TASMANIAN PLANNING COMMISSION

Recommendation Report

Macquarie Point Multipurpose Stadium Project of State Significance

Prepared by the Panel of delegates

for the

Macquarie Point Multipurpose Stadium
Project of State Significance

15 September 2025

Introduction

Under s18(2) of the *State Policies and Projects Act* 1993 ('the SPP Act') an order ('the Order') was made on 16 October 2023 by her Excellency the Governor declaring that:

> A proposal by the Crown, in right of Tasmania, for a stadium to be developed…at Macquarie Point…be a project of State significance ['the Project'].

Section 20(1) of the SPP Act required the Tasmanian Planning Commission to undertake an 'integrated assessment of the project'[1]. This has been completed.

This report[2] is required to be submitted to the Minister by section 26(1) of the SPP Act which provides:

> As soon as practicable after undertaking an integrated assessment of a project of State significance, the Commission must submit a report to the Minister on whether or not the project should proceed, and if so on what conditions.

This report references the Panel's Integrated Assessment Report ('IAR'), which is published contemporaneously with this report. The IAR should be read in conjunction with this report.

Recommendation

The Panel recommends that the Project should not proceed.

The IAR identifies a number of benefits and disbenefits that would accrue if the Project proceeds. The Panel has concluded that the benefits are outweighed by the disbenefits.

Set out below in very brief summary are the principal matters which have caused the Panel to so conclude. These and many others are the subject of detailed consideration in the IAR.

[1] The task was delegated to a panel of delegates, Mr Paul Turner SC, Mr Martin Wallace, Ms Lynn Mason AM, Mr Gary Prattley and Ms Shelley Penn AM. In this report, they are referred to as 'the Panel'.
[2] Also prepared by the Panel.

Economic and social effects

The IAR assesses the net social benefit or cost of the construction and operation of the stadium and the AFL teams compared to the situation if the stadium is not constructed.

A cost benefit analysis has been used to comprehensively assess all benefits and costs, apply monetary values to each of the significant items, and considers the impact of variability in these monetary values on the assessed net social benefit or cost of the Project. The assessment includes or considers all costs of constructing and operating the stadium, and all economic, social and cultural benefits and costs over the period of the construction and the Proponent's assumed economic operating life of 30 years.

The Panel's assessment uses, analyses and assesses information, estimates and assumptions supplied by the Proponent. Not all assumptions and estimates used by the Proponent have been accepted. Where there is no direct evidence or information available, diagnostic analysis using a wide range of information has been used to estimate likely benefits and costs. The report makes clear where the Proponent's estimates have not been adopted and the rationale for adopting alternative values in those cases.

Importantly, the assessment relies on the construction cost estimate(s) provided by the Proponent. The Panel has not undertaken its own assessment of construction costs.

Cost-benefit analysis is a widely used and accepted approach for evaluating public projects. If all benefits and costs are taken into account, and if the ratio of benefits to costs is greater than one, the project is regarded as being acceptable for public investment. If less than one, the project is considered unacceptable, as the investment of public funds results in a net social cost and therefore a reduction in the collective economic welfare of the community.

The Panel has found the ratio of benefits to costs is less than 0.5. This is consistent with other commissioned cost benefit assessments of the stadium[3] and is broadly consistent with the findings of international studies which show minor or modest community benefits from publicly funded stadiums. The Proponent's cost-benefit analysis prepared by KPMG and released in September 2024, shows a base-case benefit cost ratio of 0.69. Since this study was undertaken, the stadium construction cost estimate has increased significantly.

Sensitivity analysis of the assumptions used shows that the result of the Panel's cost benefit analysis does not substantially change with changes in key assumptions (see Table 1.3 in the IAR).

The Panel's cost benefit analysis shows that the construction and operation of the stadium results in a substantial net social cost to the Tasmanian community.

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[3] Hobart Stadium, Cost Benefit Analysis Report, Final Report MI Global Partners, November 2022 and Independent Review of Macquarie Point Stadium, Nicholas Gruen 1 January 2025.

The reason for this is that the economic and social benefits are small compared to the public cost of the stadium.

The size of the economic benefits that eventuate from the operation of the stadium depends on the level of the promised AFL funding investment in Tasmania, the ability of the stadium to attract visitors who would not have otherwise visited Tasmania, or reduction in the extent to which Tasmanians travel interstate or overseas to attend events and therefore retain spending within Tasmania. KPMG estimates the economic benefits to employment, incomes and Gross State Product. However, compared to the size of the Tasmanian economy, these ongoing benefits are very small, representing less than 0.1 per cent of Gross State Product and total employment. The cost of achieving these benefits is relatively large, as shown by the Panel's cost benefit assessment.

