

Department of Treasury and Finance

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Mr John Ramsay
Executive Commissioner
Tasmanian Planning Commission
tpc@planning.tas.gov.au

Attention: Luke Newman

Dear Mr Ramsay

Major Project - Kangaroo Bay Hotel - Development of assessment criteria

Thank you for your letter of 23 October 2024 requesting comment in relation to the contents of the assessment criteria for the Kangaroo Bay Hotel that has been declared to be a Major Project under the *Land Use Planning and Approvals Act 1993* (LUPA Act).

I anticipate that the assessment criteria will include standard provisions for assessing the economic impact of the project, at both a regional and state-wide level, similar to those used for other major projects. The project should be required to demonstrate a significant positive contribution to the local and regional economy and the criteria to be met should require the proponent to provide robust evidence that the project:

- facilitates economic development; and
- makes a positive contribution to the local and regional economy, and improves the social, and cultural well-being of people and communities in the short and longer term.

To satisfy these criteria, estimates of costs and benefits should be monetised using best practice methodologies and standard parameter values.

The project proposal presents some estimates about its impact on employment and the economy which would initially appear somewhat optimistic. These estimates require careful scrutiny to ensure they are based on realistic assumptions and methodologies. Therefore, the major project impact statement must be required to provide a detailed economic analysis showing how estimates have been developed for both direct and indirect impacts, including any intermediate inputs. To ensure a comprehensive economic assessment, the proponent should use at least one standard, commonly recognised economic modelling method.

To achieve this, rigorous, data-driven analysis is essential. The proponent's response should leverage both quantitative modelling and case study evidence, ensuring that the project's economic assessment is comprehensive and reflective of potential local and regional impacts. This analysis must consider the local labour market and include estimates of potential labour displacement, to avoid overestimating net job creation.

Estimates of employment impacts and visitor expenditure should be established using reliable, verifiable methods. The basis for any comparisons with other projects should be fully justified. Relevant data and numerical estimates should be included for each major step of the process.

In conclusion, adopting evidence-based assessment criteria that emphasise transparent methodologies will ensure the Tasmanian Planning Commission's assessment panel is able to conduct a thorough project evaluation.

Should you have any queries or require any further information regarding this matter, please contact Dean Burgess on (03) 6145 5833 or email dean.burgess@treasury.tas.gov.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'D Burgess', is positioned above the typed name.

for Gary Swain
Secretary

14 November 2024