any other funding from Allia in relation to accessing nib Stadium?

Mr T.K. WALDRON: I will hand over to David, because he knows that stuff and the member will get the correct answer.

Mr D. Etherton: No, Allia has not made any payments to the state other than that \$73 000 annually. Allia has made significant capital contributions to the asset over the life of the 10 years, but it has not made payments to the state.

Ms R. SAFFIOTI: In relation to VenuesWest taking over the operation of nib Stadium, has VenuesWest received, or will it be receiving, any additional funding to operate the stadium? I know that Venues West has revenue, but will it be seeking further funding to operate the stadium?

Mr T.K. WALDRON: There will be costs associated with that, and we will work through that with VenuesWest and government. I have to say that VenuesWest does a terrific job in operating commercially and getting good commercial returns, but government obviously subsidises VenuesWest not just for one venue; we subsidise it across the whole operation. VenuesWest has gone from around four venues to 13 or 14 over the last few years, so it has become quite a big concern. I have to say that we have driven VenuesWest probably fairly hard to get

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those commercial returns, but at the same time we are always trying to find a balance to make sure our facilities are affordable and that we cater for grassroots sports through to elite sports in those facilities.

Ms R. SAFFIOTI: So in this budget, the two things that have not been budgeted for are the \$1.3 million further compensation payment, and the fact that the government will need to fund VenuesWest to take over nib Stadium.

Mr T.K. WALDRON: That is right.

Ms R. SAFFIOTI: The government has not budgeted for those?

Mr T.K. WALDRON: They are not in this budget, but we are aware of those requirements going forward.

Mr P.B. WATSON: I refer to item 1, “Provision of Elite Sport Facilities and Support”, in the service summary on page 548. I have been approached by a resident who lives near Perth Arena who is concerned about the amount of traffic that goes past the arena at night after a performance and the fact that cars are parked on footpaths and all around the place. Has any thought been given to providing a kiss-and-drop bay so that people can be dropped off and picked up without cars having to be double-parked all along the road?

[11.40 am]

Mr T.K. WALDRON: Just out of interest, that constituent’s name is not Murray, is it?

Mr P.B. WATSON: It is confidential information.

Mr T.K. WALDRON: Obviously, traffic management plans are in place. I am not involved specifically in those. I do not know whether David wants to comment on that, but the issue has not been raised with me as minister.

Mr D. Etherton: One issue in this interim period involves significant roadworks in the vicinity and another is that they have not finished the development directly adjacent to the east of Perth Arena. Long-term traffic planning requires that those drop-offs are able to occur and that traffic turns right at Perth Arena. Currently, traffic turns left to go to the car park, but it will eventually turn right and do a loop around the hotel site there and will come back out separately. That will allow for the kiss-and-drive option. Until that development and the associated roadworks are completed, people are being dropped off on Wellington Street. An area has been set aside further to the east of Wellington Street to set down and pick up people. Unfortunately, Perth people have a tendency to want to drop off and pick up people within 10 to 50 metres of the door. In association with the City of Perth, we have set aside an area for that to occur; it is just that some people refuse to use it. At the moment, roadworks exacerbate that because there is only one lane, and that will continue for about four months.

Mr P.B. WATSON: Has the department provided enough education for the people who are refusing to use the allocated drop-off area? Do people know that area is available?

Mr D. Etherton: AEG Ogden has put out a flyer that it provides for everyone who accesses the car park to show how long the roadworks will take and all that sort of stuff. From memory, the flyer points out where the drop-off area is, which is further up from the car park. The problem is that drivers who are dropping people off are not using the car park. I am not aware of any information provided to drivers who are dropping people off at the front door about where they should go. I will check AEG’s website.

Mr V.A. CATANIA: I refer to the second dot point on page 548 of budget paper No 2 under “Significant Issues Impacting the Agency”. How has Perth Arena performed since opening 12 months ago?

Mr M.P. MURRAY: It is a magnificent facility put in by the Labor Party.

Mr V.A. CATANIA: It is great to see that this government put in chairs and parking, which the previous government left out.

