

EDITORIAL

'Good deal' hits taxpayers with \$8m payout

Protecting the interests of taxpayers should be the overriding concern of any government when it strikes a financial arrangement with a private business. It is public money on the line. The Barnett Government seems to have lost sight of this basic tenet in its agreement with the managers of nib Stadium when it took control of the venue in 2011. The dismal result is that WA taxpayers are on the hook for an \$8 million payment to Allia Venue Management because the company wanted to get out of the contract early.

Written into the contract between the Government and the company was an "early surrender provision" that means the Government must compensate it for the early termination. Never mind that it was Allia that pulled the pin last week, not the Government.

No one has yet provided a reasonable explanation as to why this clause was included.

Colin Barnett insists it was a good deal for the Government. If a contract that leaves taxpayers liable to an \$8 million payment because the other party wants to break it is a good deal, it would be intriguing to see what the Premier considers a poor deal.

The Government was aware when it signed up with Allia that this provision could leave it liable to a costly payout. This newspaper revealed last week that Department of Sport and Recreation chief Ron Alexander warned it that the heads of agreement between the Government and Allia exposed the taxpayer to significant risks.

With the Government planning a \$95 million redevelopment of nib Stadium and taking over the lease of the venue from the

City of Vincent, it had to renegotiate the stadium's governance arrangements.

According to emails at the time, Mr Alexander was trying to maintain a strong negotiating position for the Government but drew attention to "Liberal Party lobbyists" employed by Allia to "work on Government".

Other emails released under Freedom of Information laws show that Sports Minister Terry Waldron told VenuesWest representatives negotiating the contract on behalf of the Government to get on with it and not to try to get a better deal.

Mr Waldron failed to explain his actions when questioned in Parliament last week. He could offer only glib statements about what a fine result the Government had achieved with its stadium redevelopment.

He is avoiding the issue. This looks like a classic case of the Government using the end to justify the means. There is no question that the revamped stadium is good for soccer and rugby crowds who have had to put up with second-rate facilities for far too long. The relevant point is that the Government, in its eagerness to finalise a deal to get the redevelopment done, took its eye off potential risks in the contract and overlooked warnings from senior bureaucrats about leaving the State open to future losses.

Mr Waldron and Mr Barnett have done an extremely poor job of explaining why \$8 million of taxpayers' money has had to be handed over to a private company simply because it wanted to get out of a job it was contracted to do.