

**Supplementary submission to Inquiry into the Tasmanian Government's process into the feasibility planning for a new sporting and event stadium in Hobart, Parliamentary Standing Committee of Public Accounts.**

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I am writing to update my earlier submission. The Appendix on the Cost Benefit Analysis was released a couple of days after I sent in my submission, and further issues have emerged.

**The issue is whether the spending-per-visitor (event yield) estimates used in the CBA include spending on attending the event itself – tickets, refreshments etc. If this is the case, benefits are overstated.**

If the estimates of spending supplied by Events Tasmania are based on the Tasmanian Visitor Survey, spending by visitors at events (admission, drinks etc.) is *already included* in the total 'other' spending while they are in Tasmania – See q.13 of the Tasmanian Visitor Survey.

This issue crops up in a few places. Initially it relates to the treatment of the Tourism Benefit derived on p.18 of the CBA. This derivation starts by drawing on the visitation analysis reported in Appendix 6 of the Business Case, together with spending-per-visitor estimates supplied by Events Tasmania. Multiplying these two components event-by-event leads to an estimate of annual visitor expenditure.

The CBA then uses an analysis by the NSW Department of Premier and Cabinet to derive the tourism benefits. Annual visitor expenditure is multiplied by (redacted) ratios to obtain an estimate of

Labour surplus  
Producer surplus  
Financial Benefit

Provided the expenditure estimate is appropriate this is probably an acceptable shortcut in the absence of a more expensive analysis based on Tasmanian data.

However, event organisers set their ticket prices to cover their costs, as do vendors within the stadium. In that case, would be incorrect to include the visitor's share of costs borne by the event organisers as *additional* tourism spending benefit if it had *already* been included in the spending-per-visitor estimates. The same applies to visitor expenditure on refreshments etc within the stadium. So, for interstate and international visitors, it would be double counting to include, as the CBA does, the following measures of visitor spending:

- The visitor share of venue hire fees

- The visitor share of ticketing revenue
- The visitor share of food and beverage revenue

To the extent that visitor expenditure is overstated, so are the estimates of tourism benefit.

Now turn to the treatment of spending in the Financial Benefit reported on pp 19-20 of the CBA. Take the food and beverage spend as an example. On the above interpretation of the Event Yield, *only the spend by Tasmanian attendees should be considered*. If visitor's attendance costs are included in their event yield, double counting has occurred. The same applies to all four of the components of Financial Benefit.