

HOBART STADIUM CAPACITY OPTIMISATION ANALYSIS

Final Report
29 Aug 2022

About this Report

Overview

MI Global Partners (MI) has been commissioned by the Australian Football League (AFL) to undertake a demand and optimisation analysis and provide data and insight into what the suitable capacity should be for the potential new Hobart Stadium.

This report assesses the costs and benefits of developing the stadium at different capacities and the future content acquired by the stadium. In theory, the stadium capacity is optimised when demand and yield for the future event content is maximised and outweighs the cost of the development.

In compiling this report, MI has undertaken research into historical attendances, as well as stakeholder engagement with Events Tasmania, Infrastructure Tasmania, AFL, Football Australia, Rugby Australia, Live Nation and TEG.

All assumptions used and sources of information are detailed throughout the report. It should be noted that pre 2020 attendances were used in the development of this report to account for anomalies as a result of the COVID-19 pandemic.

Disclaimer

MI has prepared this report in conjunction with and relying on information provided by third parties. We do not imply, and it should not be construed that we have performed any audit or due diligence procedures on any of the information provided to us.

It is important to note that the quantification of the optimal stadium capacity through the identification of event content and its projected attendances and visitation is not a precise science. Accordingly, MI do not accept any responsibility for errors or omissions, or any loss or damage as a result of any persons relying on this report for any purpose other than that for which it has been prepared.

The report should not be provided to any other persons other than representatives of the AFL and Tasmanian Government or made public without the prior written consent of MI.

MI disclaims all responsibility and all liability (including without limitation, liability in negligence) for all expenses, losses, damages and costs any party might incur as a result of the information being inaccurate or incomplete in any way, and for any reason.



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Illustration purposes only

Executive Summary

Potential Stadium Content

- Outside of AFL (AFL and AFLW), there is appetite (from content owners) and consumer demand for additional content such as Football (Socceroos, Matildas, U23, A-League), Rugby (Wallabies and Super Rugby), Cricket (International and domestic BBL), Ad-hoc entertainment events (i.e. International Football Friendlies, Supercross etc.), Musical acts / concerts, World Cup content, Business events and existing Tasmanian events utilising the new stadium.
- The following would assist in driving stadium utilisation:
 - High functionality (i.e. moveable multi-purpose seating modes)
 - A retractable roof to provide greater confidence in attendances / promoters and provide more event options
 - Flexible hospitality spaces, business event spaces configurable to suit varying capacities (>1,500 ppl)
 - Modern stadium technology such as LED functionality, stadium WiFi etc.
 - Increased content acquisition fund to secure high demand content or to reduce the risk for the proponent (offsetting gate revenues).
- An annual event calendar of 44 events (28 new to Tasmania) could be achieved with an estimated additional acquisition budget of \$5.3M.
- It is projected that the stadium could see on average 587,000 in attendance each year, 420,000 attendees from events that are new to Tasmania and 115,700 (104,000 from new events) interstate and overseas visitors each year.

Content	Content per year	Estimated Attendance per event
<u>AFL</u>		
AFL Final Matches (i.e. Dedicated Tasmanian team)	0.25	30,000
AFL Regular Season Matches (i.e. Dedicated Tasmanian team)	7	20,000
AFLW Matches (i.e. Dedicated Tasmanian team)	2	5,000
<u>Football</u>		
A-League Matches (i.e. Western United)	3	7,500
Tier 2 Socceroos (i.e. vs Qatar) and Tier 1 Matildas (i.e. vs Brazil)	0.25	22,500
Youth international football (i.e. Olympics U23 qualifiers etc)	0.25	5,000
<u>Rugby</u>		
Tier 2 Wallabies (i.e. vs Fiji, Japan)	0.25	22,500
Super Rugby Magic Round	0.25	20,000
Super Rugby Matches (i.e. Melbourne Rebels)	2	7,500
<u>Cricket</u>		
Test Matches (i.e. Ashes)	0.125	67,500
Men's ODI / IT20	0.5	17,500
Women's ODI / IT20	0.5	7,500
BBL (i.e. Hobart Hurricanes)	4	10,000
WBBL (i.e. Hobart Hurricanes)	4	5,000
<u>Entertainment</u>		
Tier 1 concerts (Internationals)	3	30,000
Tier 1 minus concerts (Internationals or popular Australian)	5	15,000
Ad-hoc sport (i.e. UFC, Football Internationals, Boxing, College Football, Supercross, Motocross)	3	22,500
<u>Existing Tasmanian Events</u>		
Dark Mofo / Mona Foma	2	7,500
Local events (i.e. Targa, Festival of Voices, Aust Wooden Boat Festival)	3	5,000
Mass Participation events (i.e. Australian Masters Games, International Transplant Games, Special Olympics)	0.25	15,000
<u>Business Events</u>		
Business Events (>1,500 ppl)	2	2,500
<u>World Cup Content</u>		
Tier 3 Content	0.5	27,500
Tier 4 Content	0.5	17,500
Weighted Total / Annual Average	43.625	587,188

