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HD **Is it time to privatise our stadiums?**

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M ore than 640,000 spectators, more than 6000 employees, television viewers in more than 200 countries and an overall economic contribution of about $250million a year. Those are some of the ways the tennis enterprise that is based in Melbourne and trades as the Australian Open can be measured, and it's a success on any of them. However, politicians of all persuasions are telling us that the infrastructure of the future must be funded in part by cash from the sale of assets that already exist and that, as we consider our options, there should be no sacred cows. The Abbott government is preparing to sell Medibank. Australia Post might go along with the federal-NSW-Victoria-owned Snowy Hydro. States that are behind Victoria in electricity privatisation will consider catch- up sales and Victoria will probably follow NSW in selling off its main port. Federal Education Minister Christopher Pyne has even floated the idea of privatising the HECS university fee repayment stream. All of which raises an intriguing question. If there are no sacred cows, why shouldn't government- owned sports assets also be on the list? There's plenty of them, including the SGC and the MCG, but the sprawling estate of arenas and sports facilities that host the Open on Melbourne's eastern edge would be near the top. The Open itself is already privately owned, by Tennis Australia, a company owned in turn by Australia's state and territory tennis associations. Tennis Australia's income was $186million in the year to June 2013 - 36per cent of it from ticket sales, 20per cent from sponsorship and 26per cent from TV rights. Top-line income rather than Tennis Australia's $1.6million profit is the measure of the

enterprise because Tennis Australia exists to plough money back to the state organisations and through them, the sport of tennis: a total of $42.7million was disbursed last year. The Australian Open is Tennis Australia's biggest money machine by far and it is also the linchpin of the Victorian government-owned infrastructure business that hosts it, the Melbourne & Olympic Parks Trust (MOPT). It is the assets MOPT oversees that are privatisation candidates if there really are no sacred cows in the infrastructure auction debate. MOPT reported income of just under $98million in the year to June 2013, with about half of it coming from the Australian Open. Again, it is the top-line that is the best pointer to the value of the asset rather than MOPT's $2.9million profit. Property, plant and equipment is in MOPT's books

at $1.2billion, including $387.6million for land and $576.5million for buildings. MOPT controls a 40-hectare slab of land on the fringe of Melbourne's CBD that operates venues including the new 30,000-seat AAMI Park soccer stadium and two multi-use arenas, the 15,000-seat Rod Laver Arena and the 10,000-seat Hisense Arena. As well as the Open, Rod Laver Arena hosted more than half a million people at 54 concerts last year. Pink's record-breaking residency made it the world's third-highest-grossing arena and the catchment is expanding again with a fitout of the 6000-seat Margaret Court Arena. A sale would be legally fraught and would of course be political dynamite. But after beginning its privatisation process early, Victoria has no easy choices. The

key would be to preserve public access and preserve synergies between the venue, the Open and the state's economy. Just before the 2014 Open kicked off this month, Victorian Premier Denis Napthine announced that the government was committing $338million to the second stage of an expansion of the precinct. An initial $366million phase, including the Margaret Court Arena expansion, is drawing to a close and together the commitments are the price Victoria is paying to keep the Australian Open in Melbourne until 2036. If it had not spent the money, Victoria might have lost the Open. Back-of-the-envelope drawings of a purpose-built tennis facility on Glebe Island in Sydney Harbour were sighted before the first

 

$366million commitment. The steady increase in Asian interest in the event that is locking in sponsors, including ANZ and Kia, was also promoting some discussion about a joint venture, "Asia-Pacific Open", with **China**. Both those prospects appear to have been headed off by the expansion the government is funding, primarily directly but also partly through MOPT, and it says the money is well spent. The new $338million outlay will generate more that $2.27billion in economic benefits and create 1300 construction jobs, it says. One question is whether government money needed to be spent. Given the Open's importance, a private-sector owner might have done the same and might agree in a **sale** to honour the government's commitment. Privatisations are coming: the question is not so much whether popular assets such as Melbourne Park should be sold, but what else might be sold if they are not.

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