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Chair & Members of the Public Accounts Committee

As recently retired independent members of the Tasmanian Parliament with a long-standing interest and involvement in football matters, we are responding to the Committee's request for submissions to its inquiry into and report upon the Tasmanian Government's decision to build and operate a new sporting and event stadium in Hobart.

We would welcome an opportunity to appear before the Committee to expand on the matters we have raised, and to answer any questions the Committee may wish to pursue.

This submission will address each of the specifics raised by the Committee, but we wish to state clearly up front that while we strongly support the entry of a Tasmanian team into the AFL, like the overwhelming majority of Tasmanians, we equally strongly oppose the reckless waste of money involved in this proposal when we already have more than adequate AFL standard stadiums at both ends of the island.

The new stadium proposal looks to be a classic case of taxpayers being lumbered with huge debt and ongoing liabilities from a poorly planned vanity project drummed up at the last minute by a Premier looking for a legacy ahead of a retirement announcement which followed within weeks.

The tale of the pursuit of an AFL team is the story of a blundering government that has been played for a bunch of village idiots by the AFL – and without a change of direction, Tasmanian taxpayers will be left paying off the credit card for generations to come.

The liabilities may well be far more than the Government is claiming. Based on the New Zealand experience and the extraordinary way the Hobart announcement was developed, there are strong grounds for questioning taxpayers' exposure both on the cost of building and ongoing operational costs - without even going in to the Federal Government's crackdown on major emitters including the steel and cement industries – which could be expected to increase construction prices substantially.

There is no question that Tasmanians overwhelmingly support a Tasmanian representative team in the AFL. We have supported AFL football at a club level in Launceston and Hobart for 20 years.

The Government lost the plot and lost the people when it let itself be sucked into an AFL ultimatum to spend \$1 billion of taxpayers money on an unnecessary new stadium or else no licence.

This was a disastrous own goal. The stadium suggestion came from the Government: the AFL simply capitalised on the opportunity provided.

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The new stadium is neither needed nor wanted by the vast majority of Tasmanians. Former Geelong President and AFL Commissioner Colin Carter who reviewed the business case for the AFL, acknowledged he did not recommend a new Hobart stadium. He later told Melbourne radio that: "I don't think a licence should be contingent on a new stadium, which is why in my report I didn't actually say that it was". Mr Carter confirmed that average first season attendances for a Tasmanian team would be just over 18,000 – within the existing capacity of both UTAS Stadium and Blundstone Arena – and well within the proposed 27,500 capacity for an expanded UTAS.

The Hobart stadium duplication plan has drawn together a coalition of opponents that in any other circumstance would be unthinkable. From Tasmania's longest serving Liberal Premier right across the political spectrum to the Greens and including almost all of Tasmania's federal Liberals and the State Opposition plus prominent independents.

It has been pointed out that the plan to split home games equally between the north and south has been undermined by the so-called business case which is based on the new stadium getting more than its share. That would be another own goal for the Government and AFL because Launceston, which pioneered regular AFL games in Tasmania is best located to serve the whole state and has a history of drawing the biggest crowds. Focusing on the new stadium at the North's expense would alienate supporters, particularly in the North West, penalise the northern business community and encourage potential supporters to stick with their current team – including flying to Melbourne to do so.

Of specific concern to the Committee should be the process by which the Government developed its Hobart stadium proposal. Freedom of Information documents provided to the State Opposition show that the initial \$750 million costing for the short-lived Regatta Point floating stadium was based on very high level calculations whipped up at the last minute with no design, no site information and no defined scope.

It is very concerning that this figure, which appears to have been drummed up in the Premier's Office, has remained consistent despite the shift to a new site and presumably additional information being made available in the meantime. It ignores significant issues such as car parking and transport links, the relocation of the Macquarie Point sewage treatment works and what may be expensive additional site works related to the location and its long history of industrial usage.

The AFL's decision to single out Tasmania for its outrageous covered stadium demand should be rejected by every Tasmanian. No similar demand has been made of any other AFL team. Marvel Stadium in Melbourne is the only covered stadium used by AFL teams. Every other stadium, including the MCG, is wide open to the elements.

