

Submission to the enquiry of the Tasmanian Governments process into the feasibility planning for a new sporting and events stadium in Hobart.

Have we lost sight of the fact that it was at the insistence of the AFL that a new stadium be built so as to secure a licence for a state base AFL team.

If a 19th team was such a good business proposition it would have already been granted; clearly it is not. While the AFL has not said as much, it appears that it does not want a 19th team, hence the insistence on a stadium. This being the means to dissuade us from seeking a licence. When a number of Melbourne based teams relocated to other states so as to make them more financially viable base on the larger population centres they have been relocated to, it does not auger so well for Tasmania.

Has the financial viability of such a team been costed. Such thing as team wages, coaches, support staff and club management and other expenses all has to be paid for. Or is this something the State Government is expected to cover? Unless this returns to the State government adequate revenues so as to cover all expenses associated with a state AFL team and the stadium construction and all on going expenses into the future it cannot be seen as a viable project.

The AFL is like any other business, it expects to make a profit and as such has clearly examined the idea for a state team, this I suspect has been found wanting, hence a reluctance to issue a license.

Over and above this, at a time when the state debt is \$2,900 million (2.9 billion) and expected to rise to \$5,180 million (\$5.18 billion) by 2025-6, the state is expected to fund a stadium at a cost of hundreds of million of dollars for which on the face of it has little chance of recovering this outlay. Not only this there is the on going cost of its management and staff to run this after its construction.

With rising interest rates, how much is this going to add to the cost of such a dubious project. There appears to be some expectancy that financial assistance will be provided from the Federal Government, AFL and others; none of which has any guarantees of materialising, and in any case will still leave a substantive debt.

While I am sure the Premier has a glowing report stating the business case for this \$750 million project, we need to get our priorities right. Pandering to those who appear to have little concept of the costs involved, if they have even given any thought to this aspect at all, simply doesn't cut it.

When our hospitals and medical services appear to be almost at breaking point; facilities that I would suggest, all state residents may at sometime avail themselves of, would be a much more worthwhile investment. When one considers most of us will never set foot inside this stadium many times, if at all. Sure there will be an initial honeymoon period, but this will not last.

Given a state population of 568,000, it is not basis upon which an undertaking of this magnitude should be undertaken when at a time all we seem to be getting is talk of a global recession and rising interest rates.

If we use Geelong as a comparable example to Hobart on the basis of population (204,000 to 252,000 rounded), Geelong has a decided advantage when it comes to patronage at games. The Tasmanian population is 568,000 spread out over 68,000 square kilometres, half of these live in Hobart, Whereas within easy travelling distance of Melbourne there is a potential 5.1 million persons that may avail themselves of a days outing in Geelong, not so in Tasmania.

Without variable funding over the years 2017-20 including one year of pandemic 10 clubs would have sustained a loss.

As at 15 January The Demons made a profit of \$9.444 million on revenues of 55.035 with sponsorship of \$4 million

The Bulldogs made \$5.188 million on revenues of \$92.556 with a grant of \$7.5 million

St.Kilda made \$9.445 million on revenues of \$62.78 million including a grant of \$10.79 million

Richmond \$2.232 million on revenues of \$92.556

Carlton \$17 million on revenues of \$92.774 million with a grant of \$12 million.

So it would appear that without substantive additional funding these clubs would not be as financially lucrative as might outwardly appear.

It has been stated that this venue could be used for other sporting and entertainment purposes we must consider how this will affect present venues, will their viability be damaged? Will the cost associated in using the new facility be equal to, or more than that charged for existing facilities.

Already tourist and music promoters are assuming the government is going to spend \$5.5 million an acquisition budget to promote the venture, and the establishment of a risk pool that would give government guarantee to promoters of a certain level of ticket sales. (Examiner Tuesday 10 January) The only estimates of saving here seem to fall to promoters, thought to be upwards of \$100,000. Surely anyone running a business of any type should know the risks, without the expectancy of a government bailout should things go pear shaped.

Then there is the matter of parking. The public is not going to use public transport to get at this venue in substantive numbers, therefore parking for about 20,000 will need to be provided. A failure to provide this will only add to the inability of this to be self funding.

The release of the cost benefit analysis by the State growth Department showing that the cost of this would be \$1 billion (presumably because of interest added to the borrowings) , and that in the best case losses would be \$132.3 million, with the worst case \$480.2 million, and that most of the benefits derived from this will flow to the private sector while the state picks up the bill.

Sure there will be jobs created during construction and materials supplied, this being a short term benefit for those participating, then what?

For the convenience of easy understanding assume to population was 500,000, divide this into \$1 billion, this comes to \$2000 per person, to this we add existing debt of \$2.9 billion, another \$5,800 per person: this gives a clearer understanding of the sort of magnitude of the debt that is being created.

**The question must be asked; is this debt reaching the point of being unsustainable?
Are other public services likely to be downgrade to finance this debt?**

When the health of those who seek medical treatment is already being compromise owing to lengthy delays in treatment because of under resourcing; when the education system is struggling to provide the necessary levels of education to the future leaders and workers of this state, running up excessive levels of debt and then down grading essential services in the wake of poor judgment, (should this project get the green light) prima facie, this does not look like sound economic judgment.

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