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To: [PAC](#)
Subject: We don't want and can't afford the AFL's albatross around our necks
Date: Tuesday, 21 November 2023 3:55:05 PM

Attention:
Mr Simon Scott
Committee Secretary
Parliamentary Standing Committee of Public Accounts

I have prepared this submission to tell you why I object to the development of a stadium at Mac Point to satisfy the demands of the AFL.

I am a Tasmanian citizen who moved from South Australia in 1970 and has lived in the Hobart area since. The last 30 years I have lived in Seven Mile Beach.

Terms of Reference

ToR 1

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 matters related to the *Club Funding and Development Agreement (Agreement)* signed between the Crown in the Right of Tasmania and Australian Football League.

The AFL – not known for its town planning prowess – demanded Mac Point as its chosen location. The Government agreed. Together, they have now set about trying to fit their problem into the site and to solve all the unforeseen constraints of the location, while placing the cost burden on the community.

The stadium comes to us at the dictate of the AFL, a multi-million dollar corporate.

The government should not allow one man (no matter how important he used to be) to dictate to the entire community in his insistence on the Macquarie Point location. Mr McLachlan has no qualifications or expertise in planning or social design. There have been several previous proposals for this precinct with far more integrity than this monument to the hubris of one man.

The AFL should not be making overburdening demands on the community or 'determining' (and 'owning') the fabric of the city.

The government will likely seek to pass contract delay penalties directly onto the procurement contract. Applied as liquidated damages and in the exponential order of millions, these penalties applied on the Tasmanian community purse by the AFL are exorbitant, particularly in the current construction market, and the risk of delay is high. The example of this can be drawn toward Victoria's current infrastructure delay costs. It is a major cost risk to pass onto the public purse in Tasmania. The government has no experience in dealing with the procurement of infrastructure of this scale.

With its AFL stadium and team deal, the Tasmanian Government has given away the family silver to pay for the destruction of the best room in the house.

The agreement is deeply embarrassing to read. It would seem to put Tasmania's financial future at risk with a highly speculative venture.

Why does the stadium have to have a roof? How does seating capacity compare to other grounds? What realistic comparison was done with options other than Mac Point? Is any of this negotiable? Process?

The AFL has ensured that its venture into Tasmania comes at barely no cost to the AFL and carries absolutely no risk to it at all.

By any standard, the agreement negotiated by the Tasmanian Government has been a sell-out of Tasmanian interests, including giving away access to public land (Macquarie Point) that some describe as our Sydney Opera House site. The Tasmanian Government hasn't just helped out with the establishment of a Tasmanian AFL club, it has entered into a highly risky business venture with the AFL, where the AFL bears no risk and where the anticipated costs of this project will escalate rapidly.

ToR 2

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 suitability of Macquarie Point as the site for a proposed the Arts, Entertainment and Sports Precinct.

The proposed stadium is a 'round peg' being forced into a 'square hole'. It simply doesn't fit.

The scale of the proposed stadium impinges on the Royal Engineers building, on the Cenotaph and on the heritage listed Regatta Pavilion. It towers over the heritage buildings of Hunter Street and Sullivans Cove.

All views to and from the Cenotaph and the historic waterfront will be obliterated by a stadium in this location.

The stadium adversely impacts on the cultural heritage and reverential ambience of the Hobart Cenotaph.

The stadium destroys Sullivans Cove heritage.

The stadium is plonked on a major heritage site.

Mac Point does not have a sufficient apron to facilitate a structure of the scale proposed in Hobart.

The stadium obliterates the site.

Macquarie Point is completely unsuitable for a structure of these dimensions.

The site is too small to comfortably accommodate a stadium footprint this size.

The foundations/substrate will not take the weight, without extensive and costly geo-engineering.

The stadium robs Tasmanians of all opportunities provided by a prime waterfront site in their capital city.

The prevailing planning scheme specifically precludes development that overwhelms the historic spaces and buildings. By the government's own assessment, it is over 40 metres high. Digitally-rendered images already published by Our Place reveal a build that fully overwhelms this historic site in our capital city.

The precinct is suitable for a range of uses, but scale must be realistic, with all consequences considered and addressed professionally.

The stadium will create a traffic nightmare.

Concentrating activity in such a confined area, on a headland, creates massive transport and communication infrastructure problems, isolated as it is from the CBD by the existing convoluted road network at that point in the city's traffic grid.

Mac Point has the broadest views of any civic site in the country. As an internally focussed structure, a stadium is not typologically suited to that site.

The stadium is illegal under the prevailing Planning Scheme, set up to protect the unique values of the Sullivans Cove area.

This project clearly fails to comply with the Sullivans Cove Planning Scheme. It breaches many of the principles of the scheme, designed to protect the cultural heritage of Hobart's waterfront precinct.

ToR 3

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

- estimated to cost \$750m as of mid-2022
- construction costs are rising at about 15% each year
- 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.

ToR 4

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 matters related to the financing and delivery of the entire proposed Arts, Entertainment and Sports Precinct.

