



**Hon Mike Nahan MLA
Treasurer; Minister for Energy;
Citizenship and Multicultural Interests**

Our ref: 48-11806

Hon Ken Travers MLC
Chair
Estimates and Financial Operations Committee
Parliament House
PERTH WA 6000

Attn: Mr Mark Warner
Committee Clerk

Dear Mr Travers

**SUPPLEMENTARY INFORMATION - DEPARTMENT OF TREASURY
2015-16 BUDGET ESTIMATES HEARING**

Please find attached supplementary information in respect of the Department of Treasury, as agreed at the Budget Estimates hearing of 15 June 2015.

Yours sincerely

A handwritten signature in black ink that reads "Mike Nahan".

**DR MIKE NAHAN MLA
TREASURER**

Att.
29 JUN 2015

**ESTIMATES AND FINANCIAL OPERATIONS COMMITTEE
SUPPLEMENTARY INFORMATION**

MONDAY, 15 JUNE 2015

DEPARTMENT OF TREASURY

Supplementary Information A1

Hon Alanna Clohesy MLC asked –

If we could have the complete list of national partnership agreements and the dates on which they expire, how much is in the 2015–16 Budget and how much was received in 2014–15?

Answer:

Unless otherwise noted, the 2015-16 State Budget assumed termination at expiry date. The footnotes explain the few deviations from the Commonwealth Budget.

National Partnership Agreement	Expiry Date	Funding received to-date (m)	2015-16 State Budget Assumptions				
			Commonwealth Funding				
			2014-15 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000
Health							
Health and Hospitals Fund (HHF) - 2010 Regional Priority Round in Busselton (General Dental Clinic)	10-Oct-14	-	500	-	-	-	-
National Perinatal Depression Initiative 2014-15	30-Jun-15	1,008	1,008	-	-	-	-
Indigenous Teenage Sexual and Reproductive Health and Young Parent Support	30-Jun-15	2,010	2,010	-	-	-	-
Treating More Public Dental Patients	31-Dec-15	21,964	23,100	-	-	-	-
Health Infrastructure Projects - Midland Health Campus (HHF)	30-Jun-16	26,500	50,000	600	-	-	-
Specified Projects - National Bowel Cancer Screening Program - Participant Follow-up Function ^(a)	30-Jun-16	252	252	300	-	-	-

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National Partnership Agreement	Expiry Date	Funding received to-date ^(m)	2015-16 State Budget Assumptions				
			Commonwealth Funding				
		2014-15 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Specified Projects – OzFoodNet ^(b)	30-Jun-16	196	197	200	-	-	-
Specified Projects - Rheumatic Fever Strategy ^(b)	30-Jun-16	-	874	893	-	-	-
Supporting National Mental Health Reform	30-Jun-16	6,376	6,377	7,004	-	-	-
HHF - 2011 Regional Priority Round Project in Rural and Remote WA (Point of Care Testing Network)	30-Jun-16	-	-	78	-	-	-
Adult Public Dental Services ^(c)	30-Jun-16	-	-	-	-	-	-
Expansion of the BreastScreen Australia Program	30-Jun-17	1,132	1,132	1,285	1,491	-	-
HHF - 2011 Regional Priority Round in Bunbury, Narrogin and Collie (Pathology Laboratories)	30-Jun-17	20	820	1,000	1,660	-	-
HHF - 2011 Regional Priority Round in Narrogin (General Dental Clinic)	30-Jun-17	-	-	-	500	-	-
Improving Trachoma Control Services for Indigenous Australians (2014)	30-Jun-17	1,997	1,340	1,367	1,394	-	-
Vaccine Preventable Diseases Surveillance Program	30-Jun-17	81	81	83	84	-	-
HHF - 2010 Regional Priority Round Project (Bringing Renal Dialysis and Support Services Closer to Home)	31-Dec-17	10,000	18,000	15,000	8,000	2,769	-
Health Infrastructure Projects - Strengthening Cancer Services in Regional WA (HHF) ^(d)	30-Jun-18	-	4,480	-	1,600	-	-
Essential Vaccines ^(e)	Unspecified	22,886	23,250	22,950	25,750	25,350	-
Hepatitis C Settlement Fund	Unspecified	-	50	50	-	-	-
Education							
Universal Access to Early Childhood Education	30-Jun-15	24,825	23,400	-	-	-	-
School Pathways Programs (2014)	30-Jun-15	540	540	-	-	-	-
More Support for Students with Disabilities	30-Jun-15	4,599	4,599	-	-	-	-

