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Sent: Monday, 8 January 2024 2:57 PM
To: TPC Enquiry
Subject: Comment on draft guidelines for the Macquarie Point Multipurpose Stadium Project of State Significance

Categories: [REDACTED]

[REDACTED]

Tasmanian Planning Commission

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Email tpc@planning.tas.gov.au

Dear TPC

I live in Lenah Valley with my wife and two children and want to ensure that my children grow up in a vibrant, sustainable and socially equitable community underpinned by strong democratic processes.

I have read the guidelines of the Integrated Assessment for proposed Stadium at Macquarie Point. Thank you for the 'opportunity' to comment.

Yours faithfully

Cuan Petheram

[REDACTED]

[REDACTED]

Before specifically addressing the draft guidelines, I provide some general comments below.

The process, analyses and reports must be independent, objective and fully transparent.

My first comment concerns the timelines of the consultation period, timed to coincide with the Christmas and New Year period. In my case I returned from leave this evening, the day before submissions are due, and in hastily composing my submission this evening I have had very limited opportunity to undertake a review of literature relevant to the material

contained in the guidelines or consult experts. This is an unfortunate start to improving the public consultation process associated with the proposed stadium at Macquarie Point and does little to give the public confidence that the process will be transparent, objective and independent of government.

Given the highly contentious nature of the proposed development and the potential that the Integrated Assessment could fuel on-going division within the Tasmanian community it is essential that the Integrated Assessment be independent of government and the AFL, robust and fully transparent with all reports published without redactions. To this end, I endorse the comments made in the submission by Our Place (Submission 10), including that PwC (whom numerous current/past partners serve or served as presidents/board members of AFL clubs, e.g. Luke Sayers (president of Carlton AFL club), Paul Brasher (Essendon), Jodie Sizer (Collingwood)) and other consultancy firms with similar current and past connections to the AFL and Tasmanian Government should also be excluded from the process to ensure the perception of independence. Similarly to ensure a perception of independence, other commentators (e.g. Professor Tim Harcourt) who have uncritically and glowingly publicly endorsed the initial PwC business case without any reference to the fact that the results are contrary to the findings consistently reported in the peer reviewed literature (i.e. no peer reviewed study of new stadiums and new sporting franchise post construction has demonstrated any discernible increase in NET regional benefits or NET full time jobs (see comments below)) should be excluded from involvement in any phase of the Integrated Assessment (e.g. analysis, report production, review).

It is essential that all aspects of the Integrated Assessment are independently reviewed, particularly given the general public has low levels of economic literacy and economic analysis are easily subject to manipulation.

The Assessment financial models and all reports should be independently reviewed by nationally/internationally recognised experts. A global phenomenon in the analyses of the economic effectiveness of stadiums and sporting franchises is that consultancy reports commissioned by proponents grossly exaggerated BCA results, regional economic benefits and job creation statistics, yet peer reviewed journal manuscripts undertaken by independent academic economists investigating the economic effectiveness of new stadiums and sporting franchises post construction consistently find no discernible increase in NET economic benefits or NET full time jobs, and sometimes a decrease!

“Few fields of empirical economic research offer virtual unanimity of findings ... that there is no statistically significant positive correlation between sports facility construction and economic development” (Siegfried and Zimbalist 2000)

“There now exists almost twenty years of research on the economic impact of professional sports franchises and facilities on the local economy. The results in this literature are strikingly consistent. No matter what cities or geographical areas are examined, no matter what estimators are used, no matter what model specifications are used, and no matter what variables are used, articles published in peer reviewed economics journals contain almost no evidence that professional sports franchises and facilities have a measurable economic impact on the economy” (Coates and Humphries 2008)

“...nearly all empirical studies find little to no tangible impacts of sports teams and facilities on local economic activity...” (Bradbury et al.2022).

Consequently I believe it is essential that independent national/international experts well versed in stadium operations and economics, BCA and regional economic analysis be commissioned to undertake an independent review of the economic analysis.