Building a covered stadium is fraught with risks – particularly financial risks. One of the projects to which the Hobart proposal has been compared is the new Te Kaha Stadium in Christchurch, New Zealand. Christchurch is the home of the legendary Crusaders Super Rugby team. Their old home ground, Lancaster Park, was severely damaged in the Christchurch earthquakes in 2011.

The saga of a replacement has been described as an omni shambles and construction is only now getting under way. In the meantime the cost has blown out from NZ\$473 million to NZ\$683 million – and there is no guarantee it won't blow out again before it's finished. Remember this is for a rectangular rugby field of less than half the footprint of an AFL ground. The latest costing for the Hobart stadium does not appear even close to the mark in comparison.

But Christchurch is only one of two New Zealand examples of covered stadiums that comes with a warning about cost control for taxpayers. The other is the Forsyth Barr Stadium at Dunedin, which was completed in 2011 after a furious public debate about costs (which had over-run the official estimate by 20 percent).

Operating costs have since been a constant issue for the Dunedin City Council, which attempted to get around the problem by diverting \$30 million from a Council-owned electricity business to fill the gap. The whistle was blown when the electricity business was convicted and fined NZ\$5 million by the High Court for failing to honour a commitment to spend NZ\$37 million to replace dangerous rotting power poles while the \$30 million was being funnelled into the stadium.

But the bigger message from NZ is that a shiny new stadium many not be the best marker for sporting success. While the Otago Highlanders have spent the past 12 years luxuriating in indoor comfort at their Forsyth Barr headquarters, they have just one piece of silverware, the 2015 premiership, to show for it.

Up the road at Christchurch, the Crusaders, despite being tipped from their earthquake-ravaged 38,000 seat stronghold at Lancaster Park to the unroofed 18,000 seat Orangetheory Stadium at the Addington Showgrounds, have continued to rack up records as the most successful Super Rugby team in the Southern Hemisphere, including the last six titles in a row. They've now been named for the second time as the best sporting team in Australasia, based on results over the past five years.

The Committee should note that both UTAS Stadium and Blundstone Arena can accommodate larger crowds than the Crusaders' temporary home – even in their current form without any of the planned improvements.

Now, to the matters raised by the Committee:

1. The process used to select Macquarie Point as the site for a proposed new stadium;

This could serve as a benchmark case in how Governments can manage to turn even the most goldplated opportunity into a Yes Minister type shambles.

Tasmania is an Aussie Rules football state and Tasmanians are avid followers of the AFL. Over the past 20 years or so, governments of both persuasions have spent \$10s of millions bringing AFL matches to the state – first with Hawthorn in Launceston, then North Melbourne in Hobart.

This was self-evidently a less than ideal long term strategy for the use of public money and there has been growing support for a number of years for a stand-alone Tasmanian team to join the AFL.

In June 2019 the Tasmanian Government appointed a Taskforce to "develop the framework and business case to support the granting of a Tasmanian AFL and AFLW licence". The Taskforce reported in December 2019 with a finding that a Tasmanian franchise would be viable and sustainable and recommended that applications be lodged with the AFL for licences for men's and women's AFL teams.

The Taskforce recommended that the team be based in Hobart but that home games should be shared between North and South. Initially, it suggested Launceston should host 'blockbuster' matches at an enhanced 27,500 seat UTAS Stadium, while due to its apparent limitations, Blundstone Arena would host smaller drawing AFL Clubs or games.

The Taskforce also recommended that 'a longer-term aspiration should be a roofed, CBD-based 'Adelaide Oval' multi-purpose facility developed for Hobart to share all AFL content and opportunities with Launceston'. It noted this would require a separate economic and qualitative investigation beyond the scope of the Taskforce.

In May 2020 the Legislative Council issued a report recommending the Government pursue all opportunities to present Tasmania's case for an AFL team to the AFL Commission. The report did not

support a new stadium, instead finding that upgrading existing AFL venues in Launceston and Hobart would be a better investment for public funds.

In March 2021 the AFL appointed former Geelong president and AFL Commissioner Colin Carter to review the business case prepared by the Tasmanian Taskforce. Carter reported in July, recommending that Tasmania should be represented in the competition, but that a 19th licence was only one of three options for the form of that representation, the others being relocation of an existing club or a joint venture between Tasmania and a Victorian club.

