

Evidence to Public Accounts Committee
Richard Flanagan, 21 June 2024

I appear before you because every day I walk past homeless people and I am ashamed as a Tasmanian. Because every day I hear stories of people's suffering because we have the worst and worsening health system in the nation and I am ashamed. Because I am a Booker Prize winner and my island home has a 50% illiteracy rate and I am ashamed. And I am most ashamed that the only answer our government can make to any of these terrible problems is the immense folly of a stadium that will only worsen all Tasmanians' lives in its financial impacts. That is why I am here.

The fear of the truth getting out about what this stadium is really about is so great that when one of Tasmania's most eminent architects publicly warned about the damage the stadium would do to Hobart's urban heritage he was rung up by a senior public servant and threatened with a loss of future government contracts. That intimidation of those that care by those in power has a long, shameful history in Tasmania and it is long past time that it ended, not simply because it is wrong but because you in this parliament have the power to decide if we are better than that, or if that low corrupted bar of fear and threat is to continue being the hallmark of our island and your governance.

I don't have the time today to dissect the absurd claims made for the benefits of this stadium, which is now being ludicrously spun by the government as a cross between the Louvre, Las Vegas and the Parthenon. I only note that when the Minister Guy Barnett updated the [Ministerial Statement of Expectations](#) for the Macquarie Point Development Corp in July 2023, he specifically deleted the clauses that compelled the Corporation to ensure all commercial activities were "appropriately costed" and delivered "a commercial return"¹ thereby freeing it from any sense of fiscal responsibility.

Even on the government's own heroically optimistic figures the stadium loses \$300 million over its lifetime, and the costings take no account of what that money would achieve if it were spent in other areas. But I leave that side of the absurd equation for others to dissect.

I simply want to make clear the way in which the premier has mortgaged the future of the island to this immense folly, threatening a fiscal crisis for the states finances, a crisis for which the Tasmanian people will suffer as they suffered through the stagnation of the 1990s because of the excesses of the free spending Gray government that brought the island close to bankruptcy. No one wishes those dark years back but we are now perilously close to making the same mistakes with this stadium.

¹ https://www.macpoint.com/_files/ugd/f3f8f0_46ade8a9eaba436fba2cae40c4368cfb.pdf

Premier Jeremy Rockcliff has repeatedly lied to the Tasmanian people about the true extraordinary costs of the stadium. Other than a paltry \$15 million the AFL is paying the Tasmanian taxpayer is up for all costs, including blowouts and over runs. Yet the Premier said in a press release the day after he called the election that the government's contribution is capped at \$375 million and not, he said, 'One red cent more', a claim he continued to make repeatedly through an election in which the stadium was a key issue.

Yet the Premier would have known that statement was untrue. In fact he knew Tasmanians were on the hook for the entire cost, whatever that would end up being, as early as 9 May 2023. But he had to go with the lie rather than admit that he had signed a blank cheque for Gill MacLachlan's stadium, payable with the future of Tasmania.

After selling Channel 9 to Alan Bond for one billion and then buying it back for \$250 million Kerry Packer famously said you only get one Alan Bond in your life. Gill MacLachlan no doubt similarly feels you only get one Jeremy Rockcliff in your life. As I will later show, Tasmanians are potentially up for between 2 and 3 billion with potentially disastrous consequences for our society because of the Premier's monumental mistake in signing that contract.

The Premier's lie rests on two demonstrable fictions; the first being that the costs of building, unlike any other project in the country, will not rise above the estimate, and the second being that the rest of the cost will be borne by others.

Yet other than the AFL's \$15 million the Tasmanian taxpayer will pay for the lot, and if costs explode we will be forced to keep paying and keep paying as Mr Rockcliff's contract with the AFL makes clear. The Premier would have us believe the rest of the money will come from \$85 million in "borrowings against land sale or lease for commercial uses", and the \$240 million grant the Federal Government announced in April 2023.

Yet the \$85 million has never been realised, and if its realised through land sales or leases, then it is also money that is the Tasmanian taxpayers.

As for the the Fed's \$240 million which the Prime Minster committed to the stadium in April 2023 it was well known from the start that this money would not be exempt from GST calculation and thus would be paid for by the Tasmanian taxpayer out of the state's future allocation of GST money. The Premier was taunted about it as early as 9 May 2023 in Parliament by the Labor opposition, prompting the Tasmanian government writing to the Federal government requesting the \$240 million be excluded. Tellingly the Premier said this was subsequent to conversations with the Federal Treasurer,² implying he knew what the Federal government's position and practice was from the beginning and what it meant.