In addition to economic impacts, there are social, cultural and community benefits and costs. The benefits include those which the Proponent described in its closing submission for the hearing as 'unquantifiable social benefits'. However, in total, the measurable social benefits are small. When the social costs are taken into account, it is highly unlikely that any unquantifiable social and cultural impacts – both positive and negative – will significantly change the excess of costs over benefits and therefore the justification for the project.

In general, the Panel has found the Proponent's estimates to be optimistic, and while the Panel has used the Proponent's construction cost estimate(s), it considers there is a significant risk they will be much higher than estimated.

It is important to appreciate that the cost-benefit analysis is not a business case. There is no expectation that the Project should deliver an economic return to the State on the use of public funds, or that the operation of the stadium should deliver a financial return. If the benefit to cost ratio had been positive, or close to one, a public financial subsidy could have been justified.

As well as the results of the cost-benefit analysis, there are other considerations.

With both economic and social effects, the impact varies between groups and locations within the broader community – for some there is a net social benefit, for others a net social cost of proceeding with the stadium. Much of the economic benefit attributed to the stadium by interest groups is actually a redistribution of economic and social activity that is already occurring in Tasmania.

As an indication of the cost burden, the cost to construct the stadium (including associated works) equates to about $5,900 for every Tasmanian household not dependent on Commonwealth income support as its primary source of income. To pay for the stadium through taxes over its assumed economic life of 30 years would require state taxes to be raised by approximately $50 million per annum, with obvious implications for the cost of living for all, not just those benefiting from the stadium.

On a same-expenditure-policy basis, if taxes are not raised the construction cost to the State and ongoing financial subsidies will need to be totally funded by debt**.**

At the end of the construction period, the loan required for the stadium is estimated to be approximately $1.0 billion. At the end of 10 years, because of the compounding interest on deficit financing, the debt attributable to the stadium would be approximately $1.8 billion, assuming a borrowing rate of 5 per cent and taking into account the lifecycle costs, team subsidies, and event attraction costs, as well as the net financial operating position of the stadium.

There will be an ever-increasing debt associated with the stadium because of the compound interest effect, unless taxes are increased, or spending on public services reduced, or other planned state capital projects abandoned, to pay for it.

Urban form, activation and public realm

By reason of the Order, the suite of legislation applicable to planning approvals does not apply to the Project (section 19 of the SPP Act). That includes the Sullivans Cove Planning Scheme 1997 (the planning scheme), which would otherwise apply to any proposed (new) use and development upon the Macquarie Point site.

That is not to say that strategic planning principles are irrelevant to the Panel's integrated assessment.

The IAR traces the history of planning considerations for the Macquarie Point site, on which the Project is proposed to be carried out. The site has long been earmarked for development, and the Macquarie Point Development Corporation (the Corporation) – as created by the *Macquarie Point Development Corporation Act* 2012 (MPDC Act) – has, as one of its principal objectives, the obligation to 'plan, facilitate and manage the redevelopment of the site' for various purposes (section 6(b) of the MPDC Act).

By section 37(8) of the MPDC Act, the Corporation '…must act in accordance with the site master plan…'. That is the Precinct Plan approved by the Minister on 3 September 2024.

It is noted that the Precinct Plan has not been the subject of any statutory process by which it could be included in the planning scheme. If the Project does not proceed, the existing Reset Site Development Plan will remain in place and provide for a much higher level of development and activation (as demonstrated in Table 2.1 in section ***2.1 Planning strategy and site plans*** of the IAR).

The Mac Point Precinct Plan is materially different from the existing Reset Site Development Plan under the planning scheme. The footprint of the stadium and its external concourse and necessary works, commensurately and significantly reduce the areas otherwise available to be developed for various purposes.

Significantly, the Panel considers that the form and scale of the stadium represent a repudiation of a number of long-standing planning principles and strategies that have been applied to developments in Sullivans Cove, or controlled through the planning scheme.

Sullivans Cove has been considered to be, and treated as, the centre of a natural amphitheatre, being the layered landform extending from sea level through the foothills of and up to and including Kunanyi / Mt Wellington. Important frames for the Cove are the headlands of Battery point to the South and the Domain to the North.