Carter did not recommend a new Hobart stadium. He later told Melbourne radio that: "I don't think a licence should be contingent on a new stadium, which is why in my report I didn't actually say that it was".

Despite the stadium findings of the Legislative Council and Carter Reports, the State Government appointed consultants to provide a preliminary feasibility assessment of potential stadium sites within walking distance of the Hobart CBD. The consultants reported in February 2022 after examining six sites, ranking Macquarie Point number one and Regatta Point number two.

On 1 March 2022, the Government announced a commitment to the construction of a floating stadium costing around \$750 million at Regatta Point to serve as the long term home of a Tasmanian AFL team with home games to be shared with UTAS Stadium, where subject to federal funding capacity would be increased to 27,500 through a \$200 million upgrade.

On June 10 the AFL announced that the Tasmanian bid was now contingent on construction of a new stadium.

In September, following AFL pressure, the Government announced it was switching the proposed stadium site to Macquarie Point and would build an indoor 23,000 seat boutique stadium as the centrepiece of a culture, entertainment and sporting precinct.

2. How a new roofed stadium became a condition of a Tasmanian licence to enter the Australian Football League (AFL);

This has been one of the most disastrous own goals of Tasmanian political and sporting history. There was no public discussion of or demand for a new stadium until the issue was raised by the Taskforce as an aspiration for the longer term.

Premier Gutwein's commitment to the floating stadium at Regatta Point (see timeline above) appears to have been a desperate grab for a last-minute legacy ahead of his retirement announcement in April. It certainly does not appear to have been based on any detailed examination of the costs or merits of the project.

To quote an ABC report on Freedom of Information documents provided to the State Opposition:

Documents show the first time costs were discussed was February 22, when an internal government email — whose sender has been redacted — asked for feedback on a draft of "our" State of the State speech, saying in regards to the stadium that: "I think we will need to say when we think it will start and finish and I have said \$750 million!"

The following day, Wednesday February 23, sports development agency Waypoint group provided some "very high level" advice on how much a stadium could cost, noting "there is no design no site information and no defined scope at this stage".

The email reads:

"Using the above very high level guidance (I say that because there is no design, no site information and no defined scope at this stage) you could come up with the following cost ...

25,000 seats @ \$13,000 = \$325,000,000 Add roof at say \$250,000,000 Total = \$575,000,000 Add escalation for say 2 years @ 5% / yr = \$57,500,000 Add Tas market loading at 20% = \$115,000,000 Total = \$747,500,000 Add site specific costs = \$?????

"I reiterate this is ballpark cost advice! I hope this helps."

The email from Waypoint Group was sent at about 8:00pm on Wednesday night.

A subsequent email to the head of State Growth, Kim Evans, from an unknown sender, sent at 9:23pm, said "in relation to a southern stadium it appears conceivable that it could be delivered for a cost that is in the vicinity of \$750 million, noting of course the significant factors of not yet having a design".

Mr Evans then sent an email to an unknown recipient 25 minutes later, saying, "based on this reckon (redacted) words in the speech look fine."

So, no site information, no design and no defined scope and yet the Government committed to a huge and unnecessary stadium duplication project based on a figure plucked out of the air. That was the basis of the Gutwein announcement which was subsequently used by the AFL to deliver an ultimatum – No Stadium, No Deal.

The Government itself has acknowledged the absurdity of the Regatta Point proposal by crab-walking away at the first opportunity to shift the site to Macquarie Point, in the process trashing a decade of work by the Macquarie Point Development Corporation, offending the Aboriginal community by driving a bulldozer through the Mona-inspired Reconciliation Park, creating a significant compensation liability by scuttling contracts for a \$100 million housing and retail development, and causing outrage among veterans by treating the hallowed Hobart Cenotaph as nothing more than a gateway to its proposed new shrine to the AFL.

The Tasmanian branch of the Vietnam Veterans Association has written to the Premier informing him that it does not support the building of a stadium at Macquarie Point because of the adverse impact it would have on the Cenotaph, particularly during important memorial services.

To quote the Vietnam Vets' letter:

The site of the Hobart War Memorial was chosen specifically for its clear and obvious location, which would make it a focal point for the city and constantly remind its citizens of the debt it owed to war veterans.

