BURSWOOD SUPERCARS RACETRACK

Some Economic Considerations

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1. Introduction

The State Government is proposing a new entertainment precinct at Burswood Park with infrastructure to include a motorsport racetrack, a 20,000-seat outdoor music amphitheatre and a multi-use function centre. The reported cost is $217 million.

This is a considerable departure from the Burswood Park 2045 plan[1], the 20 Year Vision for Burswood Park developed by the Burswood Park Board and released in 2024 (see Figure 1). The Burswood Park Board is a statutory authority of the Government of Western Australia, responsible for the control and management of Burswood Park.

The proposed racetrack would cover the Festival/Perform Precinct and the Forest/Discovery Precinct in the Burswood Park 2045 plan. In that plan the Perform Precinct would consist solely of a 10,000 capacity outdoor performance bowl and the Discovery Precinct would be to "explore wildflowers, jog a looping trail, be inspired through art and rest in natural garden settings".

The requirements of a motor racing circuit are substantial, including minimum track widths and run-off areas, safety barriers, water and waste management infrastructure for oil and fuel spills, pit areas, provision for permanent and temporary grandstands, and so on. It also severely compromises and limits any landscaping that may be made in the area. This indicates that a very large proportion of expenditure will be racetrack specific.

This report is prepared to outline in a preliminary way the economic considerations that will need to be addressed in any comprehensive assessment of the racetrack proposal.

[1] https://burswoodpark.wa.gov.au/about-burswood-park/burswood-parks-20-year-vision/

Fig 1: Burswood 2045 Precinct Plan

Source: Burswood Park Board

2. Preparing a Business Case

The economic analysis of a new project is usually captured in the form of a business case. At its core a business case compares the costs of a project with its benefits. These are often summarised in the form of a benefit-cost equation, where if expected benefits exceed expected costs, the benefit to cost ratio is greater than one and the project can be considered economically viable, and if less than one not viable economically. While this sounds superficially straightforward, there are many challenges in preparing and comparing costs and benefits.

Costs can include not only the direct construction costs, but also operating, maintenance and capital replacement costs over time. They can also include environmental, social and cultural costs. In many cases they can be more or less convincingly quantified in dollar terms. Benefits can include the revenue directly gained by the project and also net expenditure in the wider economy as well as any social and other benefits that might be identified. The time value of money also needs to be considered: costs and benefits will be spread unevenly over time, and it is common to bring estimates to a current dollar figure (a net present value) using discount factors for future values.

In all of this the costs and benefits are specific to a particular economic entity, for example, a local region, a state or the country as a whole. For example attendees spending money at an event or at associated restaurants, cafes, bars and pubs, may be from the local area, from the state generally or from interstate or overseas. When the focus of the analysis is at the state level only additional benefits accruing from interstate and international visitors who are there specifically for the event (or are shown to have extended their stay due to the event) can be considered, on the basis that expenditure by Western Australian residents is merely redistributing money from expenditure elsewhere in the economy and thus is not a net benefit to the state.

Preparing a comprehensive business case for a major project is not an easy task. There are many common pitfalls and shortcomings, including:

- Lack of Clear Problem Definition
  - Failing to articulate the issue or opportunity the business case addresses.
  - Jumping to solutions without explaining the underlying need.
- Weak Options Analysis
  - Presenting only one preferred option without comparing alternatives.
  - Ignoring non-investment or “do nothing” scenarios.
  - Not evaluating options against consistent criteria.
- Unrealistic Financial Assumptions
  - Underestimating costs or overestimating benefits.
  - Ignoring whole-of-life costs (e.g., maintenance, decommissioning).
  - Not accounting for inflation, contingencies, or funding constraints.
- Poor Risk Management
  - Inadequate identification and mitigation of risks.
  - Overlooking implementation risks, stakeholder resistance, or market volatility.
- Insufficient Stakeholder Engagement
  - Not consulting key internal or external stakeholders.
  - Failing to incorporate feedback or address concerns.
- Weak Strategic Alignment
  - Not linking the proposal to government priorities, agency objectives, or broader policy frameworks.

  - Missing alignment with long-term planning documents or budget strategies.
- Lack of Evidence-Based Justification
  - Relying on assumptions rather than data.
  - Not using benchmarks, case studies, or market analysis to support claims.