Numerous commentators at the time pointed out publicly that the state was on the hook for the full amount, as was normal practice.³ The Federal Budget, which was brought down that same night, made the matter crystal clear, if it wasn't before, that the stadium would be , and I quote, 'place based co-investments' in other words, that it would be included by the Capital

² <https://www.bluemountaingazette.com.au/story/8216977/political-stoush-over-gst-requests-for-hobart-stadium/>

³ <https://www.lafm.com.au/local-news/the-great-tassie-stadium-rip-off-budget-concerns/>

Grants Commission when determining Tasmania's GST—a point the chair of this committee herself made in a piece she published in *The Mercury* a few days later, on 15 May 2023.

Yet the Premier and his Treasurer continued to deny the facts and spent the next 12 months pretending Tasmanians weren't on the hook for the \$240 million.

Your committee should ask the Premier to explain why he went to the election in February with this lie, when as early as last September no less than the Prime Minister was reported as rejecting calls to exempt federal funding for the stadium from Tasmania's GST calculations.⁴ Senior Federal Treasury officials again pointed out in Federal Estimates on 27 October 2023 that their advice to the Treasurer was that it would be neither appropriate or fair to exempt the stadium from GST calculations. The Prime Minister drove home the point in an interview on ABC radio about the stadium on 2 October 2023 when he said “the way that the GST formula works is that they include everything in every state that's an infrastructure investment. . . . It's very rare for something to be excluded and if one state has that occur, then every state, of course, will put in an application. That's not the way that the GST works.”⁵

It gets worse.

On 13 December 2023 the Federal Treasury wrote to the Tasmanian Treasury informing the Tasmanian government that the \$240 million grant would not be exempt from GST calculations—that is the Tasmanian taxpayer would be paying for the 240 million, a fact confirmed under questioning of treasury officials in Senate Estimates in on 14 February 2024.

Two months after having been unequivocally told yet again that Tasmanian taxpayers were on the hook for the lot, on 13 Feb 2024 Michael Ferguson wrote to the Federal Treasurer asking for the decision to be reconsidered, knowing full well it wouldn't be after having had the same request rejected nearly a year before and despite intense lobbying through the year. The letter was political cover for Jeremy Rockcliff who called the election the next day and for his subsequent lies through the election, as it would allow the Premier to pretend the matter was not resolved when he knew full well it was and it had been from the beginning.

In this way the Premier and Treasurer elaborated a pathetic charade, a farcical and cruel lie rather than tell the Tasmanian people the truth: that we are on the hook for this stadium no matter how much it costs and no matter how much it blows out.

⁴ <https://www.theadvocate.com.au/story/8356823/pm-dismissive-of-calls-for-macquarie-point-gst-exemption/>

⁵ www.pm.gov.au/media/radio-interview-abc-northern-tasmania

In addition to the stadium itself there is in excess of another half a billion dollars of major works which the Premier has never admitted to be part of the project but which we have to pay for if the stadium is to proceed—

First, there are the removal of the sewage works costed by Taswater in 2023 at \$314 million.

Second, there is the rebuilding of the Macquarie Wharf, which the Federal Govt has made clear their contribution of \$240 million is contingent upon happening. That is costed by Tasports as of 2023 at \$240 million.

Third, because of the loss of Evans Street, there has to be a major new road to allow for truck access into Macquarie Wharf built around the Cenotaph including a higher underpass including major works under Liverpool St / Tasman Highway, arguably one of the busiest arterial roads in Tasmania. There are as yet no costings, but engineers I spoke with have put the sum at \$100 million.

Fourth, we have Cricket Tasmania which, furious with the premier over the abandonment of Blundstone Arena, has now demanded a new high performance centre with two ovals in return for playing any games at the Macquarie Point stadium.

As Cricket Tasmania CEO Dominic Baker told the ABC on 17 February 2024, no cricket will be played at Macquarie Point until the new facility is built. ⁶

They have a gun to Premier Rockcliff's head and of course, although he has said nothing, in his immense Elmer Fudd-like weakness, he will say yes to this also. As it seems to be pointedly modelled on the AFL high performance centre in its infrastructure, let's say it costs the same sum: \$60 million.

When we add all this together we get \$694 million in extra costs.

Added to the \$715 million that makes the cost of the stadium a staggering \$1,409, 000.

But that's before cost blowouts which I'd like to talk about next because the costs are not capped and cannot be capped at \$715 million.

Oxford professor Bent Flyvbjerg has been described by KPMG as the world's leading expert on mega-projects—projects like the stadium. Professor Flyvbjerg, as well as having consulted on over 100 megaprojects has compiled a database of over 16,000 megaprojects—bridges, tunnels, skyscrapers, fast trains, stadiums, airports—in over 136 countries.⁷

What he discovered was truly shocking. 99.5% of projects go over budget, over schedule, under benefits or some combination of these. Only 0.5% of projects are on budget, time and

⁶ <https://www.abc.net.au/news/2024-02-17/cricket-tasmania-set-to-vacate-bellerive-oval-blundstone-arena/103475616>

⁷ All quotes and data taken from Bent Flyvbjerg and Dan Gardner, *How Big Things Get Done*, (Currency, New York 2023)

promised benefits. “Its hard,” writes Professor Flyvbjerg , ‘to overstate how bad the record is.’ ‘But grim as these numbers are, they don’t tell the full truth—which is much worse.” Professor Flyvbjerg discovered that the actual mean cost over run of a major building is 62%. At 62% the cost of the stadium, based on Professor Flyvbjerg’s deep data, the stadium will now cost \$1.15583 billion.

