



Track plan fast, furious and a little bit flawed



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A showdown is looming over the Burswood race track's business case amid concerns the economic impact was significantly overstated.

The \$218 million Perth Park entertainment precinct has taken political centre stage since the State election with intense debate over a planned supercar circuit and amphitheatre.

The State Government last week claimed the project would inject \$61m annually into the economy, with a benefit-cost ratio — effectively a measure of value for money — of 1.84.

But the publicly-released business case summary will spark scrutiny over those numbers.

It reveals a benefit-cost ratio of 1.35, meaning each dollar

spent on Perth Park will generate a return of \$1.35.

The higher figures promoted by the State Government did not use the standard practice of "discounting" future cash flow to reflect financing costs and inflation.

That difference slashes the speedway's economic impact by about \$450m across the 30-year operating life.

Debate over the race track, pictured, is expected to feature prominently in the Legislative Assembly's final sitting week for the year, starting Tuesday.

An Opposition briefing note on Perth Park — obtained by The West Australian — warns the precinct may need an ongoing operating subsidy to be sustainable.

"With too many logical inconsistencies, none more so than the failure to revise the capital

This business case has been clearly skewed to report a positive (outcome) for ... political purposes.

State Opposition

cost despite a changing scope, this business case has been clearly skewed to report a positive benefit-cost ratio for ... political purposes," the Opposition's analysis claimed.

It also argued the business case had exaggerated the benefits, as some events would shift

from alternative venues rather than creating new activity.

The Supercars Australia fixture will move to Perth Park from Wanneroo Raceway.

The State Government hit back that the motorsport event would be much larger and attract more tourism in a nearby location with closer proximity to retail, transport and accommodation.

"The Perth Park business case was independently prepared by the highly regarded ACIL Allen, which shows Perth Park will generate \$61 million in economic activity for Western Australia every year, for the next 30 years," a State Government spokeswoman said.

"These benefits are delivered through additional tourism visitation and expenditure, increased business activity to support the delivery of major

events hosted at Perth Park, and the value generated for the WA community from the expansion of the State's events calendar."

The project would be a "worthy investment" and had "a strong economic benefit for the State", she said.

It's not the first State Government business case for a major project that has prompted scepticism this year.

InfrastructureWA's analysis of the Westport outer harbour development showed the State would get more value from pushing the project back a decade.

The Metronet rail build also exceeded the cost estimates used in the business cases and The West Australian revealed in April that passenger numbers were falling far short of forecasts.