

**Submission
No 328**

INQUIRY INTO SYDNEY STADIUMS STRATEGY

Organisation: Local Government NSW

Date Received: 8 June 2018

Our ref: SUB-537

08 June 2018

Ms Jenelle Moore
Director Committees
Legislative Council Public Works Committee
Parliament House
Macquarie Street
Sydney NSW 2000

By email: public.works@parliament.nsw.gov.au

Dear Ms Moore

LGNSW Submission to the Legislative Council Public Works Committee Inquiry into the Sydney Stadiums Strategy

Local Government NSW (LGNSW) is the peak body for local government in NSW, representing all NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community based system of local government in the State. This submission is in draft form until endorsed by the LGNSW Board. Any revision made by the Board will be forwarded in due course.

LGNSW welcomes the opportunity to respond to the Legislative Council's Public Works Committee Inquiry into the Sydney Stadiums Strategy (the Strategy) and provides the following comments and issues for consideration in relation to some of the Committee's Terms of Reference for the inquiry.

a) The process by which the Government developed the Strategy.

It is understood that the Office of Sport's *NSW Stadia Strategy 2012*, prepared with assistance from KPMG, was used as a basis for the Strategy¹. LGNSW is concerned that the research used to inform the development of the Strategy is outdated or lacks current data given Sydney's projected population growth and recent press reports about stadium and field shortages across Sydney².

LGNSW notes that the NSW Government announcement in November 2017 of its intention to replace the existing Sydney Football Stadium and then subsequently commissioning

¹ NSW Government, *Stadia Strategy Implementation Report – Priorities and Recommendations*, 2015, available at: https://sportandrecreation.nsw.gov.au/sites/default/files/Stadia_Strategy_Implementation_Report.pdf.

² See for example: Sydney Morning Herald, *Sydney faces sports field shortage*, 4 February 2017, available at: <https://www.smh.com.au/national/nsw/sydney-faces-sports-field-shortage-20170105-gtm7b5.html>.

Infrastructure NSW to prepare a business case on the decision does not reflect good planning processes and does not follow its own NSW Gateway Policy (TPP 17-01)³.

Infrastructure NSW did prepare the Final Business Case between mid-December 2017 and late February 2018 – a two-and-a-half-month period that coincided with the Christmas/New Year holiday period. LGNSW suggests that this relatively short time period to progress the initiation and project planning phases of the Gateway Process brings into question the robustness of the business case itself.

Unfortunately, as only a summary of the business case has been made publicly available, it is not possible to interrogate its assumptions and conclusions with any detail. LGNSW has identified some claims in the business case that require further analysis and/or detail including:

- The delivery of an additional 49 – 52 events per year on average (one per week) appears optimistic, and there is no indication of the size (and thus impact) of these events. For example, will they have an average attendance of 1,000 people, or 40,000 people?
- Average attendances to increase by 15 per cent. It is unclear whether this is due to the forecast additional events or to existing events.
- It is unclear whether the business case includes provision for the costs associated with this forecast increase in patronage (traffic congestion, increased road and related public infrastructure usage, public transport usage).
- It is unclear what the net impact on employment will be, as the business case identifies savings in operating costs (i.e. salaries) as one of three benefits from the new stadium, yet the report talks about benefits to businesses and workers.

Despite these apparent deficiencies in the process and the very limited time provided to develop the business case, LGNSW notes that in economic terms, neither of the rebuild options has an estimated benefit-cost-ratio (BCR) of greater than one. LGNSW also notes the Government has stated that no events will be moved from ANZ Stadium in the long term and requests details on the report which demonstrates that the stadiums will return \$2 billion per year, including a breakdown between sporting events and concerts.

b) Modelling or cost benefit analysis that informed the strategy.

LGNSW is concerned that the Strategy is not supported by a comprehensive business case, including appropriate analysis and relevant evidence. The *NSW Stadia Strategy 2012* presents no solid statistical evidence to support such investment in new stadia. This includes the absence of a comprehensive economic and social benefit rationale for the Strategy.

There appears to be no consideration of the opportunity cost of implementing the Strategy rather than investing in improving grass roots sporting facilities and recreational spaces across the greater Sydney region. Of particular concern to neighbouring councils is the fact that the opportunity cost of rebuilding Allianz Stadium, in terms of the impact on local

³ NSW Government Treasury, *NSW Gateway Policy*, 17 February 2017, available at: <https://arp.nsw.gov.au/tpp17-01-nsw-gateway-policy>.

facilities, has not been addressed. The BCR of less than one suggests the project will cost far more than it benefits the community⁴.

As noted by the Planning Institute of Australia, it is crucial that investment in local sporting facilities and open space should not be hindered by major stadium investments such as these⁵. LGNSW agrees that there is a strong argument for investments to support sport and recreation demands in multiple growth precincts across Sydney and regional NSW.

c) The economic and social justifications for the strategy

and

h) The impacts of the strategy on the community

LGNSW members have expressed strong concern about the sporting funding inequities, experienced especially in regional areas, of prioritising elite sporting fields over community facilities for the public good. Without adequate community consultation, LGNSW argues that the full impact on communities cannot be robustly assessed.