Department of Treasury
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National Partnership Agreement	Expiry Date	Funding received to-date (m)	2015-16 State Budget Assumptions				
			Commonwealth Funding				
		2014-15 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
National Quality Agenda for Early Childhood Education and Care	30-Jun-15	880	880	-	-	-	-
Universal Access to Early Childhood Education 2015	30-Jun-16	1,965	15,400	31,200	-	-	-
Trade Training Centres in School Programs	30-Jun-16	6,495	11,309	6,400	-	-	-
Specified Projects - MoneySmart Teaching	30-Jun-17	128	128	140	162	-	-
Build Stronger School Leadership and Governance in Independent Public Schools ^(c)	30-Jun-17	1,150	-	-	-	-	-
Universal Access to Early Childhood Education 2016-18 ^(c)	30-Jun-18	-	-	-	-	-	-
National School Chaplaincy Program	31-Dec-18	7,627	7,627	7,630	7,630	7,630	-
Online Safety Programs for Schools ^(c)	Unknown	-	-	-	-	-	-
Skills							
TAFE Fee Waivers for Childcare Qualifications	31-Dec-14	1,271	1,133	-	-	-	-
Joint Group Training Program (2015)	30-Jun-15	-	2,052	-	-	-	-
Skills Reform	30-Jun-17	6,631	39,300	39,400	53,800	-	-
Community Services							
Pay Equity for the Social and Community Services Sector (SaCS) ^(f)	30-Jun-16	2,029	2,030	34,913	-	-	-
Trial of My Way Sites	30-Jun-16	12,489	12,489	43,172	-	-	-
National Occasional Care Program ^(c)	30-Jun-18	-	-	-	-	-	-
DisabilityCare Australia Fund Payments ^(c)	30-Jun-24	-	-	-	-	-	-
Home and Community Care (HACC) - Basic Community Care Maintenance and Support Services Component	Unspecified	174,802	175,900	184,254	197,588 ^(g)	197,588 ^(g)	197,588 ^(g)

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National Partnership Agreement	Expiry Date	Funding received to-date ^(m)	2015-16 State Budget Assumptions				
			Commonwealth Funding				
		2014-15 \$'000	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
Affordable Housing							
Homelessness 2014-15	30-Jun-15	14,970	14,970	-	-	-	-
Homelessness 2015-17	30-Jun-17	-	-	14,970	14,970	-	-
Remote Indigenous Housing	30-Jun-18	83,384	170,215	124,258 ^(g)	97,429 ^(g)	106,202 ^(g)	-
Infrastructure							
Land Transport Infrastructure Projects	30-Jun-19	539,227	511,250	355,560	480,830	327,600	200,000
Asset Recycling Fund - Infrastructure Growth Package ^(h)	30-Jun-19	-	74,000	166,980	443,980	203,000	-
Black Spot Projects	Unspecified	5,591	8,406	17,565	17,565	6,585	6,585
Heavy Vehicles Safety and Productivity Program - Program of Works for WA	Unspecified	15	7,276	4,540	4,540	4,540	4,540
Interstate Road Transport	Unspecified	2,912	3,100	3,100	3,100	3,100	3,100
Environment							
Assistance for water infrastructure and pest management in drought-affected areas	30-Jun-15	150	250	-	-	-	-
Natural disaster resilience ^(l)	30-Jun-15	1,566	4,698	3,132	3,132	3,132	3,132
Specified Projects - National Framework for Compliance and Enforcement Systems for Water Resource Management Project ^(j)	30-Jun-15	1,329	1,329	671	-	-	-
National Bushfire Mitigation ^(c)	30-Jun-17	-	-	-	-	-	-
Other							
Legal assistance services (2014) ^(k)	30-Jun-15	20,548	20,548	20,878	21,232	21,572	21,917
Remote Indigenous Public Internet Access, Training and Maintenance ^(l)	30-Jun-16	294	735	754	-	-	-
Provision of fire services	30-Jun-17	1,304	1,304	1,350	1,397	1,397	1,397
Delivery of Tourism Demand-Driver Infrastructure	30-Jun-18	900	900	1,388	1,388	1,387	-

(a) Commonwealth Budget indicates extended funding to 2017-18.

(b) Commonwealth Budget indicates extended funding to 2016-17.

(c) Not signed as at State Budget cut-off date. Commonwealth Budget indicates funding.

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- (d) Total funding to the National Partnership has not changed, however the Commonwealth Budget shifts funding between the years. Commonwealth Budget indicates final payment in 2017-18.
 - (e) Unspecified expiry, Commonwealth Budget indicates funding in 2018-19.
 - (f) Commonwealth Budget indicates funding across entire forward estimates period.
 - (g) Commonwealth Budget indicates that their funding commitment is not for publication.
 - (h) The funding allocation included in the 2015-16 State Budget reflects the National Highway Upgrade Program and allocations for the Perth Freight Link and Black Spot program (which form part of the Asset Recycling Fund package). Allocations for the Commonwealth's Asset Recycling Initiative have not been determined in the Commonwealth Budget from 2014-15 onwards.
 - (i) State Budget assumes extended funding to 2018-19. Commonwealth Budget indicates extended funding to 2016-17.
 - (j) Funding extended by one year in both State and Commonwealth Budget.
 - (k) Funding in the State Budget reflects negotiation in a new agreement.
 - (l) Commonwealth Budget indicates early termination of payment under the National Partnership. The Commonwealth has advised that funding for 2015-16, and new funding for 2016-17 onwards, will be redirected through a Commonwealth Own Purpose Expense payment.
 - (m) As at 19 June 2015. The Commonwealth has advised that there will be extraordinary payments made before the end of the financial year.
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M. Nathan

Supplementary Information A2

Hon Alanna Clohesy MLC asked –

The national specific purpose payments—for example, skills and workforce development is \$164 million—can I get a breakdown of how that will be allocated and the budget actual for 2014–15?