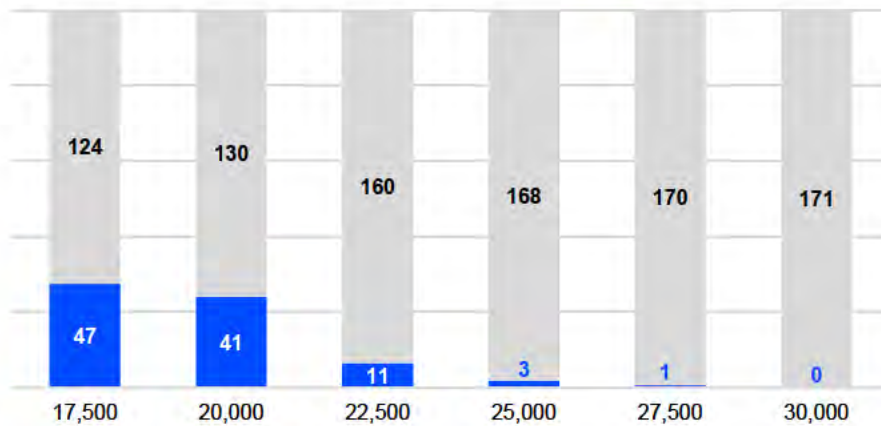
Key 0.25 = 1 every 4 years, 0.125 = 1 every 8 years

Executive Summary

Impact of Stadium Capacity

- Based on a projected event calendar, it is estimated that 171 events that could be hosted across a 4-year cycle.
- An event will be impacted when demand and attendances exceeds stadium capacity ensuring smaller attendances, less visitors, smaller event yield as well as restricting commercial viability.
- About 24% of events will be impacted at a capacity of 20,000 or under, falling to just 6% of events impacted at a capacity of 22,500.

Events impacted at different capacities ■ Impacted ■ Not Impacted



Executive Summary

Optimisation Analysis Overview

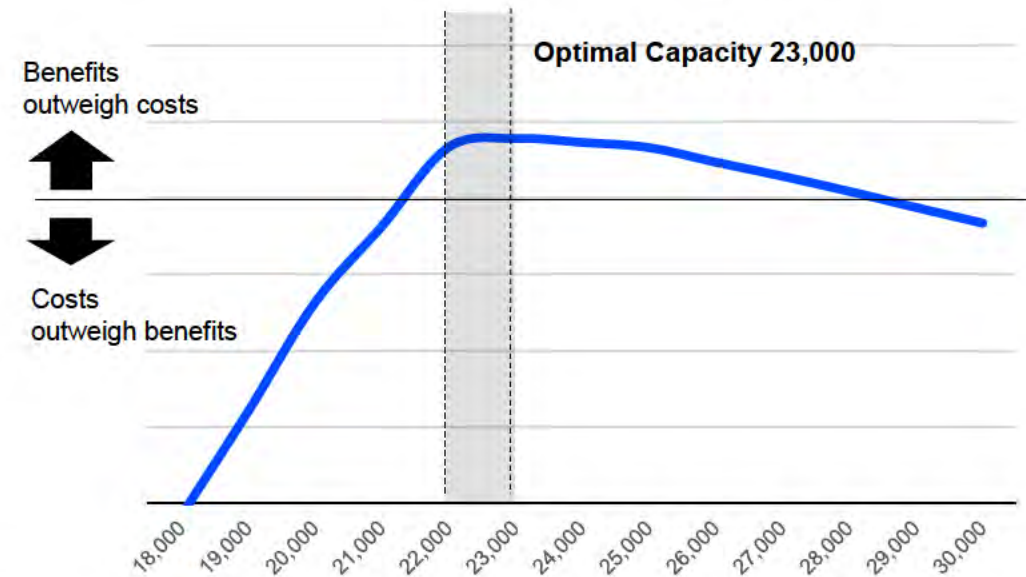
- The optimisation analysis assesses the benefits (i.e. yield – the new money spent in Tasmania as a result of visitation to new events) Hobart Stadium content generates against construction costs of the new stadium, content acquisition fees and Tasmanian Government contribution to AFL
- A favourable capacity of the development is when the present value of net benefits exceeds the present value of net costs.
- The optimal capacity is the capacity that returns the largest positive differential of present-day benefits and present-day costs.

