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The Sydney Morning Herald

Stadium setback shows cost of planning on run

It's back. The endless controversy about knocking down Sydney's two biggest football stadiums, Allianz near the Sydney Cricket Ground and ANZ at Homebush at a cost of \$2 billion, has returned to haunt the Berejiklikian government.

In the latest twist, building company Lendlease, which signed a contract to knock down and rebuild Allianz only eight months ago, has done the demolition but now walked away from the job of actually building the stadium.

Lendlease says it quit because it could not guarantee that it could complete the stadium within the budget of \$730 million.

In any home reno job, having a builder quit halfway through would be a crisis but sports minister John Sidoti confidently claims the project is still on track.

He says he will simply put the contract out to tender again and find a new, cheaper builder who can finish by 2021 when rugby league and soccer games are supposed to return.

He may well be right but there are worrying echoes of the haste to sign a contract to build the CBD light rail in time for the 2015 election before the final design and commercial terms were sorted out. That caused long construction delays and a cost blowout over \$1 billion.

In this case, the Allianz contract was signed before the final design was complete and under artificial time pressure because Premier Gladys Berejiklikian wanted to blunt the ALP's attacks that she was wasting money on stadiums rather than schools and hospitals.

It seems that the government fudged key aspects of the contract to make it appear as though it had found a low-cost solution. When Lendlease signed the deal in December, then sports minister Stuart Ayres said pretty clearly that the demolition and construction contracts could not be separated. It now seems Lendlease can quit without penalty.

Since Moore Park is now a pile of rubble, the government has little choice but to press ahead. It remains to be seen whether it can find a new contractor who will rebuild Allianz more cheaply than Lendlease especially since the time it takes to sort out the tender will add to time pressure.

If the government cannot find a cheaper contractor, it could be tempted to save money by paring back the stadium's facilities, which were supposed to include new gyms, offices for sporting codes, huge corporate boxes as well as vastly improved seating for the 45,000 spectators.

The well-connected board of the SCG Trust might object to cost cuts but that is not the real problem.

Rather, the risk is that cutting back could defeat the whole justification of knocking down the old stadium in the first place which was to give central Sydney a state-of-the-art sports centre.

At the same time, the government is still formulating a business case for the \$810 million plan to knock down and rebuild ANZ stadium in Homebush.

It would be unfair if Allianz was given extra cash for its refit while ANZ, in the city's geographical heart close to the sports of western Sydney, was left hanging.

The Herald has always backed the idea of delivering for the stadiums Sydney needs to compete for big events but the choice and planning to achieve that goal has been haphazard, politicised and often lacking in transparency. The government must give a clear explanation of its strategy and how much it will cost.



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