Answer:

National Specific Purpose Payment (NSPP)	2015-16 STATE BUDGET ASSUMPTIONS				
	Commonwealth Funding				
	2014-15 \$'000	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000
WA Health					
National Health Reform funding*	1,760,424	1,928,247	2,090,948	2,108,891	2,206,954
Education					
National Education Reform Students First funding (government schools)*	513,970	566,285	611,383	649,771	664,765
Training and Workforce Development					
National Skills and Workforce Development SPP	159,114	163,825	168,880	174,160	179,605
Disability Services Commission					
National Disability SPP	154,683	162,782	171,291	180,847	189,889
Housing Authority					
National Affordable Housing SPP	122,068	125,644	129,426	133,414	138,881
Child Protection and Family Support					
National Affordable Housing SPP	22,699	23,365	24,068	24,809	25,260

* No longer NSPPs.

Unlike National Partnership Agreements, which require funding to be allocated to specific projects, National Specific Purpose Payments (NSPPs) are relatively untied and required only to be spent in the relevant sector.

M. Nathan

Further details on key expenditure initiatives by sector are contained in the 2015-16 Budget Paper No.2 (BP2) – as per the below table. It should be noted that the information highlights that the amount of NSPP funding provided by the Commonwealth has been fully expended in the relevant sectors.

National Specific Purpose Payment	Agency / Sector	Location in BP2
National Health Reform funding	WA Health	Page 123
National Education Reform Students First funding	Education	Page 257
National Skills and Workforce Development SPP	Training and Workforce Development	Page 375
National Disability SPP	Disability Services Commission	Page 406
National Affordable Housing SPP	Housing Authority	Page 847
	Child Protection and Family Support	Page 418

Supplementary Information A3

Hon Ken Travers MLC asked –

What has been the total loss of revenue in the last two financial years, and over the forward estimates, as a result of the Commonwealth Government terminating, or significantly reducing, a national partnership agreement?

Answer:

Please refer to Attachment A for a list of the National Partnership Agreements that have been terminated by the Commonwealth Government (before their expiry date) and the impact on the State's funding for the period 2013-14 to 2018-19.

As indicated at the hearing on 15 June 2015, the major impact has been from the Commonwealth's decision in its 2014-15 Budget to unilaterally terminate the National Partnership Agreement on Concessions for Pension and Seniors Card Holders. This decision reduced funding to Western Australia by an estimates \$108.4 million over the period 2014-15 to 2017-18.

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National Partnership Agreements Terminated by the Commonwealth Government Before Expiration

	Agreement Term (from – to)	Impact on State Funding due to the Early Termination of the NP							Total \$m
		2013-14 \$m	2014-15 \$m	2015-16 \$m	2016-17 \$m	2017-18 \$m	2018-19 \$m		
The Commonwealth terminated the following agreement in the 2013-14 Commonwealth Budget:									
Supporting Nurses Back into Workforce	July 2008 – June 2015	- 0.6	- 0.2	-	-	-	-	-	- 0.8
The Commonwealth terminated the following agreements in the 2014-15 Commonwealth Budget:									
Concessions for Pension and Seniors Card Holders ^(a)	April 2013 – June 2016	-	- 25.8	- 26.7	- 27.4	- 28.5	-	-	- 108.4
Improving Public Hospital Services	July 2010 – June 2017	-	- 10.8	- 10.8	- 10.8	-	-	-	- 32.4
Preventive Health	Jan 2009 – June 2018	-	-	-	- 8.0	- 8.0	-	-	- 16.0
Training Places for Single and Teenage Parents	Mar 2012 – Dec 2015	-	- 2.6	-	-	-	-	-	- 2.6
The Commonwealth terminated the following agreement in the 2015-16 Commonwealth Budget:									
Remote Indigenous Public Internet Access, Training and Maintenance ^(b)	May 2014 – June 2016	-	-	- 0.8	-	-	-	-	- 0.8
Total		- 0.6	- 39.4	- 38.3	- 46.2	- 36.5	-	-	- 161.0

(a) Although the expiry date of the agreement was June 2016, these long-standing arrangements were expected to continue beyond this date.

(b) The Commonwealth has advised that funding for 2015-16, and new funding for 2016-17 onwards, will be redirected through a Commonwealth Own Purpose Expense payment.

