

Submission to Parliamentary Standing Committee of Public Accounts

**Inquiry into the Tasmanian Government's process into the feasibility planning for a new sporting and event stadium in Hobart**

Attention: Simon Scott

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Parliament House

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My submission will address the issues surrounding the proposed stadium within the Macquarie Point Complex that will also include an Antarctic and Science section and a Truth and Reconciliation Park.

Tasmanians have waited 32 years to be finally recognised and be granted an AFL licence. I have been involved for 5 years to make that dream come alive and this came about after watching our football decline to the point participation rates plummeted and our state-wide competition of 5 teams representing the North and North West and 5 from the South within a 2 year period had 3 of the 5 North and North West teams unable to continue.

All of this under the watch of a Melbourne team, Hawthorn, playing out of Launceston since 2001, initially for 1 game and ultimately 4 games a year. We then had North Melbourne playing 4 games in Hobart since 2012. While these arrangements are good for our economy, we are paying in the order of \$8 to \$10 million a year and as this money leaves the state; we don't get to see the flow on effects of that expenditure. Yes, we get the direct expenditure of the games but we can and should maximise our investment in the game and the grassroots and the country clubs right through to the senior level of the state-wide competition. We can do that by investing that money into a Tasmanian team.

In doing so, we will create an exciting new vision for our classically unique Australian game in Tasmania and freshly inspire our youth to participate. The future of Australian Rules Football in Tasmania will thereby be secured. Failure to achieve this outcome will ultimately result in the demise of the game in Tasmania.

We have fought the battle for 5 years and we can have that team if we want it.

We know there has been an Tasmanian AFL Taskforce and a Legislative Council Select Committee on the subject of a Tasmanian Team and I was involved in both and my work features substantially in

both. One of the issues over the last 5 years was our perennial problem of parochialism in Tasmania and it was recognised that there would need to be game sharing and the need for regions to work together to achieve the ultimate objective of the AFL licence.

Both of the aforementioned bodies came out in favour of a Tasmanian team having the potential to be both sustainable and successful. Consequently the AFL set up a joint working group of AFL and Tasmanian taskforce representatives to address a number of issues including the requirement that the existing 18 clubs would have the final vote on a licence to Tasmania. There were many issues revolving around the sustainability and success of the team. The AFL clearly did not want another Gold Coast Suns (GCS) or Greater Western Sydney (GWS) scenario where they require constant funds well in excess of what the more sustainable clubs receive. In fact, there are 5 other clubs that require constant additional funds in excess of what the 11 other clubs receive, albeit less than GCS and GWS. They are Brisbane, Melbourne, North Melbourne, St Kilda and Western Bulldogs.

But clearly a major issue was that, in particular with GCS, their success has been limited since they first played in 2011 due mainly to player retention issues. Prior to the introduction of the GCS there was only 1 team playing outside of the respective states capital city; Geelong, who have a long history and joined the VFL (now AFL) in 1897. But now we have the GCS who have been plagued by players wanting to transfer back to their home cities. In the debate about a Tasmanian team the issue of player retention has not received the attention that it should in Tasmania but there is no doubt it is a major issue with the AFL and the 18 clubs and as we know the AFL have insisted on insurance that the competition will not have another club needing constant additional funds to stay alive hence the government guarantee of \$12 million a year for 12 years. If player retention becomes a problem the club will suffer.

We all know that games must be shared between the North and the South and the AFL and the AFL Players Association have said the team must be based in the capital with clearly the largest population to accommodate 100 to 150 players, coaches and other support staff, staff for membership, medical, recruitment and more. But what this means is there will be 100 to 150 partners needing employment; a must for a team to be settled or player retention will be a massive problem.

All of this arises from the review of the joint AFL working group of the requirements of the team to be sustainable and successful from day one and to that end there was an obvious problem and that was the projected finances of the Tasmanian team. In a nut shell the forecast attendance numbers for Tasmanian 11 home games is an average of 18,400 which means there will be many games peaking in the order of 22 to 23,000. But the existing Bellerive stadium in the team's home base only has a capacity of 17,809 with 13,000 seats only. To increase capacity to 23,000 is a massive upgrade in a current stadium not capable of that level of upgrade and which is also poorly located in a suburban area with considerable resident dissent at the moment let alone a massive upgrade. It simply will not work and the team will not achieve its forecast financials.

The suggestion to play the most games and all the blockbuster games and preseason and practice games in Launceston and a lesser number of games with lower drawing clubs in Hobart verges on bizarre when the team is based in Hobart and would be faced with planning for the big games and most games that would then involve a 2.5 hour bus trip both ways. We know games will be shared but this would tear the club apart and goodbye players and probably goodbye the team. The AFL are not going to issue a licence for a team with a built in "primed to fail" scenario. The solution is clearly a new stadium.

