

SUMMISSION TO THE TASMANIAN PUBLIC ACCOUNTS COMMITTEE INQUIRY INTO PROPOSED AFL STADIUM

General

During my professional career I developed a number of business cases for substantial capital projects as diverse as public and private hospitals, major car parks, aged care facilities, prisons and allied health services. I have no background in stadium development but am highly confident that the assessment principles for value for money assessment would still apply.

I would have been embarrassed to put my name to the so-called business case produced by the Tasmanian Government for the proposed stadium. It is equally embarrassing that this sad episode springs entirely from the child like negotiation with the AFL for a Tasmanian licence that allowed the perfectly reasonable expectation of that licence to become contingent on the construction of a new stadium.

It took Geelong more than a century to re-develop its stadium – and let's not forget the grounds where the Bears and GWS were expected to base themselves. Makes Bellerive Oval look positively luxurious.

Comments

- On the financial analysis alone, this project should be rejected- a benefit of 50 cents in the dollar and an NPV of -\$300M.
- The financial analysis is bad enough but the assumptions upon which even this terrible outcome is predicated are risible. Application of a vaguely optimistic set of assumptions with some connection to reality would see these poor financial outcomes become even more dire.
- The utilisation assumptions used – 44 major events per annum - or 1 every 8 days are breath taking and appear to be arrived at by 'consultation' with a largely undisclosed group of promoters and paid PR operatives and a whiteboard exercise to see how many sporting events and codes the consultants could remember after a long lunch.
- All of the utilisation assumptions seem to take as the starting point that the only reason every sporting code and major rock concert isn't now coming to Tasmania is the absence of a 28,000 seater stadium – a sort of cargo cultish 'build it and they will come' belief. Nothing about the low population base for multi-night concerts or the huge expense of shipping

concert rigs across Bass Strait or many of the other factors that mitigate against such events coming here?

- If the Government is so confident that every sporting code is queuing up to play here where are the 'letters of intent' from the AFL, ACB, NBL, FA, NRL, ARUNot letters of guarantee, just letters saying the only reason they don't play here now is the absence of a 28,000 seat roofed stadium. Letters we can take back to them at the end of the decade to get them started planning.
- The whole document seems to pretend that this stadium proposal is part of a well-developed strategic plan encompassing sports facility developments in Glenorchy, Launceston and on the NW Coast. Strange that all those individual developments were announced and funded months/years prior to the stadium proposal.
- The development is suddenly an integral element of the Northern Suburbs Transit Corridor and the Ferry Network concept plan. Strange that, once again, these were part of proposals announced much earlier and that remain unfunded although stated as key elements of the stadium development.
- It is hard to believe that we are still seeing airy statements that funding elite sports infrastructure will suddenly improve the general wellbeing of the population even though there is no evidence provided for the assumption. While there is significant evidence that small scale, local investment in wellbeing programs and facilities will improve population health.

Conclusion

The comments above cover only the most obvious flaws in the business case. In fact, this is not a business case but a fantastical wish list dressed in the trappings of a business case. As soon as you base a business case on flawed assumptions the integrity of the process is gone.

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8/2/2023