Supplementary Information A4

Hon Ken Travers MLC asked –

1. *A reconciliation between all the revenue assumptions made with the Major Stadia Taskforce and what is now the current situation?*
2. *If assumptions were made that provided revenue had been taken off, if you can indicate to us where you expect to find alternate revenues to make up for that loss of revenue?*

Answer:

A detailed reconciliation of current revenue assumptions with revenue assumptions contained in the relevant sections of the May 2007 final report of the Major Stadia Taskforce is provided below, including responses to question 2 above to the extent possible. However, it should be noted that identifying specific instances where revenue sources have been substituted or replaced is problematic given the time elapsed since 2007 and the significantly more detailed financial modelling that supports current revenue forecasts. Further, the allocation of revenue sources is currently the subject of confidential negotiations with the future venue users.

It should also be noted that the reconciliation does not include revenue assumptions contained in Section D of Volume 3 of the Major Stadia Taskforce report, given its status as a stand-alone confidential Cabinet report.

Key Assumptions for the Development of the Financial Forecasts (page C-22, Major Stadia Taskforce Report – Volume 2)

Major Stadia Taskforce Report	Current Position
In accordance with the recommendations made with respect to ownership and governance in Volume 1 of the Interim Report and re-confirmed previously in Section C1 it has been assumed that the ownership of the venue will be vested in a Trust.	The ownership and governance responsibility rests with the Western Australian Sports Centre Trust (trading as VenuesWest).
The responsibility for the day-to-day management and operation of the venue will be contracted to a professional venue management operator, engaged to operate the stadium on behalf of the owner and will be paid a management fee.	No change – the Operator competitive procurement process is currently underway. Operator to be appointed in early 2016.
The new stadium is assumed to be completed by late 2011 and to have a structural life of 50 years. Major refurbishments will be required at 20 year intervals together with an annual asset refurbishment allowance equivalent to 1.5% of capital costs.	Timeframe has been revised with a completion date being the start of the 2018 AFL season. Maintenance and lifecycle replacement (LCR) costs are included in the new Perth Stadium Design, Build, Finance, Maintain (DBFM) contract.

Major Stadia Taskforce Report	Current Position
<p>It is assumed that there will be no new competitive facilities developed to cater for the events proposed for the stadium option, and that any existing venue will be decommissioned if not redeveloped as part of the final stadium development strategy.</p>	<p>NIB Stadium redevelopment is consistent with Option 2A of the MST report. Negotiations continue with the Western Australian Football Commission over the future of Subiaco Oval.</p>
<p>The operating cash flows are pre-funding and do not include pre-opening costs associated with establishing the operation, negotiation of hiring and contractual arrangements and preparing the venue for opening. These costs have been included in the capital cost budgets detailed in Section D2.</p>	<p>No change.</p>
<p>The stadium will be offered to hirers as a 'clean' stadium, a definition of which is provided in Table 22 following later in this Section.</p>	<p>Refer to details under 'Clean Stadium' definition below.</p>
<p>To some degree the financial results of the venue are dependent on the on-field performance and therefore crowd support of its key hirers, i.e. the on-field performance of WCE, FFC and the Western Force. Further, on-field performance and therefore crowd support is likely to vary year by year and is therefore difficult to predict with any degree of certainty. Accordingly, for the purposes of this assessment we have provided financial forecasts for an 'average year' of operation of the venue over its first 25 years of operation. This in turn has been based on a detailed analysis of historic and forecast attendances for all major events staged at the venue.</p>	<p>This assumption still applies, noting the Western Force is now a tenant of the redeveloped NIB Stadium.</p>
<p>Industry standard hiring arrangements have been assumed which are based on precedent arrangements but are ultimately dependent on negotiations with hirers, which could result in the mix and revenue outcomes for the stadia owner and hirers varying from those used. It should be noted however that the rental assumptions for the major stadium have been increased to offset the revenue forgone by the owner following the detailed consultations with the individual sporting codes which have suggested that a 'clean' stadium model (with no stadium membership program) would be the preferred solution for all sports.</p>	<p>Confidential negotiations are continuing with Football and Cricket over their future use of the new Perth Stadium. A stadium membership program is being considered as part of the confidential negotiations. Once appointed, the Operator will develop hiring agreements which are consistent with good operator industry practice and aligned with the current negotiations. Also refer to details under 'Clean Stadium' definition below.</p>

Major Stadia Taskforce Report	Current Position
It is not expected that the projected attendances will be subject to a 'ramp-up demand' period as prospective hirers are established franchises, some of which are currently experiencing significant turn-away demand.	No change – both WA-based AFL clubs experience a strong supporter base and would likely experience inflated attendances in the early years of a move to the nPS (similar to the experience at the redeveloped Adelaide Oval in 2014). Should other sporting content be secured for the venue it is also reasonable to expect attendances would immediately be favorable, based on precedent for other venues.
It is assumed that 5% of all tickets will be complimentary.	The number of complimentary tickets available at the nPS is subject to the outcome of ongoing confidential negotiations with both Football and Cricket.
Under all stadium options, a minimum of 10% of the stadium capacity will be available for general admission, i.e. non-season ticket holders and corporate attendees;	The Government has announced a minimum of 10,000 seats (20% of capacity) will be unavailable for sale as season membership or corporate products at the nPS.
No additional AFL franchises will be established in Perth over the next 20 to 30 years.	No change.
There will be no WA team competing in the NRL in the short to medium-term, however it should be noted that the WA Rugby League has recently announced the participation of the Western Reds in a second-tier rugby league competition from 2008 – this competition has been excluded from this analysis and could present potential additional event days for a 25,000 seat rectangular stadium; and	No change.
All revenue and cost assumptions are stated in 2006 \$ terms and are exclusive of GST.	Not applicable.