On each of these scores, at this stage the proposed Burswood racetrack has challenges.

Problem Definition:

- The proposal is presented as part of an overall 'events strategy' but there is no information on its place in this strategy, or whether the proposal is simply an opportunistic use of an apparently available land parcel.

Options Analysis

- There is no analysis of whether this is the best use of government funds in the pursuit of an overall strategy.

Financial Assumptions

- Aside from an overall project figure, there is no information on what this expenditure covers or on whole of life and operating costs.

Risk Management

- The project is subject to many risks, including economic and environmental risks. The wide variety of attendance figures from comparable projects elsewhere indicates that the economic risks are high, with considerable variability in attendance figures.

Stakeholder Engagement

- The project was announced without any public stakeholder engagement. The subsequent public information sessions presented the project as already decided and the format did not encourage questions as to the concept of the project itself.

Strategic Alignment

- The project is a substantial departure from the Burswood Park 2045 plan, with a much bigger amphitheatre and a replacement of the Discovery Precinct in the plan with the racetrack and its infrastructure. The project is also at considerable odds with overall government planning objectives for the Perth metropolitan area. This is examined in more detail below.

Evidence-Based Justification

- There are several comparable projects that could provide an evidence base for an analysis. It will be important not to 'cherry pick' them, but to acknowledge their variations and circumstances.

3. Benefits and Costs

3.1. Benefits

For the proponents of the racetrack it is worthwhile because it will bring economic benefits to the Western Australian economy. There are several possible components of this.

It might come from additional tourism expenditure by visitors who come from interstate or overseas specifically for the event, noting that expenditure by locals does not count in an economic analysis, nor does expenditure by visitors who are here anyway and have not extended their stay because of the event – it is merely redistributing expenditure within the same economy.

The estimated magnitude of this benefit is as yet unstated. The Government sees parallels with the Adelaide 500, with claimed benefits of around $60 million. Others look at the experience of similar events in places like Newcastle, which had claimed benefits of $36 million later reduced by more than half to $17.2 million, with just $4.97 million in direct local spending and $6.5 million in flow-on effects, in an independent review by Ernst & Young.

There might also be some local expenditure by interstate racing teams on accommodation and daily living expenses and on materials and services. Racing Australia Consolidated Enterprises Ltd (RACE), the owner of the Supercars Group, is a private company and might be expected to pay for the use of the track and any external costs, such as traffic management, that accompany the event.

The net benefits are largely dependent on patronage figures. The wide discrepancy in results in other events indicates considerable variation in expected attendance figures at a new event must be a key consideration in any analysis and be discounted accordingly.

Also important is consideration of whether initial estimates will endure over time. In Canberra the V8 Supercars experiment lasted just three years. The Canberra 400, held from 2000 to 2002, was financially costly for government, costing taxpayers an estimated $9 million. Poor attendance and lack of local support led to its demise. Adelaide's 500 race was cancelled in 2020 after years of declining attendance and rising costs, although it was reinstated in 2022. Critics point to the environmental damage to the park venue and the millions in public funds required to keep the event afloat.

In that regard it is noteworthy that there are many examples of high-profile events in Perth that have been only one-off or do not endure beyond a short time frame. Examples might include the World Rally Championship, Red Bull air race, the America's Cup and even the Hopman Cup, for which a large increase in the original budget for the Perth Arena was required to allow for a now rarely used opening roof.

Consequently, a high risk factor or discounting must be applied to patronage estimates in a business case to allow for the uncertainty in patronage estimation, and most particularly in estimating the proportion of them which would come from outside the state for a motorsports event.

Any such economic benefits are general in nature, consisting of additional expenditure in the local economy from external sources.

The Government presents the racetrack as part of overall events strategy to boost tourism. However the scale of the event is relatively small and must be only a minor component of that strategy. Its absence would in no way undermine the overall strategy. In other words it is cannot be an essential component of it.

3.2. Costs

Against any benefits costs must be considered. The obvious ones are the cost to Government of the facility itself (current reported estimate $217million, but as outlined above it is not clear at this stage what this covers) and any annual maintenance and capital replacement costs, event attraction and any additional underwriting or support the government provides the event in operation.