This review should be undertaken in two steps:

1. The first step should require the independent expert reviewers to review the proposed methods of the economic analysis (including but not limited to the financial model, all assumptions, model inputs, proposed reporting metrics, ensuring the methods will adequately address the guidelines and that the proposed report/s structure will adequately report against the guidelines in a fully transparent manner). To ensure transparency and public confidence in the process, at the time the proposed methods are made available to the expert reviewers they should also be made available to the public. The expert reviewers comments on the proposed methods should also be made public, as should the consultants response to review.
2. The second step would require the independent experts to review the financial numerical models (i.e. the numerical models must be made available to the reviewers) and draft reports to ensure 1) the methods, assumptions and inputs have been implemented as agreed and the analysis and results are robust and truthfully reported; and 2) noting the general public has a low level of economic literacy the reviewers should ensure appropriate reporting metrics have been utilised and numbers are appropriately contextualised, and that the reports are comprehensive, transparent and framed

appropriately (e.g. impartial and professional). The draft report should be made publicly available at the time it is reviewed by the independent experts, and the independent experts review of the draft report should also be made publicly available as should the consultants response to review and final report.

In not following this two-step process there is a reasonable risk that major problems identified by the independent experts at the final review stage may only be partially remedied due to time and resourcing constraints, leaving large sections of Tasmania's community unsatisfied with the Integrated Assessment report/s and process, further fuelling division in the community.

Due to the widespread manipulation of new stadium and sporting franchise economic analyses there are numerous peer reviewed manuscripts outlining steps that should be undertaken in order to undertake a robust analysis of the economic effectiveness of new stadiums and sporting franchises (e.g. Crompton 1995, Wassmer et al. 2016). In finalising the guidelines these should be consulted and should be specified as required reading by the consultants and expert reviewers.

A process needs to be formulated to ensure that appropriate consultants are engaged and that local experts consulted

Given the scope of works outlined by the guidelines a concern is that large consultancy firms may offer to undertake the work at the lowest cost but not necessarily produce the most robust analysis. Large consultancy firms may offer the lowest price because the bulk of the work is undertaken by recent graduates residing in Melbourne and Sydney, with little experience of stadium economics or the nuances of life in Tasmania (e.g. population distribution, construction, labour, the tyranny of distance). Whether or not this was the case with the PwC Macquarie Point business case I am unsure, but it serves as a reminder of the types of preventable issues that can arise due to analyses being undertaken by people unfamiliar with the local environment and without sufficient experience. The PwC business case assumed inappropriate revenue calculations which stemmed from their assumption that 44 events (28 new events) would be held in the stadium each year. However, other than the 7 net new AFL games it is very difficult to foresee any other new events being held in the Macquarie Point stadium. Experienced concert promoter, Charles Touber, highlighted that like Townsville it is highly unlikely that any large concerts would come to Tasmania to perform in the stadium (unless there was a large subsidy offered by the Tasmanian government), and smaller concerts would be played at a smaller, cheaper more intimate existing venues, not at a large, expensive partially filled stadium. Furthermore it is impossible to foresee that any new rectangular sporting events e.g. A-league, international football (soccer) or international rugby, would be played in the proposed Macquarie Point oval stadium unless there were very large subsidies offered by the Tasmanian Government (in which case these would need to be included in the economic analysis). There are 18 x Tier 1 and Tier 2 quality rectangular stadiums elsewhere in Australia (Queensland Government 2018) all with equivalent and typically much larger population catchments than Hobart and surrounds. Hence one would have to question why would professional rectangular field sporting bodies choose to use an oval ground/stadium in Hobart when there are a variety of Tier 1 & 2 quality rectangular grounds located in larger population centres elsewhere around Australia.

A recent comment I read sums up the feeling of rectangular sporting fans/governing bodies and hence the likelihood of this occurring, *"Yes rectangular sports can be played on giant ovals, just as you can dance with your siblings at a nightclub. However, no one wants to do or see either of these things"*.

If new rectangular sporting events were to play in Hobart, I anticipate they would play at one of the many other high quality cheaper and narrower oval AFL grounds that exist all across the state.

To this end my recommendation is that the TPC explore ways to ensure that the consultants engage/consult suitably experienced discipline experts (in addition to independent expert reviewers), to ensure all model inputs and assumptions are robust and able to withstand scrutiny.

Contextual information on the net economic impacts of stadiums post construction elsewhere in the world should be provided.

An incredibly rich vein of peer reviewed literature exists on the economic effectiveness of new stadiums and new sporting franchises (post construction) from around the world. I recommend that key studies/syntheses be reviewed, summarised and provided as contextual information in the reports and summary material. There is no reason why the economic effectiveness of the Macquarie Point stadium should be any different to the many hundreds of other stadiums that have been examined post-construction elsewhere around the world, in fact I strongly suspect the economic effectiveness of the Macquarie Point stadium and new sporting franchise would be considerably worse than most stadium

builds elsewhere around the world (i.e. there are only 7 guaranteed AFL games, whereas new stadiums and post-construction analysis of new stadiums and sporting franchises with as many as 80 (baseball) games per year elsewhere have been found to be economically ineffective!).