The Hobart Cenotaph is of historical heritage significance as it has special symbolic,

spiritual, cultural and social meaning for the entire Tasmanian community, in particular for

the Returned Service men and women and their families. The Cenotaph continues to be a highly important and symbolic site for Tasmanians with numerous commemorative services held there every year.

The Cenotaph offers uninterrupted views from the site down the River Derwent, to the city of Hobart and to Mount Wellington. Original guidelines for the siting and erection of the Cenotaph, held by the Hobart City Council are supported in the Hobart Cenotaph Conservation Assessment: January 2001, which states that -

"No development of structures or plantings, which detracts from the open setting or obscures the Cenotaph from any currently visible part of Hobart (including the eastern shore) should be permitted".

These views offer peaceful solemnity for Tasmanians and veterans and their families when they gather at the cenotaph, in reflection, to remember lost loved ones and the sacrifice

of so many. The building of a large concrete stadium at Mac Point will take away those views, and, in doing so, will diminish the spiritual serenity of the Cenotaph, which was the intent of our City forefathers. Tasmanians, veterans and visitors will instead be looking directly at a concrete structure in very close proximity to the Cenotaph.

Even visiting cruise ships, when docked alongside Macquarie Wharf, block out the views from the Cenotaph down the Derwent River and the Hobart docks area. A stadium of the size being proposed, built much closer to the Cenotaph and on higher ground than the wharf, will have a direct, disturbing impact on all those visiting the Cenotaph to reflect in peaceful surroundings in solemn contemplation and remembrance.

Parking.

With no vehicle parking facilities included in the proposed Stadium plans, we assume that many cars will use the Domain for parking, adjacent to the Cenotaph. This will lead to hundreds, if not thousands, of people accessing the stadium via the Cenotaph War Memorial precinct. The possibility of intoxicated and rowdy people returning to their vehicles after a game or event, through the sacred grounds of the Cenotaph, poses a real threat to the integrity

of the Cenotaph, the Eternal Flame of Remembrance and to the Victoria Cross memorials. Can you assure our association and the veteran community that your Government will preserve this important historic precinct and its aspect, and give our association and veterans a guarantee that any stadium built on any part of Mac Point will not impede the views for which the site was originally chosen?

3. The figures and assumptions contained within any State Government commissioned reports and economic impact assessments of the proposed Macquarie Point stadium, including any subsidies required and assessments of ongoing operating costs;

The Taskforce Report put the proposition bluntly. With regard to a new stadium it stated: *Within Australia, it is not commercially feasible to operate major sports facilities to recover the cost of capital and to generate a return on investment. Public funding would therefore be necessary.*

It is no surprise therefore that the proposed stadium is based overwhelmingly on taxpayer funding, with a minimal \$15 million from the AFL. That is something that clearly concerned the Prime Minister.

The payoff according to a PwC study in August 2022 prepared for the Department of State Growth is that: A new 23,000 capacity stadium in Hobart could generate \$300m in additional economic activity and 4,200 jobs during construction, and \$85m in additional economic activity and 950 jobs in each year of operations. Noting that this is an estimate based on a series of assumptions.

However, a cost-benefit analysis prepared by MI Global Partners for Events Tasmania suggests that the stadium deal will be a total dud for taxpayers. It found that over the economic life of the stadium it would generate on a base case scenario a loss of more than \$306 million, with a best case scenario a loss of \$124 million and worst case of \$474 million.

The Taskforce Report called for government funding of training facilities (\$45 million), upgrading of UTAS stadium to 27,500 seat capacity (around \$80 million) and potentially upgrading capacity at Blundstone (in the order of \$100 million). The Taskforce business case also noted that a government contribution to operating funding would be required to ensure a viable and sustainable Tasmanian team. The Taskforce operating model was based on a government contribution of \$7.3 million per season (less than the Hawthorn and North Melbourne deals are currently costing) – noting that this might be required to go as high as \$11 million/season.

The State Government in response has committed \$50 million for establishment costs, operating funding of \$12 million/year for 10 years, \$375 million for a new Hobart stadium (plus presumably any shortfall in the \$85 million proposed to be raised from land sales and commercial leases) and \$65 million towards a \$200 million upgrade of UTAS stadium. That is at least \$610 million so far, without accounting for interest on borrowings.