Mr M.P. MURRAY: That is wrong and the member is misleading the chamber.

Mr P.B. WATSON: Is that when the member was on this side of the house or the other side?

Mr V.A. CATANIA: Has Perth Arena performed to the minister’s expectations over the last 12 months?

Mr T.K. WALDRON: Yes, it has; it is a fantastic venue. I acknowledge that the Labor Party started the construction of Perth Arena, and it is a good result. I talk a lot about planning for the new stadium, because that was an area in which the Labor government was remiss with Perth Arena. Be that as it may, let us forget about that—it is a fantastic venue. The great thing about Perth Arena is that it is so versatile, which is underlined by the different sports and entertainment events that have been held there over the last 12 months. The statistics for 2013–14—its first year—are really interesting for members, and they might want to listen. There were 657 322 people through the door—we expect the number to exceed 765 000 by year end—and 71 performances have taken place.

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Mr P.B. WATSON: What great vision.

Mr T.K. WALDRON: The artists so far this year include Bon Jovi, Bruce Springsteen, André Rieu and One Direction, and there are more events still to come. The arena's versatility is the key to its success. For years we could not have *Disney on Ice* in Perth, but now we will, as well as Keith Urban, Lady Gaga et cetera. I am really interested, as sports minister, that Perth Arena will host two international ice hockey matches. Western Australia is the only state in Australia to host two of those international ice hockey matches, which is due in no small part to the venue. Of course, Perth Arena will host the usual major events that people go to such as the Hopman Cup and Perth Wildcats matches. We saw the Wildcats win the National Basketball League premiership there this year. While I am talking about footy teams and the stadium and other sports utilising facilities, I take this opportunity to congratulate the Wildcats. It was a challenge for the Wildcats to move from Challenge Stadium to the arena. The Wildcats showed some great initiative and got off their backs and did a great job; we have seen the results of that. Other sports need to learn from how the Wildcats managed to maximise that move. Also, West Coast Fever played at the arena the other night. It is a versatile venue and AEG Ogden is doing a good job of managing it. Perth Arena is putting Western Australia back on the map for high-profile events, such as the Rolling Stones concert. I want to mention that the ability to get big trucks into the arena has been a great innovation that certainly makes it easier and cost effective for people who use the venue. I am not an expert in that area, but when I talk to people who work there and others who are involved, they certainly appreciate that. Perth Arena is going really well.

Mr M.P. MURRAY: One of the issues raised by overseas visitors is that when they have their photo taken outside the arena, it does not identify the location as Perth. Western Australia is missing an opportunity for worldwide publicity and something needs to be done in that area.

Mr T.K. WALDRON: As a government, we can make sure that major stadiums are identified. We have been criticised because perhaps we could have sold the naming rights. The idea was to make sure that Perth was identified with the arena, and that has occurred because it has become Perth Arena, so that identification exists. David Etherton can comment on the signage.

Mr D. Etherton: Before the end of the financial year, two massive signs will go up, one facing Wellington Street and one facing the freeway, saying Perth Arena.

Mr M.P. MURRAY: I hope they do not keep me awake.

Mr D. Etherton: You will have a good view of one of them. Two signs will go up. The member knows my background. From a tourism perspective, 4.1 per cent of people who bought tickets in the first year of the arena's operation were from interstate or overseas. A sign will go up right out the front, where the porch is, which is where people take photos.

Mr J.E. McGRATH: I refer to "Works in Progress" on page 551 of budget paper No 2. I notice about \$20 million is allocated in the forward estimates, starting with \$6 million this year, for work at Arena Joondalup. Can the minister outline the project and the reason for the government putting so much money into that area?