There are environmental costs and an associated reduction in community benefit. The racetrack and its infrastructure covers with bitumen and run-off aprons the area that otherwise, in the Burswood Park 2045 plan, would be the Forest or Discovery Precinct with "wildflowers…and…natural garden settings"[2]. The carbon footprint of transporting teams and equipment, and of the event itself, is substantial.

Racetracks are desolate, uninviting place when not in operation, with extensive paved areas providing a heat sink, empty stands and vacant associated infrastructure and little opportunity for meaningful landscape amelioration - racecars do not like bumping into trees. It is a net blight to the overall amenity of the Burswood Peninsula.

However, the widespread concern by local residents to the project and the extent of pushback against it reflects a much bigger cost. This might be summarised as the reduction in the liveability of the neighbourhood as a result of the use of the racetrack for supercar events. The main issue is noise – particularly the very loud, intrusive noise of motor vehicle racing. The residents of Burswood and East Perth are well used to large crowds on their doorstep. That is are not an issue because their management, particularly for big events at the Perth Stadium, is handled very well.

[2] https://burswoodpark.wa.gov.au/about-burswood-park/burswood-parks-20-year-vision/

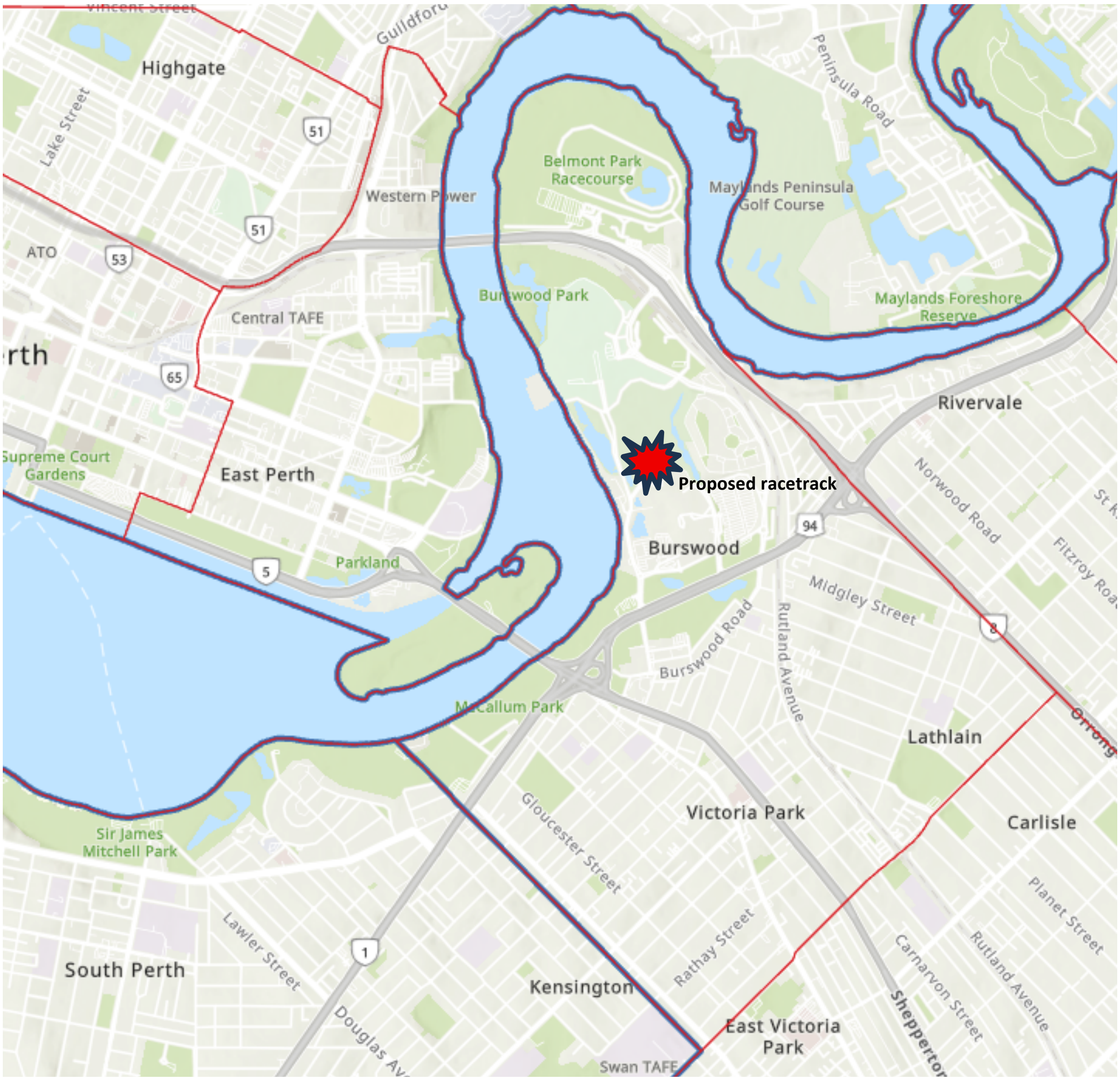
4. Liveability