Findings

- The benefits generated through event content outweigh development costs at an increasing rate from 18,000 to 22,000 capacity, before plateauing and then falling when the capacity increases above 24,000.
- This is a result of the number of events impacted by the capacity falling from 23% at a 20,000-seat capacity to only 6% of events impacted at a 22,500-seat capacity.
- It also shows that increasing from 22,500 to 25,000 capacity will see only 8 events over 4 years (2 marquee AFL matches a year – i.e. vs Collingwood or Richmond that could achieve 23,500 - 24,500 in attendance) no longer restricted, however the additional construction costs (~\$30M) of at 25,000 seat stadium compared to a 22,500-seat stadium outweighs the benefit of maximising the attendances and visitation for these matches.
- It should be noted that developing the stadium capacity below 20,000 (mid cost scenario) will return a negative result for Tasmania, i.e. costs outweighs the benefits of hosting 44 (28 new) events per year.

It is recommended that the optimal capacity for the potential new Hobart Stadium to be 23,000

Optimisation Analysis – Benefits relative to costs (Baseline scenario)



Report Main Body



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Historic AFL Attendances in Tasmania

From 2015 to 2019, Hawthorn (HFC) averaged 13,480 in attendance at UTAS Stadium, with a highest attendance of 18,112 against Carlton in 2016.

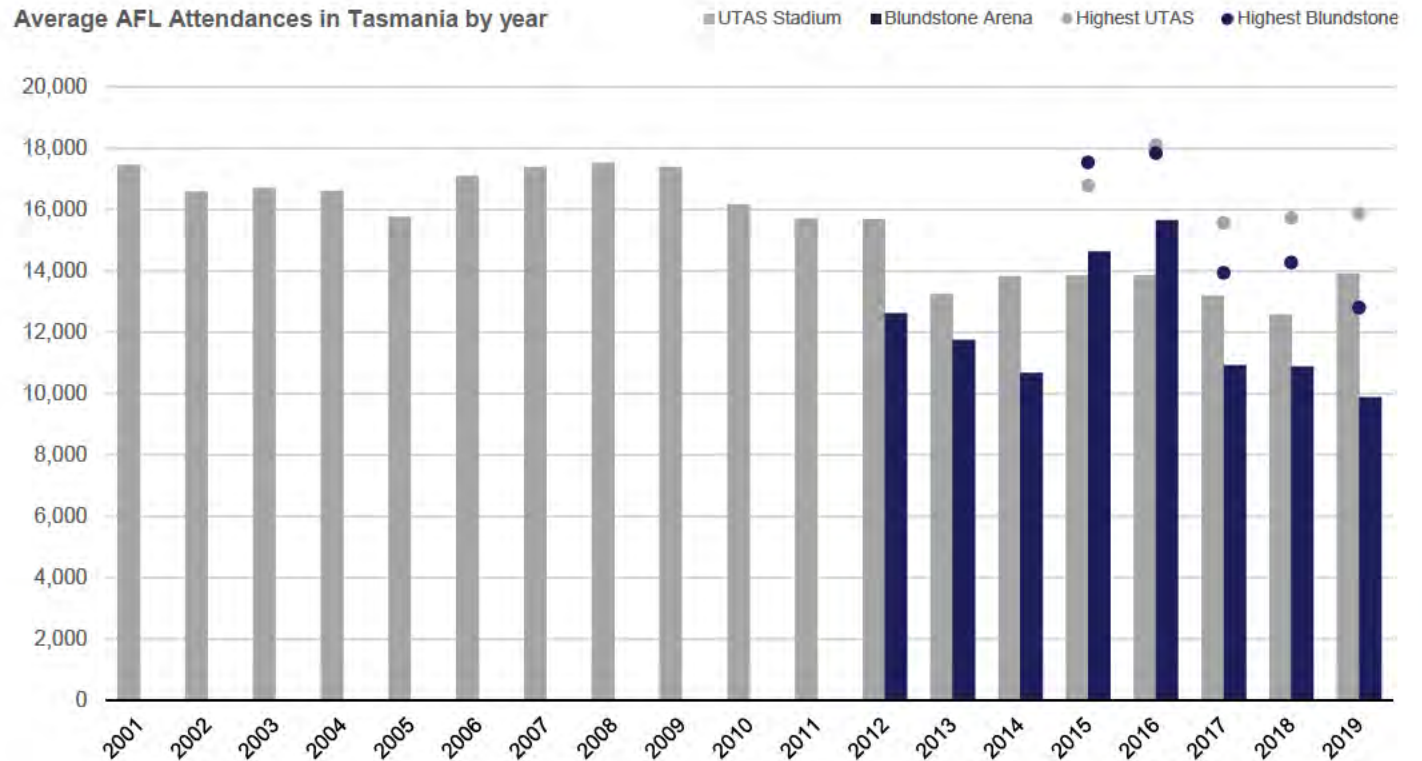
During the same period, North Melbourne (NMFC) averaged 12,236 at Blundstone Arena, with a highest attendance of 17,844 against Richmond, also in 2016.