Mr T.K. WALDRON: It is a good question, and is in line with previous answers to earlier questions on this item. That facility has been there for a fair while and there were further requirements from the community and sports out there. Earlier today, I mentioned that the department identified the need for some larger sporting facilities in our outer suburban areas. We needed to make Arena Joondalup a better facility so that it can cope with the growth in that area. That allocation will realign new rugby pitches for the benefit of the rugby club. It will also provide for upgrades to the netball courts and a facility for West Perth Football Club. In addition, there is a plan for the Wanneroo Wolves to move there. A sale of land will also take place, but basically that investment is in line with what the government is doing at other centres, such as Cockburn and Victoria Park. We will also look at Lathlain, and we have invested funds in Ellenbrook and Mandurah.

Mr J.E. McGRATH: I am also interested in the length of West Perth Football Club's lease of the venue, and whether it is there for the long haul because of conjecture that West Perth will move back to Leederville Oval.

[11.50 am]

Mr T.K. WALDRON: We have two clubs at Leederville already! I will get David to respond in detail to that.

Mr D. Etherton: For the rugby project, the site works have commenced already to build the second pitch and reorientate it to a north-south orientation. That will be finished in the next couple of months. We are really excited about that.

Planning is underway for the netball project. We have been asked to delay that until the end of the winter season, so we are looking at September-October before really getting busy on that. We are in the later stages of project

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definition planning. The minister has talked about the importance of getting the planning right for complex projects.

The overwhelming majority of the funding is for football and basketball, given the cost and complexity of those projects, and we are completing a project definition plan at the moment on that in consultation with the sports. That will be completed in the next two or three months and we will then be able to get busy on the bigger part of the project.

In regard to West Perth Football Club, I am pleased to tell the member that David Crute, the CEO, and the board signed off on a four-year licence to use the oval. There is a clause in the licence that says we will revisit it after we build the new facility, because things will change, but it is great to see that the club has signed off on and put in place a long-term deal. As the member knows, it also invested money in gym facilities a year or so ago and its roots are firmly planted at Arena Joondalup.

Mr P.B. WATSON: I have a further question on Perth Arena. Who does the catering for Perth Arena? Is it a long-term contract? Is it a local business? As in all sporting arenas, there are concerns about the price of food.

Mr T.K. WALDRON: I understand that it is part of the AEG Ogden contract that AEG won. I will ask David to comment and give the member a bit more detail.

Mr D. Etherton: AEG Ogden has a five-plus-five-year deal. It is a year and a bit into the five-plus-five-year deal in that it has determined that its management strategy is to do the catering itself. If it were to turn it into a concession and go out to the market, it would need our approval, but it has decided to manage it itself at the moment.

Mr P.B. WATSON: I have another question to the minister, getting back to what the minister said about the new stadium, about naming rights for Perth Arena. Would it be a good idea for the minister to sell the naming rights to Perth Arena and the new stadium and give the proceeds back to sports and to the arts? If the government got \$5 million a year or whatever, that could go back to the minor sports.

Mr T.K. WALDRON: Yes, that is a fair point the member makes. However, the new stadium will be the virtual gateway to Perth. There will be magnificent vistas across the river for people to see on a regular basis. I believe that with the investment in the stadium, it will take pride of place in and become synonymous with Perth and Western Australia. Naming it to reflect that will have far more benefits. There will be other different naming opportunities in the stadium that we will look at. Naming rights can be applied to a lot of different things, but the Premier has made it clear that the overall naming of the stadium will reflect Perth and Western Australia.

Mr P.B. WATSON: My last question to the minister is: will the minister consider putting back money from the naming rights into minor sports and not into government coffers?

Mr T.K. WALDRON: I have not even considered that at this stage. The member has put the idea forward. I will consider that idea.

Ms R. SAFFIOTI: My question relates to Perth Arena and the final payments to BGC. Are there any further outstanding obligations on the construction of Perth Arena?

Mr T.K. WALDRON: I can confirm that the state recently reached a commercial settlement with BGC to finalise the capital contract for Perth Arena. These negotiations were undertaken by the Office of Strategic Projects under Treasury. I am unable to divulge the details of the settlement due to commercial confidences. However, I can confirm that the final budget amount approved by cabinet for Perth Arena is \$558 million.

The appropriation was recommended.

Meeting suspended from 11.54 to 12.00 noon