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To: [PAC](#)
Subject: ATTENTION Simon Scott, Committee Secretary
Date: Tuesday, 21 November 2023 3:07:22 PM

To inquire into and report upon the Tasmanian Government's process into the proposed Arts, Entertainment and Sports Precinct in Hobart with a particular emphasis on the financial risks associated with the Agreement.

For the claimed \$715 million stadium, the AFL's exposure is no more than \$15 million. Clauses in the *Club Funding and Development Agreement* specify that all risk falls to Tasmania for the costs of development and construction, including cost overruns. And the same applies for the \$60 million Training and Administration Facility which we will also pay for on top of the \$715 million, and which we are told is to be constructed close to the Hobart CBD. And we are also told that the facility is to have an oval the same size as the MCG. Moreover, the new Tasmanian club, effectively run by the AFL, will rent the Training and Administration Facility for \$1.00.

In its funding commitments, the Tasmanian Government has signed away any entitlement for sponsorship or commercial rights or any interests in the club, yet the Government pays the establishment funding and, if needed, additional establishment funding and additional operational funding. All up, the Tasmanian taxpayer is on the hook for \$144 million over 12 years, which when added to the \$60 million high performance centre makes \$204 million just for the team on top of the \$715 million for the stadium. That's \$915 million, before we get to the blowouts.

We can't afford it and there are better ways to use the funds.

Tasmanians want government funds directed towards addressing well-identified shortcomings in housing, health, education - not a stadium that has no grounding in community consultation and no connection with community need.

Tasmania can't afford the opportunity costs of spending \$700M+ on an underused facility when there are more important budgetary needs in health / housing / education.

The stadium has not been adequately costed.

The stadium will lose \$300 million over 10 years.

The stadium is a financial risk for taxpayers (we will pay for overruns and time penalties).

The business case for the proposed Mac Point stadium doesn't stack up.

The Government's own Reports demonstrate conclusively that a stadium at Macquarie Point is not a financially viable project – the business case just doesn't stack up.

The cost-benefit analysis (CBA) 'base-case scenario' concludes that the project has a Net Present Value (NPV) of – \$301.3 million and a Benefit to Cost Ratio (BCR) of 0.51. Every dollar spent on the Stadium Project returns a benefit of just 51 cents. Over its life the stadium delivers to the public a net loss of \$301.3 million. State Treasuries insist on a BCR >1 for a project to be considered financially viable.

The Commonwealth's \$240m "grant" will come out of the state's GST allocation, so is not a grant at all.

The Stadium cost is 14% of the State's entire budget.

The cost will inevitably blow out

1. estimated to cost \$750m as of mid-2022
2. construction costs are rising at about 15% each year
3. all big projects see large cost escalations.

The real cost will be \$1.2 – \$1.5billion.

The Rockliff stadium has nothing to commend it. On current figures, Tasmanians are told \$750 million will come out of the State budget to pay for the stadium. This figure is already outdated. Some economists estimate the project will blow out to cost approximately \$1.2 billion. Tasmania cannot afford it. Tasmania should not want to afford it.

Sharing of risk between a billion dollar commercial organisation (AFL) and Government is fair enough, but it needs to be proportionate to the benefits to be gained. The AFL must carry some risk, and investment in the future. It has to be an integral part of the stadium with skin in the game.

We need to consider the uncoded major roadworks on Hobart's busiest arterial road, the public transport that has to be created, and the parking facilities (where?) all of which are uncoded, but we are also paying for them.

We still have no idea of the actual spend, because the Government has, incredibly, avoided costing the entire development with major roadworks off Hobart's busiest arterial road, major public transport infrastructure, redevelopment of Macquarie Wharf, removal of the sewerage works, and mass parking facilities.

Christine Alexander