Potential Sources of Revenues / Costs Associated with Major Venue Operations
(page C-23, Major Stadia Taskforce Report – Volume 2)

Major Stadia Taskforce Report	Current Position
There are a range of potential revenue sources that both the venue owner (State) and hirers can derive from the operations of major venues. Similarly, the owner and hirers face a range of costs associated with owning and operating / hiring the venue. Table 17 provides an overview of the different revenue and cost sources associated with major venue operations and the general allocation of such items between the venue owner and hirer.	The overview of costs sources provided in Table 17 remains relatively consistent with current industry standard practice. The distribution of revenues associated with commercial inventories are subject to the current confidential negotiations with Football and Cricket in the first instance and subsequently with the appointed Operator.

Major Stadia Taskforce Report	Current Position
<p>While there are some generally accepted industry benchmarks for rental levels and cost apportionment, such as a 15% rental plus venue related event costs, it is rare that any rental arrangement is this simplistic and will depend on the facilities available to the hirer to sell, the size of the venue and the competition between venues. Ultimately, the revenue share between the hirer and the owner is the outcome of negotiations, where the deal may be made in a number of different ways to provide return and risk and incentive for both parties, recognising that rather than an owner and hirer relationship this is actually a partnership.</p>	<p>No change.</p>
<p>Under the proposed hiring arrangement for the stadium / stadia, the venue hirer would pay the venue owner a rent based on a percentage of gross ticket revenue and corporate sales and will retain the remaining revenue associated with admissions, corporate suites / boxes, function rooms and merchandise sales. Revenue for the venue owner will include the rent paid by the hirer (or a share of the revenues) and the revenue associated with naming rights, signage / advertising, pourage rights, catering rights and venue memberships (if available). The hirer has to reimburse the owner for venue related event day expenses.</p>	<p>No change.</p>
<p>The permutations and combinations of the commercial arrangements are numerous however in reality there is a symbiotic relationship between the venue owner and hirer. The owner will benefit from the success of its hirers and the hirers will benefit from a well maintained and well operated stadium. State ownership of the stadium on behalf of the people of WA, will ensure the appropriate balance between commercial imperatives and social and community objectives. This relationship is further strengthened when the owner is effectively the State (on behalf of the local community) which has a broader range of social and community objectives other than merely a short-term profit motive.</p>	<p>No change.</p>

Venue Memberships
(page C-23, Major Stadia Taskforce Report – Volume 2)

Major Stadia Taskforce Report	Current Position
The financial / commercial objective of the venue owner is to achieve a break even position for the stadium operations and to generate a small surplus to contribute towards ongoing capital costs of the venue (assumed at 1.5% of capital costs). Given the fixed nature of venue ownership costs the preferred position of the venue owner is to secure revenue streams with a smaller degree of volatility and, in turn, greater certainty.	No change.

Definition of ‘Clean’ Stadium
(Table 22, Major Stadia Taskforce Report – Volume 2)

Major Stadia Taskforce Report	Current Position
The venue is provided to hirers free of any seating and membership restrictions, i.e. the venue will be provided to hirers as a 60,000 seat stadium including all corporate facilities, excluding those required for the owner and major sponsors, such as a naming rights sponsor.	Confidential negotiations are continuing with Football and Cricket over their future use of the nPS. A stadium membership program is being considered as part of the confidential negotiations. Once appointed, the Operator will develop hiring agreements which are consistent with good operator industry practice and aligned with the current negotiations, and which will define allocation of revenue streams.
The owner has the right to the sell the naming rights for the venue / and or individual grandstands with all revenue retained by the owner (refer to Section c 2.3 for further detail on naming rights).	The Government has announced that the name of the nPS will not be sold. The distribution of revenues associated with other naming rights is the subject of confidential negotiations with Football and Cricket.
The owner has the right to sell pourage rights and retain the revenue associated with these rights and will provide access rights for an alternative sponsor supplier to minimise potential conflicts with hirers.	The distribution of revenues associated with pourage rights is the subject of confidential negotiations with Football and Cricket.
The owner has the right to undertake or sell catering rights and retain the associated revenue.	The distribution of revenues associated with catering rights is the subject of confidential negotiations with Football and Cricket.
The owner may negotiate to share some of the revenue associated with naming, catering and pourage rights with venue hirers (on a case-by-case basis) as part of the overall stadium hire arrangement.	The distribution of revenues associated with naming, pourage and catering rights is the subject of confidential negotiations with Football and Cricket.

