

GOVERNMENT LIABLE

\$8m payout over nib Stadium

EXCLUSIVE

Gareth Parker

State Political Editor

The chief of the Department of Sport and Recreation warned the Barnett Government that a 2011 heads of agreement deal with Nick Tana's Allia Venue Management to run nib Stadium in East Perth would expose the State to significant risks.

The West Australian can reveal the Government is liable for an early termination payment of \$8 million to Allia after it opted out of its deal to manage nib Stadium 10 years before it was due to expire.

Sports Minister Terry Waldron yesterday refused to detail the value of the payment but told Parliament taxpayers forked out \$1.9 million to Allia in December to compensate it for lost revenue because of disruption from the construction of the taxpayer-funded \$90 million northern and eastern grandstands.

A further \$1.33 million compensation claim, associated with pitch replacement works, is yet to be settled.

According to documents obtained by Labor under Freedom of Information laws, Allia were entitled to terminate the heads of agreement by midnight, March

12 next year. The "early surrender provision" would leave the State liable for a payout based on an agreed valuation of Allia's business at nib Stadium.

In question time, Mr Waldron said the State was liable to Allia for "residual value in the balance of the contract".

Allia said it believed termination was "in the best interests of the State and the sporting codes that the State now manages the Stadium for the future".

"We had the objective that the (sporting) codes wouldn't be worse off after the redevelopment," Allia chief executive Peter Bauchop said last night. "Under our agreements and methodologies for calculating fees . . . we are not in a position that we can ensure that."

Allia's original management contract for the rectangular stadium was signed with the Town of Vincent, which owned the old Perth Oval.

In 2011, with the State committed to spending \$90 million on a redevelopment, the Department of Sport and Recreation was seeking to renegotiate the heads of agreement to improve the State's position, FOI documents show.

"This has been a very invidious position for us," DSR chief Ron Alexander wrote in an April 2011

email. "(Allia) have employed the Liberal Party lobbyists to work on Govt for them.

"Trying to ensure that we develop a strong negotiating position has been difficult with (redacted) dealing directly with the Premier's office and our minister's office at will.

"We have never been given the authority to get on and ensure the community's \$90m+ is wisely spent."

Labor's Rita Saffioti said: "The Barnett Government is paying over \$100 million to Serco for a hospital with no patients, and now it appears millions to Allia for not operating a stadium."