The Commonwealth's \$240m will mean \$240m less for housing / health / education throughout the State.

The likely \$1.5 billion for the stadium (plus transport infrastructure costs) would best be directed to more pressing needs. That is, housing, funding for our education and health systems and redress for survivors of institutional childhood sexual abuse.

The Government's own Reports 'base case' assumes that, without a Stadium precinct, nothing will be built on the Macquarie Point site. But the ultimate reason the project is so destructive of social and economic value is that a sportsground better sited elsewhere, and inappropriate for this unique harbourside site adjacent to Hobart's iconic waterfront and the inner city, would prevent this area from being transformed into a visionary and iconic place for Hobart, and for Tasmania – a place that potentially provides for housing, focuses on reconciliation, and celebrates the site's attributes with its proximity to the river, its mountain views and Aboriginal history. This is the alternative option that a properly conducted cost benefit analysis ought to consider.

The budgets provided are not commensurate with international and national stadiums that have achieved high levels of finish. The legacy will be a huge unfenestrated mass on the waterfront of the city, with a cheaply detailed skin, plastered in sport betting advertisements and AFL branding. No amount of 'dressing up' will avoid it being lipstick on a pig. It is essential to determine:

What are the public infrastructure costs for Hobart City Council to integrate the site in the city?

What are the congestion costs from traffic jams on the Davey, Macquarie and Brooker road network?

What are the disruption costs from noise, waste and congestion during the construction phase?

The value of land at Mac Point is not accounted for in the quantification of project costs.

This proposed road into the port will separate the Domain from the foreshore. This and other access works will cost further hundreds of millions of Tasmanian taxpayers' money.

We need to consider the disruption to traffic on the Tasman highway, Tasmania's busiest arterial road, as this construction proceeds over several years. Traffic in Hobart is already bad enough.

Ignores prevailing economic conditions.

Major infrastructure projects under review nationally as most are not affordable.

Growing list of cost blowouts on major infrastructure projects.

Labour shortages in the construction industry (remember the RHH).

Where are the interstate / international workers going to live?

All financial assumptions need to be visible and challenged on revenue and cost. The proposal needs to face normal scrutiny of any government infrastructure project. Community values and outcomes need to be included - not just requiring it to turn a hard cash profit.

The systems of the city are not prepared for the infrastructural scale of the stadium. Transport systems, and city-services circulation will need massive reconfiguration to facilitate the servicing for a stadium of that size.

ToR 5

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 future of Blundstone Arena and UTAS Stadium.

The Mac Point plan is socially divisive - locating a third stadium in the south only adds to the north/south divide.

Substitution costs of money spent in the south taken from the northern economy.

The overall justification for going ahead with a stadium has to include an option study that sets out the criteria for success for the project and ranks each of the options against the criteria. The study needs to address the role of each of the impacted aspects of the project, for each of the options - i.e. if one option impacts something (e.g. rail corridor, or use of existing major stadiums, or potential new facilities) then that impact must be addressed for all options to give a balanced view of each option. And the opportunity cost of using or not using a site or facility or transport capacity etc. needs to be considered.

Tasmania doesn't need a costly 3rd stadium.

Blundstone Arena upgrades:

1986: \$2.2M for grandstands, members pavilion, new surface, and the hill

2003 \$16.0M for southern stand, members area, perimeter fence, gates

2009: \$4.8M for new lights

2015: \$15.0M for southern stand, members stand upgrades

If we calculate net present value of these investments, using Treasury's recommended discount rate of 8%, then the investments are approximately:

1986 \$37.94M

2003 \$74.58M

2009 \$14.10M

2015 \$29.99M

TOTAL: \$156.61M

About \$160 million of public money has been spent upgrading Blundstone Arena so it can host major cricket and football matches. When Anthony Albanese, then Minister for Infrastructure, and Tony Harrison from Cricket Tasmania, announced in 2013 they wanted to increase the stadium's capacity to 20,000 they said public money was justified because "the strong support of the North Melbourne AFL football matches at Blundstone Arena suggests the extra capacity is required to meet public demand". In 2016 a record crowd of 17,844 watched North Melbourne defeat Richmond 124 - 54. A record which has never been broken. If the business case for the upgrade of the Southern Stand and Members Stand just nine years ago was based on AFL football being played there, then former AFL Commission CEO Gillon McLachlan was doing his best to destroy that business case and leave the taxpayers of Tasmania on the hook.

ToR 6

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 any other matter incidental thereto.

There is an undeniable need to make sure that studies look wide enough to consider all stakeholders. Also need to be grown up enough to give importance to each group. The basket-weaving society's annual picnic at the Cenotaph lawn cannot overwhelm the reconciliation garden.

They might like to have a look at Old Trafford, 'redeveloped' in 2013. Now a modern corporate stadium with hotels and conference centres. It represents the way the corporate world has learnt to seize and privatise what had been, until then, a public asset. And all done by stealth: disguising a business park as a public facility.

On behalf of my wife Diane Moncrieff, and myself, I thank you for the opportunity to address you on this matter.

Richard [Rick] Mecklenburgh