An independent demand analysis should be undertaken.

I note that Blundstone Arena is 1 of just 13 Tier 1 or Tier 2 quality ovals across Australia (Queensland Government 2019). Given York Park is also likely to be a Tier 2 quality oval with further upgrades, why does Tasmania need a third oval of Tier 1 or 2 quality when it would only have two sporting franchises (noting Victoria for example has an average of 4 sporting franchises per Tier1 or 2 stadium (Queensland Government 2019)? Furthermore I note:

1) AFL games have been played at Blundstone since 2012 without significant issues.

2) Former Geelong president Colin Carter, who authored an independent report into the viability of a Tasmanian side, believes the bid should not be contingent on a new stadium. Regarding a new stadium he stated (AFL 2022):

"I don't think that (should be) the initial priority,".

"Tasmanian grounds are regarded as perfectly adequate for playing AFL football at the moment".

3) In a study of stadiums in Queensland the Queensland Government stadium taskforce (Queensland Government 2019) found that upgrading their stadiums was a more cost effective option than building a new stadium.

To this end the Integrated Assessment economic analysis should include an independent demand analysis as well as an analysis of the economic effectiveness of a new sporting franchise playing at Blundstone Area, using realistic, peer reviewed attendance figures, and which can be compared to the analysis of the economic effectiveness of a new stadium at Macquarie Point and alternative options (see comments below).

Due to time constraints I only had the opportunity to comment on Section 3.

Specific comments on Section 3

A) The analysis should investigate the NET benefits to Tasmania not the GROSS benefits (which will be limited to 1-2 km of Macquarie Point at the expense of other businesses elsewhere in Hobart and Tasmania).

B) Regarding the CBA analysis, additional indirect costs to the community associated with the stadiums construction should also be included in the analysis (e.g. additional hard, soft and community infrastructure costs that will be incurred by the public in supporting the Macquarie Point stadium and integrating it into the city of Hobart). i.e. all 'hidden' costs must be explicitly shown.

C) The economic analysis must include an options analysis. This should include an analysis of 1) alternative uses of the site and 2) alternative uses of \$1 billion (or equivalent public (direct and indirect) cost of the development). Any business case worth its grain of salt includes a genuine options analysis. Recognising the challenges of investigating the economic impacts of alternative equivalent spending in the allotted timeframe, counter-factual/contextual information could be provided of CBA and the economic impact assessment for alternative projects that have been recently completed in Tasmania (e.g. irrigation, aquaculture, forestry, transport, hospital, prison, 3 Capes Walk developments). These comparative figures (which could simply be provided in tabular format) would provide useful contextual information for the general public, who have difficulty understanding the significance of large numbers (i.e. to many \$10m in additional regional benefits/year and 100 net new jobs may sound like a great deal, but when one compares it to what could be generated if the equivalent spend was invested in an alternative, it may quickly become apparent that it is a very poor deal).

Furthermore given that startup companies contributed 90% of net new jobs in Australia between 2004 and 2011 (Universities Australia 2019) it would be amiss not to investigate the option of investing in the creation of an environment (e.g. at Macquarie Point) that stimulates/incubates startup companies across all of Tasmania - to ensure the Tasmanian economy is diverse and can rapidly pivot in the future.

D) The intent to evaluate net economic effect (not gross economic effect) is applauded. However, I am weary of the use of a computable general equilibrium (CGE) models to evaluate net economic impact. While certainly not my area of expertise in a brief review of the literature I note there are very few peer reviewed references of the application of CGE models to evaluate the economic impacts of new stadiums and sporting franchises – what are the reasons for this? One reference I recall stumbling upon earlier (and of course now can't find!) suggested that CGE models may be inappropriate in evaluating the economic impacts of new stadiums and sporting franchises as they do not realistically respond to occasional stimulus events/economic 'shocks' to the model, as occurs with stadium operations. I also note numerous references of new stadiums and sporting franchises post construction that highlight that economic 'multipliers' (i.e. flow on effects) associated with on-going revenue generated by 'new' stadiums and professional sporting teams being significantly lower (e.g. a quarter) than the economic multipliers of (existing spending on) general consumption and the hospitality and entertainment industries (e.g. Siegfried and Zimbalist 2002). Is there sufficient data on stadium economic behaviour to be confident that CGE models in Australia can be suitably parameterised so they respond appropriately? These issues should be very carefully investigated before specifying the use of CGE models in the guidelines. My concerns are further fuelled by the fact that the CGE modelling used as part of the initial Macquarie Point business case reported 950 full time (i.e. on-going) jobs would be generated. This is completely at odds with literally hundreds if not thousands of peer reviewed analysis of new stadiums and sporting franchise post-construction, which consistently found no discernible increase in net new jobs (or economic benefits). This suggests to me that there is an issue with the way the CGE model is parameterised and/or the adequacy of its response to economic 'shocks'. Have the results of CGE models in Australia ever been post-audited (i.e. validated) on new stadiums and sporting franchises pre and post construction? Given the likely uncertainties in undertaking CGE modelling for this application it may be that it is more appropriate to undertake multiple approaches to estimate the NET economic impacts, particularly as CGE models are 'black-box', inaccessible to the general public and hence there is little transparency in how the results arise or whether the model is responding sensibly.