Major Stadia Taskforce Report	Current Position
Revenue from signage that is visible to TV cameras flows to the hirer whereas signage revenue generated from sections of the venue that is not visible to TV cameras (e.g. stadium exterior or concourse level) of the venue remains with the owner.	The distribution of revenues associated with signage is the subject of confidential negotiations with Football and Cricket.
Revenue from TV and other broadcast rights are retained by the venue hirers with any access / installation costs to be borne by the hirer.	No change.

Exclusions

(page C-26, Major Stadia Taskforce Report – Volume 2)

Major Stadia Taskforce Report	Current Position
One of the key principles of the venue design and operation is the active promotion of the use of public transport with a targeted public transport usage of 50-75% by patrons. This is reflected in the design of the stadia and associated transport infrastructure together with the recommended policy of integrated ticketing which will mean the cost of all public transport on the event day is incorporated in the ticket price. In accordance with standard industry practice, the venue owner and hirers bare no net costs or revenues associated with an integrated ticketing policy. Accordingly, it is not expected that any material revenue will be generated by the venue from car park operations.	No change. The design has focused on encouraging the utilisation of public transport to ensure 83% of a capacity crowd can leave the venue within one hour of an event finishing. The limited number of parking spaces included within the nPS Sports Precinct is not expected to generate material revenues.
Potential revenue generated from commercial tenancies included in the stadium development, i.e. retail outlets, offices etc. The quantum of these will depend on the final design of the venue(s) but are not expected to be material.	WESTADIUM has been granted the rights to undertake an agreed list of commercial opportunities in a 500m ² designated space situated on the southern side of the event level of the Stadium. WESTADIUM has underwritten the projected revenues for the commercial opportunities and the State is entitled to receive a share of the revenues earned above the projected revenues. The value of the projected revenues from the commercial opportunities is commercial in confidence.
Revenue from non-event day function room hire and stadium tours. Revenues from these activities are not expected to be material and will depend on the final location, event profile and competition in the market place.	No change, although the appointed Operator of the nPS will be encouraged to activate the sports precinct and maximise the non-game day use of the nPS.

Major Stadia Taskforce Report	Current Position
Any revenues associated with the sale of surplus properties (for development purposes) adjacent to the stadium have been excluded from the forecast operating cash flows and have been considered in determining potential sources of funding for the venue.	Not applicable.
Any asset ownership costs such as the cost of the Trust operation, building insurance, land taxes, rates etc. have been excluded as these will be dependent on the design of the venue and / or its location.	It is intended that governance costs will be met from revenue generated by Stadium operations.

Event Days

(page C-28, Major Stadia Taskforce Report – Volume 2)

Major Stadia Taskforce Report	Current Position
It is assumed that the multi-purpose 60,000 seat major stadium will be host to AFL, International Cricket, Rugby Super 14, International Rugby and International Soccer. As such, it is believed that the multi-purpose 60,000 seat major stadium will host a minimum of 40 event days per annum. However, if it is decided to develop a purpose built 35,000 seat rectangular stadium as well as, or in preference to (pending the outcome of governance discussions with the WAFC), the 60,000 seat oval stadium then the event schedule will be spread over the various options.	As stated in the Project Definition Plan (2012), the financial modelling for the nPS has been based on an events calendar ranging from 32 to 37 events per annum. The Western Force is now a tenant of the redeveloped NIB Stadium.

Projected Average Attendances

(page C-29, Major Stadia Taskforce Report – Volume 2)

Major Stadia Taskforce Report	Current Position
The average attendances adopted in the financial model are based on the attendance projections that have been determined and documented in Volume 2 Part 2 of the Interim Report. These attendance projections have been developed based on historic attendances at sporting and other events in Perth and across Australia, the utilisation of existing venues in Perth, population growth projections and future directions of the major sporting codes as identified from consultations with the individual sports.	Attendance modelling has been based on historic data provided by Football with reasonable uplift assumptions applied recognising the current constrained capacity nature of Domain Stadium and the WACA Ground.

