



HOBART NOT HIGHRISE

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Parliamentary Standing Committee of Public Accounts
Parliament House

Thanks to the Parliamentary Standing Committee of Public Accounts (PAC) for the opportunity to make a submission on the plans for a new sporting and event stadium in Hobart at Macquarie Point.

At its 2023 AGM Members of Hobart not Highrise decided that Macquarie Point was not the appropriate place for a stadium and that the lack of transparency, detail of design and costings were additional reasons to reject the proposal.

The Corporation has paid lip service to community consultation with limited capacity until the precinct plan for the community to have input. The plan confirms that the proposal can only be a massive structure that dominates the Cenotaph, nearby heritage buildings and surrounding structures.

It continues to be the case that many of the assumptions do not provide sufficient detail to enable a meaningful Cost Benefit Analysis (CBA) to be determined and ignore evidence from overseas that stadiums do not bring economic prosperity but remain a burden on the public purse.

It is appropriate and important that the PAC has called for further submissions. There is a newly refurbished AFL stadium in Launceston to provide for the needs of a state team. The government funding of this project which will really only benefit the AFL shows a lack of concern for Community needs for smaller infrastructure projects. A swimming pool for the residents of Hobart's northern suburbs to replace the Glenorchy pool is one clear example of more appropriate spending.

Issue 1- matters related to the Club Funding and Development Agreement (Agreement) signed between the Crown in the Right of Tasmania and Australian Football League

- The agreement has no risk for the AFL and much risk for the Tasmanian community through its government. It is a poor deal for the state and will create financial liabilities for the future.
- The Government is financially responsible for ensuring the building of the stadium to AFL prescription
- Under clause 10.3 of the agreement if the stadium is not completed by 2028 the government must pay compensation of \$4.5million per year. This compensation or a pro rata amount is payable if the stadium is not available when the AFL schedules a match. This could apply if climate change brings a severe weather event which damages the structure.
- The total estimated cost of the stadium is \$715million but it is highly likely that there will be cost overruns which must be covered by the Tasmanian Government. That is not good value for the community.
- The Government has guaranteed the financial viability of the Tasmanian team in Clause 11.3 of the agreement



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- The Tasmanian Government funding commitment to the Stadium Development is denoted as \$460 million. This amount includes the Tasmanian Government commitment of \$375 million and a further \$85 million to be procured through borrowings against land sale or lease for commercial uses but no certainty as to what will be sold or leased.
- In the detail in the Club Funding and Development Agreement, the Commonwealth's contribution of \$240m is "for urban renewal of the Macquarie Point site in the Hobart waterfront area including the build of a new stadium in that area". Can a stadium qualify as 'urban renewal'?
- Clause 20 of the agreement includes government funding of the training and administration facility for the club. Is the government going to provide fair equal access to similar funding for other sports in the State.
- A close look at the deal the Tasmanian government signed with the AFL shows any talk of "urban renewal" for Hobart is fanciful. The contract plainly states the \$715 million will go entirely to the Macquarie Point stadium. There's no mention of the housing, port upgrades or transport connections promised by the prime minister – only "minor road relocation".

Issue 2 - the suitability of Macquarie Point as the site for a proposed the Arts, Entertainment and Sports Precinct

- The new Macquarie Point Precinct Plan is open for submissions and so we finally have a proposed floor plan for the site. It is obvious that the site and surrounds will be dominated by the excess height and bulk of the stadium.
- The Reconciliation Park is positioned inappropriately on a corner facing Davey Street traffic and providing no place for quiet reflection, respect for and true recognition of our original inhabitants. Once again they are treated as an afterthought.
- The accommodation zone is well away from the stadium so residents will not use the stadium precinct facilities but go to the CBD.
- The Cenotaph and memorial services would be overshadowed by this stadium with a 28 metre wall above the escarpment facing the Cenotaph just a few metres away.
- The community loses the 2020 promise of *'a dedicated 13 000 square metre open public space will provide a new premier parkland. The truth and reconciliation art park – the park – will be a centre of community activity, which will cater for large events while providing the city with a connection between the waterfront, the Queen's Domain and the CBD. This public open space will facilitate connectedness through play, interactive installations, public art, and green and cultural spaces'*.
- The released plan shows this site is not suitable for a stadium. In September 2023 at [The 10th Festival of Urbanism](#) 4 leading researchers and policy makers in urban planning and design discussed **'Contested megaprojects – who gets to decide? A case study of Macquarie Point, Hobart'**. All of the speakers concluded that a stadium was the wrong project for Macquarie Point.

Issue 3 - the financial risks associated with the Agreement

- The biggest problem with this is that it will involve a huge debt for the state.
- The debt will go beyond the building of the stadium and precinct costs to the provision of public transport to a venue with no close parking.