Without a clear and measurable benefit to the community, LGNSW supports the argument that the funding of this project be reallocated to sporting infrastructure across NSW rather than to the congested city fringe.

LGNSW calls on the NSW Government to undertake thorough community consultation to ensure that the stadium strategy is economically and socially justifiable in terms of its impacts on the broader community. LGNSW also urges the NSW Government to ensure that the stadiums strategy aligns with the Premier's Priorities in terms of fair funding of infrastructure across NSW as well as tackling childhood obesity through the promotion of active living.

d) The development and planning assessment process for Sydney's sports stadiums

LGNSW considers the timeline for the project of six months as indicated by Infrastructure NSW is insufficient for an appropriate level of planning and consultation to be undertaken for a project of this size and complexity.

The Planning Institute of Australia notes that the process for planning and investment in Sydney's sports stadiums has fallen short of good public policy by failing to:

- Set out clear program objectives and outcomes
- Address strategic plan priorities and spatial planning outcomes at local and regional levels
- Consider valid alternative options (including non-infrastructure options)

⁴ John Brockhoff, Planning Institute of Australia, The Fifth Estate, *Planning for great stadiums needs great public policy*, 11 April 2018, available at: <https://www.thefifthestate.com.au/columns/spinifex/planning-for-great-stadiums-needs-great-public-policy>.

⁵ Ibid.

- Present transparent business cases upfront.⁶

LGNSW agrees with this assessment and as such, also supports Recommendation 6 in the Stadia Strategy Implementation Report, Priorities & Recommendations that:

A detailed implementation plan be developed to manage design durations, venue management during construction, statutory and regulatory requirements, authority approval needs, governance changes and construction durations.

LGNSW also recommends that this report be made available for public consultation when published.

e) The management and adequacy of safety and maintenance at Allianz Stadium

There is conflicting information regarding the management of safety and maintenance aspects of the Stadium. Up until 2015, the annual reports of the SCG Trust were complimentary about the condition of the Allianz Stadium and referred to the SCG Trust's success in managing its operations and maintenance without reliance on government funding. From 2016 onwards, there have been reports indicating 'critical' safety, security and compliance costs, with the latest repair costs estimated to be around \$500 million.

f) Attendance rates at Sydney's sports stadiums

In support of its call for increased funding to community facilities, LGNSW provides the following information as a comparison and indicator of the need for a more robust opportunity cost analysis of the Strategy.

Data on the utilisation rates for 2014 across the three stadia indicate attendance is comparatively low, with Sydney Football Stadium at 21%, Stadium Australia at 24% and Parramatta Stadium at 16%. In contrast, the two main stadiums in Victoria, the MCG and Etihad Stadium, have substantially higher utilisation rates of 39% and 29% respectively⁷.

As a comparison, NSW public libraries have relatively high utilisation numbers, with visits by more than 34.8 million people each year. The Sydney Cricket Ground, Allianz and ANZ stadiums combined attract an average 3.1 million visits per year.

g) The total cost of the strategy

The cost of the most current strategy is \$1.5 billion higher than the original estimates provided by the NSW Government. There have been regular shifts in estimates for the Strategy, the result of which is a Strategy that is not supported by a thoroughly considered economic and social benefit rationale. LGNSW requests that the Government follow agreed public planning policy and provide a review into the costing of the Strategy.

i) Options to protect, preserve and expand green space at Moore Park

Neighbouring councils to the Moore Park precinct have expressed concern regarding the disruption to the surrounding residential (conservation) areas and parklands due to the

⁶ Ibid.

⁷ NSW Government, *Stadia Strategy Implementation Report – Priorities and Recommendations*, 2015, available at: https://sportandrecreation.nsw.gov.au/sites/default/files/Stadia_Strategy_Implementation_Report.pdf.

demolition, construction and ongoing operations of the new stadium, which will not only include sporting events but large music concerts.

There is also community concern regarding increased traffic congestion with the combination of the sporting stadia and the widened road to accommodate the Alexandria to Moore Park Connector from St Peters Interchange to Anzac Parade. The ongoing loss of trees to facilitate an expanded footprint of the new stadium is another significant impact of concern.

The design of the existing Allianz Stadium roof was built to reduce bulk and impact on surrounding parklands. Without clear details of the proposed re-design, stakeholders and residents cannot reasonably assess the true impact on the surrounding area.

LGNSW welcomes the opportunity to provide input to the Legislative Council's Public Works Committee Inquiry into the Sydney Stadiums Strategy. For further information please contact Chris Maclean, or

Yours sincerely

Kylie Yates /
Director Advocacy