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### **Cricket Ovals and Sports Stadiums have a “Staycation” Problem**

Sports stadiums, cricket ovals and other sports and cultural venues in the Caribbean lack a domestic market that is large enough to provide revenue sufficient to support their operations. It is a challenge they share with hotels in the region. Hotels in the Caribbean may supplement their annual revenues by offering accommodation at affordable rates to the local population for short stays, but the contribution staycations make to their total revenues is very small. No hotel will remain in business for very long if it relies on locals for its main source of revenue; there are simply not enough Jamaicans, Antiguans or Bahamians to provide a steady stream of income, week after week, all year long. For that the hotel relies on the foreign market, which is large enough to fill every room, so long as patrons are satisfied that they are getting good value for the money they spend.

A similar logic applies to sports and cultural facilities. There are no domestic cricket matches that will attract an audience to fill any local oval to capacity; if a major venue is to cover operating costs it must depend on hosting a sufficient number of matches that will attract a large international audience. Thanks to television coverage and live streaming, and the associated advertising revenues, a successful event will

yield income that is a multiple of gate receipts, so a venue may not need to attract an international audience every week of the year. However, there are clearly too many cricket ovals in the Caribbean competing for the handful of international matches which are hosted in the region each year. Supplemental revenue from hosting of meetings, concerts and other events add a modicum of revenue, but that comes at a cost, and its contribution to total receipts is inconsequential.

The revenue challenges for football and athletics stadiums, gymnasiums, race tracks, conference centres and large performance venues are even greater than for cricket, because the international audiences for these Caribbean venues are smaller, if they exist at all. In every case, economic viability depends on access to a market that is far larger than the home country can provide, and opportunities to attract an audience from outside the country are few and far between. More often than not, maintenance becomes a burden on the public purse, and the quality of the facility deteriorates over time.

The revenue challenge is the reason there are so few large scale sports and cultural facilities built by the private sector in the Caribbean. The expected revenues are almost never judged to be adequate to meet operating costs and yield a competitive return on investment. Governments need to take this reality into account in selecting which facilities should be included in the public capital expenditure programme. In addition to the cost of constructing the facility, an estimate should be made of the annual subsidy that must be allocated from current revenues to cover the deficit on operating the facility. That allocation will compete with all other government priorities.

Government's decision to build a sports or cultural facility has to be weighed against all other national priorities. A prudent government will proceed with the project only if it can do so without sacrificing public spending which has higher priority, taking into account government's financial resources. In making that assessment, it is necessary to take account of the recurring subsidy that will be required to cover the operating and maintenance costs of the facility, as well as the costs of funds borrowed for its construction. It is also good practice to establish an independent non-profit trust to plan the project, supervise the construction and manage the facility.

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