A reduction in liveability means a reduction in the desirability of a place as somewhere to live. People will choose to live elsewhere.

How might the cost of this be measured? A good way is to look at how many people might live in the area with and without supercars. We have the data to help us with that.

The Western Australian Planning Commission (WAPC) publishes its expectations of population growth in specific areas in its WA Tomorrow[3] series. The latest of these was released in February of this year. These provide population growth estimates to 2036 for individual areas (SA2 areas in ABS classifications). Around the proposed racetrack the most affected are the Burswood and East Perth SA2 areas, shown in Figure 1.

Fig 2: East Perth and Burswood SA2 Areas and Location of Proposed Racetrack

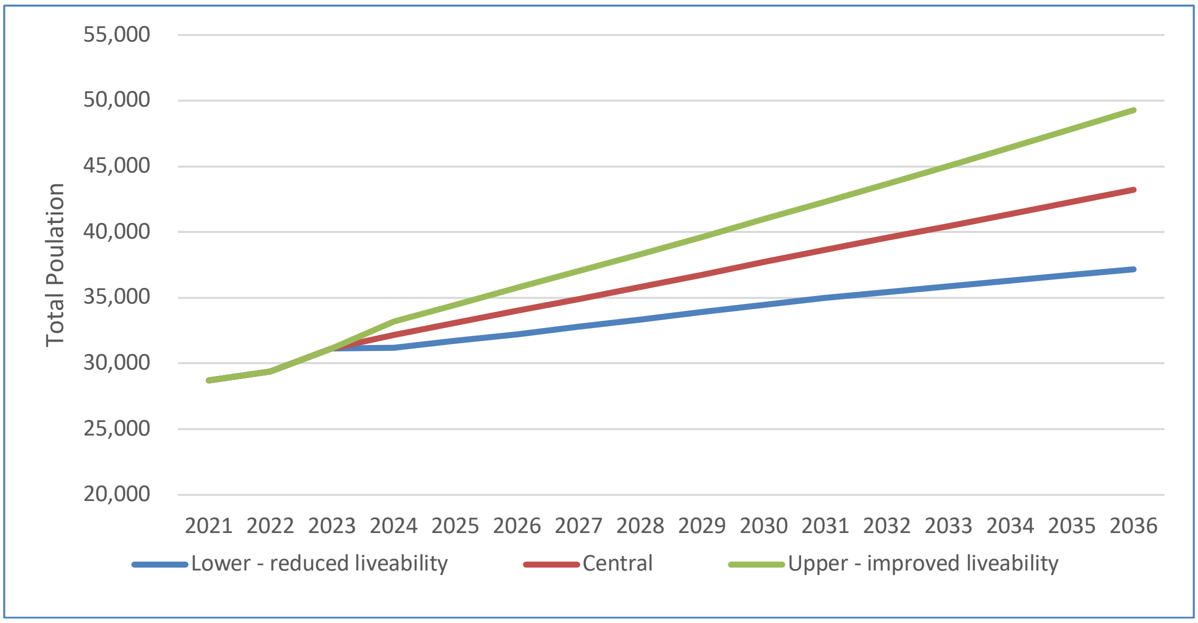


Ref: ABS Maps

[3] WAPC, WA Tomorrow, February 2025

There are currently around 33,000 people living in Burswood and parts of Lathlain and in East Perth, the areas immediately surrounding the proposed racetrack[4]. This is forecast by the WAPC to increase by 2036 to between 37,200 and 49,300, with a mid-estimate of 43,200 residents, as shown in Figure 3. This is an increase of up to 16,300 residents, with that growth continuing. To give an idea of scale, that is almost as big as a whole suburb in the outer areas of the Perth metropolitan area – Ellenbrook houses around 20,700 people; Aveley has around 18,000.