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- Engineering costs for structural support of such a massive building will not be clear until construction begins.
- There will be a lack of income from the venue which will be used for up to say 10 AFL games per year and if we are lucky 3 or 4 concerts a year [this being the usual number for interstate stadiums].
- And of course to keep a Tasmanian team financial the Tasmanian Government has agreed to provide top-up funds.
- To estimate the cost of the Hobart stadium they used a simple 'capacity factored' method, the crudest and most inaccurate of all cost estimation techniques - a method that has resulted in actual costs being more than double the estimated cost.
- The government will have to pay on-going maintenance costs
- The majority of events will generate negligible NET economic benefits for the people of Hobart and Tasmania.
- If the stadium is not completed on time the government will pay compensation to the AFL.

We have previous examples of government funding providing big venues for entertainment/sport/conferences and they have all struggled to be economically viable, let alone return the investment costs – The Silverdome, Derwent Entertainment Centre and Princes Wharf. They are too expensive to rent for many organisations. These venues have been locked up and empty much of the time, and this means the return on investment is poor and the benefits limited.

The Stadium business case finds only a 50 cent return for every dollar invested in the project (a Benefit Cost Ratio of 0.5), noting that *“social infrastructure such as stadiums rarely return a Benefit Cost ratio above 1.0 and usually the economic costs will outweigh the identifiable and quantifiable economic benefits.”*

The potential economic benefits of new stadiums to the host city has been studied to death and was settled well over a decade ago. The universal consensus among the literally thousands of academic economists who have studied the NET economic impacts of stadiums post construction, is that new stadiums make very limited net economic impact (and in some cases a negative impact) and are NOT justified as worthwhile public investments.

Issue 4 matters related to the financing and delivery of the entire proposed Arts, Entertainment and Sports Precinct

- \$715m is unlikely to be a realistic estimate 'to remediate the site and build a stadium that, according to the deal, will be the size of the MCG, have a fixed, transparent roof and be ready-to-go by 2028'.
- In the state budget it was acknowledged the scope of the project was not yet fully defined and that it might be subject to the supply constraints and cost escalations that all building projects currently face.
- Australia wide there are skilled labour shortages and increasing costs of materials. Rising costs of fuel is likely to increase costs even further.
- Stadiums need a significant population to support them. It does not matter how nice the venue is. If it is not located in an area with a significant population, it will not attract the events that it requires to minimise its annual financial loss. To sell out Marvel Stadium fully seated capacity ~55,000 in a city of ~5 million 1 person in 91

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needs to buy a ticket. To sell out Mac Pt fully seated capacity ~30,000 in a city of 250,000 1 person in 8.5 needs to buy a ticket. That is between 11 and 13 times the per capita buy rate of the east coast capital cities

- Increased risks associated with climate change including the impacts of a major fire or wind event are likely to affect construction capacity and government finances during the next 5 years.
- The stadium will not be large enough nor have sufficient population to attract the artists who play big stadium concerts.
- Mainland experience is that even with larger populations there are only 10 to 15 stadium events a year.

Issue 5 the future of Blundstone Arena and UTAS Stadium

Jeff Kennett's comments in a newspaper opinion piece are worth considering. He has been closely involved in both AFL and government and he does not consider that this is a good deal for the state. He wrote

'The playing surface at the UTAS ground is already the best of all playing surfaces, partly because it is open to the elements and the care of a dedicated Launceston Council ground staff. The section of the ground that allows patrons to look over to the distant hills should be maintained. It is a real point of difference to any other major stadium that hosts AFL football. The stands and facilities could be rebuilt for one third of the cost of what is proposed in Hobart.'

Hobart has a cricket ground in the south and a football ground in the north. Both are suitable for national fixtures and should be retained.

AFL is not the only sport in this state and the decline in attendances would suggest it is no longer the most popular. Existing venues provide sufficient seating for the years ahead.

Issue 6 any other matter incidental thereto.

- Has it been assessed by independent expertise? - No
- Has due process been followed? – No, not even all members of the Liberal Government were consulted. There has been a distinct lack of transparency
- Has a fair and open consultative process been followed? – No, the community was not consulted and Parliamentarians have voted it a project of State Significance so that full details will be revealed through the planning process.
- Will it increase the value of existing properties? – No, its bulk and height is likely to devalue surrounding properties.
- Public funds should be directed to publicly beneficial infrastructure projects not poured into a new stadium construction project which only benefits a single football code for a few matches per year.
- Fairness is already lacking in sports funding. 28 sporting organisations in Tasmania are this year sharing \$954,000 of government sports grants, while AFL Tasmania, which oversees local football and talent pathways to the AFL, gets a \$500,000 annual grant.
- Swimming, athletics, running, cycling, soccer and basketball are all more popular activities for Tasmanians than football today.



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- The majority of people that attend events at a new stadium are local residents. Local residents have a finite amount of discretionary money. All a new stadium/team does is redistribute and substitute where and how people spend their discretionary money in the stadium city/state.
- After the construction phase the stadium will provide a few regular upkeep jobs and on events days casual poorly paid jobs.
- The current precinct plan does not create an area that people will find attractive for leisure and so it will only be a boon for small businesses that establish on the perimeter on event days.

Hobart not Highrise does not see the proposed stadium on the Macquarie Point site as beneficial to the community or the site.

Signed by the Committee on behalf of Hobart not Highrise members

Margaret Taylor President

Brian Corr Secretary

Peter Black Treasurer

Rosemary Scott

Julian Bush