Analysis of match attendances from 2015 to 2019 shows there is a significant uplift (+28%) in attendances when HFC and NMFC play against Melbourne based sides compared to non-Melbourne based sides. This is most likely due to greater local support for Melbourne based sides (due to no existing dedicated Tasmanian AFL team) and likely increased interstate travel and support for these sides from Melbourne in comparison to non-Melbourne based sides.

Average Attendances 2015 - 2019

Host Team	Vs Melb based sides	Vs Non-Melb based sides	% Uplift
HFC	15,793	12,235	29%
NMFC	13,681	10,791	27%
Total	14,737	11,513	28%

Average AFL Attendances in Tasmania by year



Source: Austadiums

Key drivers to maximising AFL attendance

There are three key factors that will maximise attendance for the proposed Tasmanian AFL team:

- Draw / quality of content (i.e. stronger competing teams, Melbourne based)
- Strength of the membership model
- Stadium experience

Draw and quality of content

AFL attendances in Tasmania have been declining in recent years, however, this could be driven by the fixturing with both HFC and NMFC hosting the same lower drawing non-Melbourne sides (i.e. GWS, Port, Fremantle, Gold Coast) year after year.

Attendance analysis since 2015 suggests that matches versus Melbourne based sides see a 28% uplift in attendances versus non-Melbourne based sides.

NMFC and HFC matches also saw a 3,000 to 5,000 uplift in attendance in the same year when they played against stronger supported Melbourne based sides such as Richmond and Carlton in comparison to other Melbourne based sides such as Melbourne and St Kilda.

Strength of the membership model

One significant factor driving attendance in all stadiums is the ample availability of seats for each event. Local attendees for UTAS Stadium and Blundstone Arena often can make their decision to attend events on the day due to weather and perceived quality of the match as a result of the high availability of tickets left on match day.

Developing a strong membership model can assist in creating scarcity of seats and higher demand for tickets, whether it is venue based like the Sydney Football Stadium or Suncorp Stadium (allowing members to have access to multiple types of content such as Rugby League, AFL, Super Rugby, and A-League) or club based like Geelong Cats and West Coast Eagles.

These AFL clubs have been able to sell more club memberships compared to their home ground seating capacity resulting in near sellout matches each week (93% and 89% of capacity respectively), well above the 2019 AFL average of 63%. On the other side of the spectrum, Gold Coast Suns has the lowest membership of all AFL clubs (13,649) correlating to the lowest attendance as a percentage of capacity (51%).