Major Stadia Taskforce Report	Current Position
<p>In October 2005, the WAFC provided the Taskforce with high and moderate growth projections for the FFC and WCE based on an academic study highlighting the impact of on-field performance on club memberships and population growth (Source: WAFC Subiaco Oval Redevelopment, update to the Major Stadia Taskforce, 21 October 2005).</p> <p>The WAFC suggests that:</p> <ul style="list-style-type: none"> • under a scenario of moderate on-field performance, the WCE are projected to reach an average attendance of 55,000 by 2013 and 60,000 by 2020 – whereas the FFC are projected to reach an average home game attendance of 40,000 by 2010 and 46,000 by 2020; and • if the clubs were to experience strong on-field performance, the WCE could reach average home game attendances of 67,500 and the FFC of 57,500 respectively by 2020. 	<p>Attendance modelling has been based on historic data provided by Football with reasonable uplift assumptions applied recognising the current constrained capacity nature of Domain Stadium and the WACA Ground.</p>
<p>The projections adopted by the WAFC however indicate indefinite growth and as previously mentioned evidence from Victorian teams suggests that attendances are likely to reach a saturation point. Further, the projections do not account for seasons in which either team could experience a poor on-field performance which could alienate less loyal football supporters.</p> <p>Based on the WAFC's projections to 2020 under a moderate on-field performance scenario a stadium capacity of 60,000 would be sufficient to accommodate the average attendances for both the WCE (60,000) and the FFC (46,000).</p>	<p>The new Perth Stadium will have a capacity of 60,000 seats with the design capability to increase to 70,000 within the existing stadium structure in the future.</p>
<p>However, based on the results of our detailed analysis of historical attendances at all AFL fixtures over the last 20 seasons (refer to Volume 2 Part 2 of the Interim Report), together with an assessment of forecast population growth for Perth, we have adopted more conservative projections of average home game attendances over the next 25 years of 53,500 for the WCE and in the case of the FFC, we have assumed an average home game attendance of 48,500 which is slightly higher than the 46,000 assumed by the WAFC under a moderate on-field performance scenario.</p>	<p>Attendance modelling has been based on historic data provided by Football with reasonable uplift assumptions applied recognising the current constrained capacity nature of Domain Stadium and the WACA Ground.</p>

Major Stadia Taskforce Report	Current Position
<p>The projections for Twenty20 Cricket have been revised downwards from the Interim Report as it was assumed in the Interim Report that one international Twenty20 match would be held at the 60,000 seat major stadium per annum. Further information recently provided by Cricket Australia has indicated that the annual event is likely to be a domestic cricket event which, in turn, is likely to translate into lower attendances. Further, the projections for the Cricket Test Match have been lowered from the projections presented in the Interim Report.</p> <p>Firstly, given the recent Test Match outcomes, it is now assumed that the event will be played over an average of four event days as opposed to five event days as assumed in the Interim Report.</p> <p>Secondly, a comparison to other venues indicates that crowd attendances at Cricket Test matches fluctuate strongly based on the strength of the opponent. For an average year, the revised average attendance at Cricket Test matches are now assumed at 15,000 per day at the 60,000 seat major stadium and 13,000 per day at the 35,000 seat stadium.</p>	<p>Since the completion of the Taskforce Report, the Big Bash League domestic T20 Cricket format has been introduced to the Australian market. The BBL matches currently hosted at the WACA Ground regularly reach venue capacity.</p> <p>International cricket match attendances for Test and Limited Overs formats of the game are strongly influenced by the touring schedule which operates in a cyclical nature. As per the recommendations of the State Sporting Facilities Plan 2006, it would remain reasonable to expect cricket content to be shared between the new Stadium and the WACA Ground depending on the forecast attendance of particular events.</p> <p>Cricket content commitments is the subject of ongoing confidential negotiations.</p>

M. Nathan

Supplementary Information A5

Hon Peter Katsambaris MLC asked –

Clarification as to whether the 2015-16 Budget includes a contingent liability for the new Perth Stadium and whether there is an inconsistency in reporting relative to the 2014-15 Budget Papers?

Answer:

At the estimates hearing, the Department of Treasury stated that the 2013-14 Budget included an explanatory note, which recognised (as a contingent liability) the assumption that the new Perth Stadium operating revenues would meet operating expenditures. Unfortunately, that statement was made in error. No explanatory comment was included in the 2013-14 or 2014-15 Budget Papers. As such, no inconsistency in reporting occurred between the 2014-15 and 2015-16 Budget Papers. Nevertheless, further explanation in relation to the matter is provided below.

The payments to WESTADIUM during the construction phase of the Perth Stadium design-build-finance-maintain (DBFM) contract comprise \$489.5 million, which is the State’s capital contribution, accounted for as a finance lease pre-payment in the 2015-16 Budget Papers.

The 2015-16 Budget Papers include a finance lease liability of \$422.8 million for the capital costs and associated funding costs, which will be paid to WESTADIUM over the 25-year operating phase of the new Perth Stadium DBFM contract. The \$422.8 million will be paid through monthly service payments, commencing in 2017-18 when the facility becomes operational. The \$422.8 million liability is shown in the 2015-16 Budget Paper No.2 (BP2) as follows:

Agency	Location in BP2	2017-18 Forward Estimate \$'000	Total
VenuesWest	Page 787 'Non-Current Liabilities – Borrowings'	422,831	422,831

While the total value of \$422.8 million will be paid progressively over the 25-year operating phase, in accordance with the relevant accounting standard (AASB 117), the total lease liability is recognised up-front at the completion of the Stadium and Sports Precinct (scheduled to be in December 2017).

m Nathan

In addition, there will be a range of payments made to WESTADIUM to cover the cost of maintenance, lifecycle replacements, services (such as security and grounds management) and associated funding costs. These are not included in the 2015-16 Budget Papers as it is anticipated that these costs will be met from revenue collected from Stadium hirers and users. At this stage, the State is currently negotiating with key users and undertaking a procurement process to appoint an operator for the Stadium and Sports Precinct. Once these processes have been concluded and final recurrent costs and revenue estimates are known, Cabinet will approve the appointment of an operator and any associated adjustments to VenuesWest's budget estimates. These adjustments will be incorporated into the budget aggregates and disclosed either in the 2015-16 Mid-year Financial Projections Statement, or the 2016-17 Budget Papers (depending on the timing of the decision).