The Committee should note that both the Taskforce and Carter Reports estimate Year 1 attendances for home games for the proposed Tasmanian team to average just over 18,000. This is within the current capacity of both UTAS and Blundstone and would only two thirds fill the upgraded UTAS stadium.

4. The Tasmanian Government's expectation regarding financial contributions from the Australian Government, AFL and third parties;

The stadium case presented to the Prime Minister by the Premier calls for an Australian Government contribution of \$240 million. The AFL has agreed to put up a paltry \$15 million.

5. The level of borrowing and costs on the assumed \$375 million Tasmanian Government contribution to the construction of the proposed new stadium;

The Treasurer advised the Parliamentary scrutiny hearing that the Government will approach TasCorp (the Government's financing arm) to fund its contribution. In other words, the full \$375 million (plus presumably any shortfall in the \$85 million proposed to be raised from land sales and commercial leases) will go on the credit card. That's adding somewhere between \$375 million and \$460 million to net debt which currently stands at \$1.3 billion and is projected to top \$5 billion over the forward estimates. With interest rates rising substantially, taxpayers will be on the hook for generations.

6. The future of Blundstone Arena and UTAS Stadium, including State Government ownership and future capital and operational expenditure;

The Government has indicated Blundstone Arena will continue to be the home of cricket. Regardless of whether a new Hobart Stadium is built, UTAS Stadium will continue to host AFL matches in the North.

That raises serious questions about the rationale of the whole stadium proposal. The AFL is saying no Tasmanian team without a new stadium because the existing venues aren't good enough. At the same time they are saying they will continue to schedule regular matches at UTAS as part of an ongoing north-south split of games. They can't have it both ways – either the current venues aren't up to it or they are. The ongoing commitment to UTAS suggests they are, and the more sensible way forward would be to invest in upgrading Blundstone Arena rather than wasting \$1 billion on duplicating the Bellerive Oval on the western bank of the Derwent.

Retention of existing venues and repudiating the outrageous demand for a roofed stadium is underpinned by the facts about AFL venues across the country. Only one – Marvel in Melbourne – has a roof. Every other stadium including the iconic MCG is open to the elements. AFL matches are played on some pretty elementary grounds in regional areas across the country. None have been subjected to the demands being made of Tasmania. The Committee should take a look at the Mt Barker oval proposed to host an AFL match this year. Nothing against Mt Barker but in terms of spectator facilities, the ground looks more suited to a game between Woodsdale and the Mounties than the AFL. There's one tiny grandstand and a claimed capacity of 5,000 if they all stand should to shoulder round the boundary.

In comparison to what seems anything goes on the mainland, the demands being imposed on Tasmania amount to a gross abuse of power from the arrogant autocrats at the AFL (noting their own \$15 million contribution compares to their recently signed \$4.5 billion broadcast deal) which, thanks to the incompetence of the Tasmanian Government, will happen if it proceeds at the expense of taxpayers – particularly Tasmanian taxpayers.

The experience of the Forsyth Barr Stadium in New Zealand demonstrates the substantial financial risk to the stadium operator if it proceeds. Operating costs have since been a constant issue for the Dunedin City Council, which attempted to address the gap by diverting \$30 million from a Council-owned electricity business. This came at the expense of essential maintenance of the power system, which was highlighted when the electricity business was convicted and fined NZ\$5 million by the High Court for failing to replace dangerous power poles while the diversionary scheme was in operation.

If the AFL believes a roofed stadium is essential in Tasmania, why doesn't it do as it has done in Melbourne, where it owns and operates Marvel Stadium. Governments could then contribute, but the ongoing liability would rest with the AFL as the major beneficiary, not Tasmanian taxpayers. In other words, if it's fair dinkum the AFL should put its money where its mouth is.

7. The role of the Major Stadiums business unit within State Growth and the newly established statutory authority Stadiums Tasmania in relation to the proposed new stadium; and

Presumably to take responsibility for the ongoing liabilities incurred by this proposal. As the experience in Dunedin has shown, when the operating results fall short of the shiny prospectus mirage, the funding gap can be painfully large – in Dunedin's case at least \$30 million to date.

8. any other incidental matter incidental thereto.