As an aside I also note that the information on the State Growth website vary in how the 950 jobs are reported. In some places it says 950 jobs per year will be created while the stadium is in operation (State Growth 2024), while in the business case it alludes to 950 full time/on-going jobs. Which is it? Is this a model interpretation or just a reporting issue?

These concerns also extend to the manner in which stadium tourism behaviour is incorporated into the CGE model. For example is the CGE model adequately parameterised to account for net tourism (noting Tasmanian's will travel interstate to support their club and thereby spend less money domestically or account for the fact that many sports tourists only visit for short periods of time due to the length of the weekend with many forgo visiting again on an extended holiday instead choosing to go elsewhere, or appropriately account for the 'crowding out effect' where there is a suppression of visits by other tourists not interested in sporting events due to increased local traffic noise and crowds generated by games and concerts)? Again I note that post construction economic analysis of new stadiums and sporting franchise do not discern any notable increase in net economic impact due to stadium/sporting team related tourism (e.g. Bradbury et al. 2022), even at venues reporting up to 30% of attendees being from interstate – far more than is likely to occur in Hobart. Is the TPC confident that the CGE model can adequately represent the post stadium construction observations reported in the literature?

In short before the guidelines are finalised people with more time and expertise than me should look very carefully into the shortfalls of CGE models when applying them to evaluate the on-going economic impacts of new stadiums and sporting franchises. As mentioned earlier given the likely uncertainties I would also suggest that multiple approaches to evaluating the net economic impacts be undertaken, rather than just relying on CGE modelling. While none of the numbers are likely to be right, collectively they could be useful.

The potential inadequacy of CGE models for this application makes the earlier recommendation that a contextual summary of peer reviewed the economic impacts of new stadiums and sporting franchises post-construction all the more important.

E) I applaud the intent to evaluate the 'crowding out effect' of stadium construction jobs and leakage of construction jobs to mainland states. Given the timeframes of the proposed project and the shortage of labour in Tasmania I anticipate that the leakage of jobs to the mainland would be very high. To this end the economic analyses should also estimate the impact of interstate labour on the rental market in Hobart and associated inflationary pressures should be modelled (e.g. the impacts of the stadium construction on the Tasmanian construction labour market and substantial construction price increases and construction delays that would most likely be incurred by other industries, businesses and domestic households).

I also applaud the intent to provide a 'counter-factual' estimate of the impact of an alternative investment of equivalent public funds. However, I recommend that the 'counter-factual' analysis be evaluated for a strategic pipeline of projects (of

equivalent public funds) spread over say 10 years (i.e. rather than the 2 to 3 years imposed by the AFL for the stadiums construction), which would obviously result in considerably less leakage of construction jobs to mainland states and provide longer-term local employment and training opportunities.

F) The social and cultural analysis report should also evaluate NET effects. For example, while having an AFL team is likely to increase participation in AFL at the grassroots level, this is largely likely to arise due to a reduction in participation rates in other sports (e.g. basketball, football, tennis, netball, rugby, surf lifesaving etc). History has shown that the AFL is not a collegiate organisation and will do everything in its power to undermine the standing of other sports. One need not look any further than the incredibly childish decision of the AFL to time the release of their 2023 round one draw at 6am on a Sunday morning in 2022 to coincide with kick-off of the Socceroos World cup round 16 clash (Daily Mail 2022). Hence assumptions that the training and playing facilities associated with the stadium would be readily available to other sports and other members of the sports community would have to be considered very carefully.

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