

## Estimates and Financial Operations Committee

### 2020-21 Budget Estimates and 2019-20 Annual Report - Questions Prior to Hearing (Round 2)

#### Western Australian Sports Centre Trust

##### Hon Diane Evers MLC asked:

1. Please explain the increase in costs for 'Optus Stadium - Computers and Office Equipment' of \$2m (2020-21), \$3.4m (2021-22), \$4.5m (2022-23) and additional \$3.3m compared to the previous year's budget of \$1.1m (2020-21), \$2.5m (2021-22) and \$3m (2022-23)?

Answer:

This funding relates to two categories of capital costs at Optus Stadium:

1. Furniture, fittings and equipment (FF&E) replacement for the venue operator. These include replacement computers and other ICT equipment, other equipment and furniture
2. Lifecycle replacement costs for the Design Build Finance Maintain (DBFM) Contractor. These relate to all equipment and fittings required to keep the Stadium fully functional and operational.

Due to the nature of these replacements, costs are minimal in the early years of operation and increase in time as the equipment and fittings get old and need replacing. The replacement schedule and associated costs was formulated when the DBFM contract was entered into and will be re-assessed in the future when better information on required replacements is known.

2. Spending changes p570 shows an expected increase of \$45m in the year 21/22 and \$34m in the following two years. This seems ambitious as we don't yet have assurance of a COVID vaccine. What information backs up this increase and does that information take COVID into account?

Answer:

The costs for 2021-22 and the out-years were based on a reassessment of the operating revenues and expenses for the operation of the Stadium undertaken early in 2020 as part of the 2020-21 budget process, prior to the impact of COVID-19. This reassessment was based on revised bookings, and a better understanding of returns from sport after two years of operation of Optus Stadium.

As part of the revised 2020-21 budget process, a reassessment was undertaken for 2019-20 and 2020-21 based on what was known at the time regarding the COVID-19 impact. COVID-19 impact adjustments for 2021-22 and beyond will not be considered until preparation of the 2021-22 Budget. Given how rapidly the COVID-19 issue evolved VenuesWest deemed the prudent step was to make adjustments as close as possible to the budget year.