There is regional discontent that if a new stadium is built in Hobart the North will miss out on games; that is simply not true. There are currently 4 games in Launceston a year and replacing a Melbourne team with the Tasmania team for 4 games is a massive boost to the northern economy in itself. With one of those games being against a Victorian blockbuster team is a massive new plus for the region. Additionally, there will be AFLW and VFL content and Dial Park at Penguin will receive practice or preseason games. Why only 4 AFL games rather than 5 of the 11 home games? At the moment Hawthorn and North Melbourne play 4 of their 11 home games away from home (in Tasmania) and any suggestions in the past to increase that have been knocked back. Having more than 4 of your home games away from your base is simply an overstep. As explained earlier the team and players need to be the priority and play the most games at their home base but we can achieve better content and much higher economic returns in the North with the same number of games as current but of higher quality games.

The AFL are well aware of the magnitude and massive success of the new inner city Adelaide Oval and the spectacular Perth Stadium and they know there has to be a new stadium in Hobart. Why does it have to be covered? The benefits are profound; if we are going to do it, do it right from the very beginning. It is not a stadium just for AFL football; it is part of an urban redevelopment, which the Prime Minister has clearly indicated is required. Its location enables 15 minutes walking access from 90% of the city's hotels. It is positioned for the influx of interstate and international visitors with an ability with being covered to accommodate events that simply can't happen without that. It will be positioned perfectly to progress infrastructure requirements of ferry commutes and has a rail corridor at its doorstep. It is an absolute game changer for the capitol and the whole state.

The negativity to the proposal targets the AFL of changing the goal posts but as indicated above there is no choice with the requirement of a new stadium and the issue of a roof adds to future prosperity and a range of events that will be made possible. There are massive proven benefits of stadiums being smaller but inner city located to generate a new dimension to the cities involved with dramatic increase in economic benefits.

Opponents claim that money should be spent on issues such as health but do not acknowledge that the health spend over the last 6 years have increased dramatically and when expressed in terms of the ratio of health spend to total spend there has been in the past 6 years an additional \$2 billion injected into health over and above what previous governments have committed to as a ratio of health spend to total.

There are claims that there is no economic return and the stadium will not make money. Stadiums in their own right traditionally do not make large profits. It is what they bring to the community by way of expenditure outside of the direct spend at the stadium. The predicted direct expenditure will be in the order of \$158 million per annum and based on Federal Government examination of tourism by state indicates that For Tasmania there are flow on effects of for every dollar spent a further 84 cents is spent as a flow on. If that was applied to the \$158 million the answer is around \$291 million per annum economic benefit through direct and indirect expenditure because of the stadium. That's over three quarters of the Tasmanian cost of the stadium in one year.

The examination of the build and the ongoing costs show a \$1 billion cost over 20 years with a net after costs benefit of \$26 million over 20 years but that does not include the \$291 million per annum or \$5.8 billion over 20 years; it includes a lower annual benefits estimate of just \$16 million (\$325 million over 20 years). Even just using the direct expenditure benefit and ignoring the indirect benefits results in \$158 million per annum (\$3.16 billion over 20 years). The cost benefit analysis shows a present value loss over 20 years of \$306 million and the perception is that the government has to pay an additional \$306 million. That is not the case, it is purely an economic NPV outcome and

is irrelevant if the adjusted direct and indirect benefits outline above are taken into account. The adjusted net present value moves from negative \$306 million to positive \$698 million and the Benefit/Cost ratio moves from 0.5 to 2.13.

We should also note the cost benefit works on a total stadium cost of \$715 million but the reality is Tasmania commits only \$375 million.

The gains are huge and are replicated in Adelaide and Perth because they took the hard decisions to invest and they are reaping the rewards while we run the risk of foregoing the opportunity of a lifetime and allow many events that we can and should have to play out in other states and not Tasmania.

There was plenty of opposition to the stadiums in Adelaide, Townsville and Perth but now built they are loved and grow the economies of the city they were built in and the states as a whole; let alone what it does for the sustainability and success of their team.

There are 2 things lost in the debate; the first being the team; the club and player retention which I have addressed above but above all is that we have lost sight of the fact that without the stadium there will be no Tasmanian AFL Team which we have all forgotten will generate \$110 million per annum and 360 jobs in its own right; AFL Taskforce report. Over 20 years we will walk away from \$2.2 billion in economic gains and our football already on its knees will die.

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