If the processes are not finalised in time for inclusion in the 2015-16 Mid-year Financial Projections Statement, a comment will be included in the Statement of Risks which clearly discloses current assumptions on the financial impact of Stadium operations and notes that VenuesWest's budget estimates will be adjusted once an operator is appointed and negotiations with key users are concluded.

Supplementary Information A6

Hon Alanna Clohesy MLC asked –

At the time of negotiating the allocation of the \$499 million Commonwealth funding for road projects, what percentage of Main Roads' projects were:

- approved road projects;*
- already reflected in the forward estimates; and*
- receiving less than 80% in Commonwealth funding contribution?*

Answer:

At the time of negotiating the \$499 million Commonwealth funding for road projects, only approved road projects (already reflected in the forward estimates) were selected for funding.

There are currently 15 road projects that will receive both State and Commonwealth funding from 2015-16 onwards under the *National Partnership Agreement on Land Transport Infrastructure Projects* and the new *National Partnership on Infrastructure Projects in Western Australia*. Of these, only two projects will not receive an 80% share of Commonwealth funding (excluding rolling programs such as the Black Spot Program and National Highway Upgrade Program). The two projects, which are scheduled for completion in 2015-16, are:

- Great Eastern Highway – Walgoolan to Coolgardie (63% funding share); and
- Gateway WA (68% funding share).



Supplementary Information A7

Hon Alanna Clohesy MLC asked –

(Through the Office of Science) an update on the Square Kilometre Array project.

Answer:

The Office of Science has provided the following update on the Square Kilometre Array (SKA) project:

- The SKA project is a visionary global mega-science project to build the world's largest and most sensitive radio telescope.
- The project is led by the international SKA Organisation (SKAO) with the following countries as current project members: Australia, Canada, China, Germany, India, Italy, New Zealand, South Africa, Sweden, the Netherlands and the United Kingdom.
- The Murchison region in Western Australia has been selected as a co-host site with South Africa. Phase 1 of the project is expected to commence construction in 2018 with a €650 million capital cost-cap funded through member country contributions.
- The SKAO Board recently released a re-baselined design for SKA Phase 1 which refines the original design to fit within the agreed €650 million cost-cap. South Africa and Australia will each host one telescope (SKA1-Mid and SKA1-Low respectively).
- The re-baselined design will form the basis of the intergovernmental treaty negotiations, which are commencing in Brussels in June 2015.
- On 29 April 2015, the SKAO member countries decided that negotiations would commence with the UK (rather than Italy) to host the permanent SKA Headquarters.
- The State Government is working with the Commonwealth and other partners to:
 - finalise detailed design work in advance of construction for SKA Phase 1;
 - establish the site for construction (including land acquisition and approvals, power, roads and supporting the radio quiet regime); and
 - negotiate appropriate governance instruments at the State, national and international level to maximise the project's 50-year benefits to the State.
- The Murchison Radio-astronomy Observatory (MRO), Australia's core SKA site, is managed by CSIRO and hosts two precursor telescopes (the Murchison Widefield Array and the Australian SKA Pathfinder).
- The State has provided in-principle support that land tenure for SKA Phase 1, covering all of Boolardy Station and the MRO, will be granted to CSIRO through a Crown lease.

- Continued and future opportunities for Western Australia from the SKA project include:
 - enhanced international science reputation, collaboration opportunities on a world-wide scale, and an inspired next generation of scientists;
 - new technology development through the SKA's unprecedented data processing requirements and an advantageous position in the global big data industry (which has an estimated worth of \$58 billion by 2018); and
 - procurement of locally supplied goods and services for SKA construction and operation, which could add \$100 million to the State's Gross State Product over 20 years.
 - Over \$500 million has been committed in support of the SKA, and related activities by the State and Commonwealth Governments.
 - Western Australia's contributions include:
 - \$51 million towards research capability e.g. establishment and operation of the International Centre for Radio Astronomy Research (2009-10 to 2019-20) and Premier's Fellowships;
 - \$41 million for Pawsey Supercomputing Centre staff and operations from 2010-11 to 2020-21;
 - \$32 million for MRO infrastructure (e.g. access roads, optic fibre and power); and
 - \$13 million for MRO land acquisition and Native Title.
-

M. Nathan