Fig 3: Population Growth Scenarios: East Perth and Burswood



Ref: WAPC WA Tomorrow 2025

Many of these growth areas are in locations directly affected by the proposed racetrack. They include areas around Gloucester Park, around the WACA, Belmont Park and a large transit-oriented-development precinct around Burswood Station on Burswood Park land, shown as the Mixed Use T.O.D precinct in the Burswood 2045 plan. The 2045 Plan documentation anticipates the population on Burswood Peninsula alone to grow from 1,660 in 2023 to 15,000 by 2050.

The reduced liveability of the area resulting from the racetrack makes it more likely the lower population estimate will be reached, rather than a higher figure.

That is a big problem. The State Government has a consistent long standing policy that around half of all growth in the metropolitan area be in inner and infill areas. The reality is well short of that and has been for some time.

There are solid economic reasons for the policy. New suburban development on the fringe of the city is expensive for Government. It requires new roads, public transport systems, (trains and buses), extensions to water, sewer and power networks. There are environmental costs, loss of wildlife habitat and agricultural land and social costs of increased commuting times and reduced access to services.

[4] There are also some parts of Rivervale and of Mount Lawley in the influence area not included in the analysis figures. This would have the effect of increasing the measured negative impact of the racetrack, indicating that the conclusions drawn in this analysis are somewhat conservative.

This is a very inefficient way to develop a city. It is much better to more efficiently and more intensely use existing infrastructure. That is what infill projects do, and it is why the achievement of vastly more infill than we currently have has been a consistent government policy for more than 30 years. This not to say that a dwelling in East Perth or Burswood is a direct substitute for a dwelling in the outer suburbs, but there is a ripple effect which means that each additional dwelling in an inner area results in one fewer in an outer suburb.

The additional cost of new development in outer areas (urban sprawl) compared with infill development has been well studied. Current estimates are that the additional capital costs to Government are in the order of $250,000 to $300,000 per dwelling, plus additional annual costs of around $5,000 per dwelling[5]. This is all money that comes directly from the Government budget, the tax base. It does not include the additional costs of urban sprawl, such as the effect of loss of wildlife habitat and of agricultural land.

Reducing the liveability of an area, making it less attractive for people to live there, is not the way to meet important infill targets.

The negative economic impact of a reduction in the amount of infill development is large. If, by 2036, the population of the area around the racetrack only reached its minimum projected population (the lower estimate in the graph above), rather than the mid-estimate (the central estimate in the graph above) there would be 3,000 fewer dwellings. This would cost the government $900 million in capital costs over 11 years and annual costs of around $21 million. If the area reached its potential as a desirable, well managed place to live, with a population of 49,000 by 2036 (the upper estimate in the graph above), the savings to government compared with the lowest estimates would be $1.8 billion over 11 years, with annual cost savings of around $43 million. This is summarised in the table below.

Summary: Cost of Reduced Liveability			
	Burswood / East Perth Population Growth 2025-2036	**Comparison with Best Case**	
		Additional Capital Cost	**Annual Operations Cost (at 2036)**
Best Case: Improved environment Burswood 2045 Plan	+ 16,300 persons	-	-
Central Projection: No change from current	+ 10,200 persons	$ 906 million	$21 million
Worst Case: Degraded environment Supercars Racetrack	+ 4,200 persons	$1,827 million	$43 million

Even if the reality proves to be a fraction of these figures, the direct cost to government far outweighs any more ephemeral economic benefits that the racetrack might bring. In summary, a racetrack at

[5] See for example

- Trubka, R., Newman, P., & Bilsborough, D. (2010). *The Costs of Urban Sprawl – Infrastructure and Transportation*. Environment Design Guide, GEN 83, April 2010.
- Infrastructure Western Australia*, State Infrastructure Strategy*, July 2022
- Syme Marmion & Co, *Point Grey Peninsula Development, Benefit Cost Assessment*, Shire of Murray, 2025

Burswood could cost Government in extra costs of urban sprawl at least $500 million, but likely in the order of $900 million and up to $1.8 billion, plus annual expenses of $20 million to $40 million.

