

Stadium costs under the microscope

IF the stadium precinct can be built on time and on budget, we are still looking at the following costs:

Stadium Total (\$375M Tas; \$240M Feds; \$85M private; \$15M AFL)	715,000,000
Spent so far (2022)	26,000,000
High performance training & administration facility near Hobart by 2025	60,000,000
AFL Licence (\$12m/yr. x 12 yrs.)	144,000,000
Site stabilisation (best estimate)	500,000,000
Sewage Treatment Plant relocation to Self's Point (70% of latest estimate >\$300M)	210,000,000
Pedestrian access and overpass from Tasman Hwy (best estimate)	30,000,000
Annual payments on \$375M @4.35% for 20 yrs. - \$28,673,348/annum – Total Interest	198,466,959
Construction of 'Affordable Housing' adjacent to Regatta Point (150 x 2 bed apartments)	22,500,000
TOTAL (in 2022 \$\$)	1,905,966,959

... realistically though ...

Likely extras

Fines for failure to meet completion dates

- 50% complete by 31 October 2027 4,500,000
- fully complete by 30 April 2028 4,500,000
- fully complete by 30 April 2029 (provided AFL grants extension) 4,500,000

Cost over-runs – 155.5% of 715M 1,108,250,000

The average of the percentage cost over-run of 8 recent Infrastructure projects (*see below)

Matchday Revenue Shortfall – the 'Contract' p.8 states: \$???

- (b) If the Actual Match Revenue is less than the Expected Match Revenue (Matchday Revenue Shortfall) then the Tasmanian Government agrees to pay the AFL an amount equal to the Matchday Revenue Shortfall within 14 days of the provision of a Matchday Revenue Shortfall Notice and the AFL will pass onto the Club that portion of the Matchday Revenue Shortfall that the Club would have been entitled to had the match at the Alternative Stadium been held on Equivalent Stadium Access Terms.
- (c) For the avoidance of doubt, if the Actual Match Revenue is more than the Expected Match Revenue, then neither the AFL nor the Club will have any obligation to pay the Tasmanian Government the difference.

*** Cost over-runs – some examples from interstate ... % increase**

- Adelaide Oval – original SA govt commitment of \$410M increased to \$535M in 2010 30%
- Victoria's West Gate tunnel – cost blowout from \$6.7Bn to \$10Bn (2021) 49%
- Perth/OPTUS stadium & precinct - original estimate \$1.15Bn. Final cost \$1.8Bn (2017) 65%
- Commonwealth Games in Victoria abandoned - costs blowout from \$2.6Bn to \$7Bn (2023) 270%
- Penrith Stadium rebuild abandoned - cost blowout from \$309M to over \$900M (Aug '23) 300%
- GABBA rebuild abandoned – cost blowout \$1Bn (2021) to \$2.7Bn (2023) latest \$3.2Bn 320%

... and locally ...

- Southern Outlet 5th lane expansion - cost increase from \$49M to \$100M (est. \$51M shortfall) 100%
- Macquarie Point sewage treatment plant relocation, originally \$140m (2017) - now >\$300M 110%

Average percentage increase of these 8 recent infrastructure projects 155.5%

Note:

- Ongoing – Perth stadium runs at a loss - \$16.8M shortfall over first 3 years
- WA Gov subsidises major acts to perform exclusively on west coast, e.g. Cold Play
- SA Government subsidised the AFL Gather Round - \$15M

"The first problem with doing big things in a hurry is that the projects are riddled with risk. Premature announcements and a high price tag are two warning signs that a project is likely to have a cost-blowout."

(Bradshaw, Grattan Institute, 1/10/23)

An old adage in the building game states that you can't have good quality, built fast at low cost. If the government is anxious to push the stadium build through quickly, one of the other components (quality or cost) will have to be sacrificed. Do we really want a cheap, nasty structure ruining our waterfront? Alternatively, are we prepared to pay billions of dollars for the Premier's Taj Mahal in adoration of the AFL?