The stadium (including its roof) – through its size, scale and form – will be dominant within the landscape, diminishing the prominence and significance of the Domain headland as a frame of Sullivans Cove, and standing as a significant obtrusive element in the present urban form in and surrounding Sullivans Cove. It will irrevocably change, for the worse in the opinion of the Panel, the way in which the landscape and urban pattern is appreciated and understood.

The Macquarie Point site is not one which possesses the characteristics necessary to enable the stadium to be harmoniously accommodated with respect to the surrounding buildings, in Evans Street and Hunter Street especially, and beyond. The size, shape and location of the site is ill-suited to a building like the stadium – a singular, large, bulky monolith which will overwhelm those surrounding buildings and the setting.

In addition, the nature of the stadium design and what is necessary for the Project, and the physical constraints of the site, are such that it is unlikely that there will be scope for general activation of those areas of the site which are not consumed by the stadium. They are relatively small, unlikely to support viable ongoing retail businesses and will be unattractive to visit other than to access stadium events.

Historic cultural heritage and community values

The IAR identifies that the Project – but essentially the stadium - will have very significant adverse impacts on a number of places, the most significant being the Cenotaph, the Royal Engineers Building and buildings along Hunter Street.

The Proponent does not claim that there will be no adverse effects, but rather that any such effects are not unreasonable or unacceptable, having regard to the site being earmarked for developmental change by reason of the terms of the MPDC Act and the approved Mac Point Precinct Plan, which expressly provides for a stadium on the site.

It is accepted that the site is ripe for development, and that any development will change its present character, which is that of a largely vacant and disused industrial site and former railyards.

In conducting the integrated assessment the Panel 'must seek to further the objectives in Schedule 1 [of the SPP Act]'. One of those objectives is:

> to provide for the fair, orderly and sustainable use and development of air, land and water;

This demands an evaluation of the noted adverse effects in the context of both what the Proponent has submitted and what has occurred in and around the site (and nearby in Sullivans Cove and beyond to the city), and the planning principles as previously adverted to.

The Panel has concluded that the adverse effects are unacceptable. The Project will not be a ‘fair’ development in that it (principally parts and features of the stadium) will extensively and irreparably damage the historic cultural heritage of the heritage listed buildings in Hunter Street and the Engineers building, and most particularly, the Cenotaph. It will also adversely affect the general character of Sullivans Cove as a whole, and the experience of it. The Panel does not consider that the stadium building will be iconic, as claimed by the Proponent.

The Panel considers that Sullivans Cove has a prevailing 19th century historical character which is highly valued and valuable. This is a large part of its charm and attractiveness, for locals and visitors alike. It is fundamental to Hobart’s spatial character and identity, and an important part of the brand Tasmania. Those things will be unacceptably diminished by the Stadium’s presence and impacts.

Some general matters

The IAR examines many issues associated with Aboriginal heritage, land use compatibility, transport and movement, environmental effects, construction program and sequencing, and Ministerial Direction matters.

For some matters such as Aboriginal heritage materials, Aboriginal cultural values and Transport and movement, the Panel was not able to adequately assess the issues or effects related to the Project.

Consequently, the degree to which issues are capable of being suitably managed varies considerably. The Panel’s views on this are outlined in the IAR.

Where issues such as traffic and parking, pedestrian movement, noise and other environmental effects are capable of being effectively addressed, this will require careful management and adequate time and resourcing, as identified in the IAR.

Some disruption during the construction phase of the project is inevitable, however with appropriate management practices in place, this disruption is not considered to be unacceptable.

Conclusion

The fundamental problem is the size, location and geographical features of the site, in its highly valued context, do not support the disproportionately large, monolithic building proposed. It is a building which is incongruent with the valued characteristics of its spatial context, completely at odds with the long-established planning principles guiding and informing development, and with the land and urban fabric surrounding the site and the heritage values associated with nearby places.

Proceeding with the Project will give rise to irrevocable and unacceptable adverse impacts on Hobart’s spatial and landscape character, urban form and historic cultural heritage.

In addition, the Project represents a significant net cost and will diminish the economic welfare of Tasmanians as a whole, and it offers almost no scope for the site to become a vibrant active place that is attractive to visit outside of major event mode.

In very simple terms, the stadium is too big for the site and the benefits it will bring are significantly outweighed by the disbenefits it creates.

15 September 2025

(Signed)

Paul Turner SC   Martin Wallace   Lynn Mason AM   Gary Prattley   Shelley Penn AM