It is most likely that a properly constructed business case would reveal a benefit-cost ratio much lower than one – i.e. that it is not economically viable, taking into account all of its impacts.

5. Amphitheatre

Depending on its final form, there are also some potential concerns regarding the proposed amphitheatre. There is not much information about it. The Burswood 2045 plan sets it at 10,000 people capacity; the racetrack promotions talk about 20,000 and in open day meetings with Government representatives a capacity of 15,000 was mentioned. A rationale is that it is meeting a gap in venue availability that prevents touring acts from transferring from the eastern states. That rationale would be very difficult to support.

At the time of the construction of the Perth Arena (2007) there was ample evidence that there was a need for a larger indoor venue than was then available. The Burswood Superdome (capacity 20,000 - 22,000) was in the process of being demolished and the old Perth Entertainment Centre (capacity 8,000) was too small and had outlived its useful life. The initiation and form of the Arena followed extensive research, industry consultation and information on the experience of other venues to confirm that if there were a venue of at least 12,000 capacity then many more touring acts would be able to absorb the additional travel costs to make it worthwhile for them to have a Perth date on their touring calendar.

Perth Arena can hold up to 16,500 in concert mode[6] and now fills that gap. At a construction cost of around $350 million it was a very big investment by Government at the time. However, while it is busy and trades well, it is nowhere near at capacity. It averages around 72 events per year[7]. This is well short of its capacity of around 160 events per year.

There are now also many other venues that regularly support larger touring acts and it is very unlikely that an additional one would make any difference to the cultural life of the city. It is also worth remembering that international acts are generally a net drain on the local economy, transferring overseas large sums in artist fees. The reason Taylor Swift or Ed Sheeran have big touring schedules is to make money.

There is a big difference between a relatively inexpensive landscape form that allows for concerts or events, as is implied in the Burswood 2045 plan, and one that is purpose built with established infrastructure with consequent high operating cost and an objective of attracting events. The former simply adds to a wide array of locations that are currently utilised for large events. Langley Park, Supreme Court gardens, the Kings Park concert area, Wellington Square and McCallum Park are examples. The latter purpose-built venue would work directly against existing Government sponsored venues, competing directly with Perth Arena, undermining its operations, and with larger capacity locations such as Perth Rectangular Stadium (HBF Park) – up to 32,000 capacity – the WACA, Gloucester Park and Optus Stadium. It would be very difficult to find a convincing rationale for anything more than the relatively straightforward landscaped space contained in the Burswood 2045 plan.

[6] VenuesWest Annual Report 2022-23

[7] RAC Arena celebrates 10 years of creating memorable experiences

6. Conclusions

Fixed prominently to the wall of a building fronting Claisebrook Cove in East Perth, next to a busy, successful restaurant, is a plaque which reads:

Claisebrook Cove is a mixed use precinct, please respect our residential neighbours and leave this area quietly. Thank you.

Claisebrook Cove is home to a busy pub, coffee shops and restaurants, and also to a big residential population. The main potential noise source directly on the Cove, the pub, has transparent noise walls around the main outdoor areas and no amplified music outdoors. The community attitude and general good manners reflected in the plaque is key to the success of East Perth as a very attractive residential area that contains a wide range of other land uses – a mixed use area. It is planned and managed that way.

It works.

The proposed racetrack in Burswood, less than 800 metres across the river to the nearest house in East Perth and directly adjacent to large scale residential development in Burswood, works directly against this in an ill-mannered way, for little gain and considerable loss. It undermines important areas of long-standing Government policy.

It will not be possible to successfully manage the noise nuisance of the racetrack, reducing he liveability of a large area. When not in use it leaves a legacy of large swathes of unused bitumen and compromised landscaping, working against the images and expectations of an ever greener, pleasant, welcoming environment promised in the Burswood Park 2045 plan. That plan promotes liveability and inner area population growth. The insertion of a racetrack does not.

The cost of the proposed racetrack to Government directly and to the community generally is large and likely will far outweigh any ephemeral economic benefits. Its negative effects will be widespread and long-lasting, with direct local impacts and even extending to necessitating a significant increase in urban sprawl.