But even if you built in a 62% buffer into your budget, Professor Flyvbjerg warns ‘you have still drastically underestimated the danger’. 39% of all building mega projects go over that mean. The mean over run on those buildings is a staggering 206%. In other words, based on the global evidence, the stadium has a 4 in 10 chance of costing 206% more than \$715 million. That would mean it could cost \$2.1879 billion.

Citing various examples such as Scotland’s new parliament that went 978% over budget in illustration, he concludes, ‘Most big projects are not merely at risk of not delivering as promised. Nor are they only at risk of going seriously wrong. They are at risk of going disastrously wrong.’ Prof Flyvbjerg asks why and he concludes that projects that go wrong start wrong.

But it gets worse.

If we add another another \$694 million for the ancillary costs—lets be kind and forget the inevitable cost blowouts there—we arrive at a figure of between \$1.852 billion and \$2.8819 billion or the stadium, based on the best global data.

Who is going to ensure that the costs do not blowout? Well the same brilliant bureaucrats that paid Alistair Clarkson \$100,000 for a report on the Tassie AFL team , including the stadium, that he never delivered and was never made deliver. ⁸ \$100,000 is not 2 or 3 billion dollars—but it’s not nothing. It is more than annual average salary of a Tasmanian of \$86,480. If the government can waste more than a Tasmanian’s annual salary on little more than a premier’s photo opportunity how can we trust them to manage a project of staggering complexity like a stadium of an untried design in a difficult location, removed from major centres?

Let’s put this into context. Tasmania’s budget this year is expected to be approximately \$9 billion. The budget net debt is projected, according to Saul Eslake, to blow out from \$4 billion this year to almost \$8 billion in 2027. That’s it. There is no pot of gold, no endless treasure chest, just a rapidly worsening financial situation.

That the premier, with all the glee of an adolescent online shopping with his parents’ credit card bought a stadium, doesn’t make the purchase wise or right.

Here we find ourselves seriously contemplating a project that will cost somewhere between \$1.4 and \$2.8 billion for which no Tasmanian ever asked or wanted, that the government has admitted will only lose money, which now threatens to devastate the state’s finances.

⁸ <https://www.examiner.com.au/story/8150622/clarkson-paid-100000-over-six-months-for-state-team-advice/>

There will be very real costs to Tasmanians from the stadium—I don't have time to discuss the loss of the most valuable real estate in Tasmania, loss of a major public transport corridor and so on. But I want to mention the significant loss of jobs and services and the knock on effect to the economy and people's lives—and that is already part of the government's plan. The Treasurer admitted as much last week when, in response to an appeal from the Tasmanian Police Association not to reduce spending he was reported as replying "if GST goes down, we have less money for state government public services . . . the point is that whenever our receipts are lower, there is a lower capacity to fund strong public services."⁹

This is why in his May 2023 budget he announced an efficiency dividend—effectively a cut in departmental spending which inevitably will be achieved through cuts in jobs and services—that would save \$300 million over the next four years. That \$300 million cut would seem uncalled for were it not that the budget has to now cover for its \$375 million debit on the stadium over the same four years.

Make no mistake: Tasmanians are going to pay for the corporate boxes at Macquarie Point with their schools, their hospitals and the growing numbers of homeless. With the return of the 1990s decade of despair. And it will be on your watch if that is allowed to happen.

The stadium is now a catastrophe of accelerating chaos. Each new bad decision begets a dozen worse. Of late, the chimera of a private/ public partnership has been floated, typically with no detail as to how this might work. But we may assume that instead of a billion or three now it may be ten billion over 20 years—instead of hell now hell on hire purchase for decades to come.

The wise, prudent choice is the only sane choice. It is no stadium. I hope this committee has the courage, the maturity and the wisdom to recognise they have a responsibility above those of politics to the people of our island and their future in making their final report on this matter.

⁹ <https://www.themercury.com.au/truecrimeaustralia/police-courts-tasmania/tasmanian-police-association-fears-any-state-budget-cuts-will-hurt-morale-retention-rates/news-story/e2f048f3e067a0d6c9f9718a760ba0b8#:~:text=Tasmanian%20Police%20Association%20fears%20any,leave%20if%20resources%20are%20cut.>