Among the many problems with the Hobart Stadium proposal is the tunnel vision with which it has been pursued by the Government. It appears to have been drummed up on the back of the proverbial envelope without any reference to competing needs or priorities. That is very easily demonstrated.

In 2019 Infrastructure Tasmania released a draft of the State's first 30-year Infrastructure Strategy which aimed to equip the state with the infrastructure required to ensure a productive economy and thriving community through to 2050. There is no mention of the need to duplicate Blundstone Arena anywhere in that document – on the contrary it features a promotional photograph of Blundstone, presumably as the type of facility we need going forward.

There is a high level reference to the need for:

A state-wide sporting and recreational infrastructure strategy to identify gaps and opportunities. The strategy would inform a sport and recreational infrastructure plan which outlines timing, need and delivery of future infrastructure projects. A sport and recreation infrastructure strategy should include principles of facility provision across all levels (local, regional and statewide). A state-wide sport and recreation strategy should also consider facilities required to support national/elite level teams and games, and address ownership, financing and management models for major stadia in particular.

In March 2022 the Government followed up with a draft Tasmanian Community Sport and Active Recreation Infrastructure Strategy. The Sport & Rec Strategy disclosed that consultation by Communities Tasmania had revealed that:

• Some activities need to cap the number of participants they can accept due to the

demand on facilities;

- Existing facilities are aging, with some well beyond their economic life;
- Some facility conditions do not meet the requirements for state or national level events

leaving sports unable to host event-type games.

- There are not enough facilities currently suitable to cater for the volume of people wanting to participate in some activities;
- Indoor sports experience the biggest issues in securing court time due to infrastructure

supply limitations;

- Many outdoor grounds have insufficient or unsuitable facilities to support the growth in female participation;
- Some individual sports experience a lack of suitable, or access to, indoor facilities.

Where is the evidence that the Government paid any attention to the needs of community sport while it was running up the public credit card to cave in to the demands of the AFL? The overwhelming majority of Tasmanians who support an AFL team but don't support the wasteful duplication of the existing Hobart stadium might have a very different view if the priority was to be building local facilities for local teams.

Football Federation Tasmania revealed in 2021 that Sport Australia figures showed that almost 37,000 Tasmanians play football (soccer) each year. That includes nearly a quarter of all five to 17 year olds, and peaks at around 40% of the under 17s in Hobart and Clarence. It's well known that while facilities for soccer have been improving in recent years they are well short of what is required. For instance, 300 games are played each year on the synthetic surface at Glenorchy. That's the equivalent of a game every day six days a week all year round. To say more all-weather grounds are needed is an understatement. The Committee might inquire how the Government came to value an unnecessary new shrine to the AFL above the needs of the thousands of Tasmanians turning out for community sport and recreation week in and week out.

The Government's tunnel vision on infrastructure also is highlighted by inertia on other priorities identified in the 2050 Infrastructure Strategy. In particular, the people of Hobart who suffered complete gridlock right across the city in January after a single vehicle rollover on the Tasman Bridge might see the need for action on improving road corridors as a significantly higher priority than duplicating a more than adequate existing stadium.

Opportunities identified in the 2050 Strategy to enhance road corridors include:

• To optimise the performance and carrying capacity of key arterial and major commuter routes, new technologies, including incident management systems, real time traffic information and improved traffic signalling, should be embedded and added to the road network.

• A comprehensive planning study to assess capacity issues on the current Tasman Bridge, timing of when that capacity might be reached, and interim treatments to address increasing demand should be undertaken. It should contemplate actions once capacity is reached, including the

development of siting options that could support a future Derwent crossing.

• Undertake a planning study for a Tamar River crossing to address growth and capacity issues and the broader links with traffic flows, through and around the City of Launceston, including an Eastern Bypass, as part of a broader transport plan for Greater Launceston.

Given the extent and impact of the Hobart shutdown after the January truck rollover, most people would see these as urgent priorities – certainly much more urgent than wasting \$1 billion of taxpayers' funds on a vanity project for the benefit of the Melbourne-based AFL. They would also – as the Infrastructure Strategy sets out to achieve – make an enormous contribution to 'ensuring a productive economy and thriving community' though to 2050.

Greg Hall AM