Team	2019 Members	Seating Capacity	2019 Avg crowd (% of capacity)
West Coast Eagles	103,358	60,156	89%
Geelong Cats	65,063	36,000	93%
AFL Average	58,754	-	63%
Gold Coast Suns	13,649	22,500	51%

The AFL Taskforce Business Case states the Tasmanian AFL team could attract up to an estimated 28,000 ticketed club members in Tasmania.

The 28,000 Tasmanian memberships would be split between full season, Launceston matches only, Hobart matches only as well as 3 match memberships. It is estimated that 14,700 of the 28,000 would have access to each of the Hobart Stadium matches.

Further strengthening the membership model and creating a scarcity of seats available to the general public will only further drive attendances each week.

Key drivers to maximising attendance

Stadium Experience

There are several strong case studies that indicate an improved stadium experience has a significant impact on attendances.

This experience can be delivered through modern stadium design delivering safe and clean amenities, improved access to quality food & beverage and other amenities, a better and more comfortable view, an exciting atmosphere within the stadium (i.e. enclosed roof and seating bowl) as well as a connection to a vibrant surrounding precinct.

Three new or redeveloped Australian stadiums in recent years has demonstrated that attendances can increase significantly for the exact same content.

Adelaide Oval, Optus Stadium and more recently CommBank Stadium have seen an increase in attendance for like for like content of 30%, 50% and 44% respectively.

Uplift in attendances – Redeveloped Stadiums

Stadium	State	Opened	Attendance Uplift
Adelaide Oval	SA	2014	+30%
Optus Stadium	WA	2017	+50%
CommBank Stadium*	NSW	2019	+44%

*CommBank Stadium uplift is based on Parramatta Eels attendances

Although it is hard to project what the impact of a new state of the art, potentially roofed stadium in Hobart would have, the evidence above suggests it will drive greater attendances and visitation compared to its existing stadia in UTAS Stadium and Blundstone Arena.



Projecting Attendances for the Proposed Tasmanian AFL Team

AFL attendances can be split into four key categories – members, hospitality, local GA and interstate GA.

It is expected that 100% of member's tickets are used each week for matches against Melbourne based sides (14,700) and 85% for matches against non-Melbourne based sides (12,495).

PWC's Background report - The current economic impact of AFL in Tasmania states that Tasmanian AFL matches see an average of 22.5% interstate visitation. It also states a low scenario where matches only see 15% visitation which is likely attributable to matches involving non-Melbourne based sides (i.e. 1,835 average interstate visitors) and a high scenario of 30% visitation (likely attributable to matches involving Melbourne based sides (i.e. 4,740 visitors). It is expected the new roofed stadium will drive visitation further and for the purposes of this analysis, it is estimated an uplift of 10% visitation (i.e. 2,020 for non Melbourne sides and 5,215 for Melbourne based sides).

The remaining attendees are local GA or corporate hospitality. HFC at UTAS Stadium saw between 415 and 1,060 GA and hospitality attendees for matches against non-Melbourne and Melbourne based sides respectively. The new stadium, with greater and improved hospitality facilities and enhanced spectator experience, is projected with see this category of attendees double.

Match Attendance vs Non-Melbourne based teams

	Members	Local Corporate and General	Interstate	Total
HFC matches	10,000	415	1,835	12,250
Tas matches	12,495	830	2,020	15,345
Difference (% uplift)	2,495 (25%)	415 (100%)	185 (10%)	3,095 (25%)

Match Attendance vs Melbourne based teams

	Members	Local Corporate and General	Interstate	Total
HFC matches	10,000	1,060	4,740	15,800
Tas matches	14,700	2,120	5,215	22,035
Difference (% uplift)	4,700 (47%)	1,060 (100%)	475 (10%)	6,235 (39%)

HFC and NMFC high and low attendances each year are +/- 10% compared to the average for matches against Melbourne based sides and +/-15% for matches against non-Melbourne based sides.

Based on the averages calculated, the range in attendances are therefore expected to be between a low of 13,000 (i.e. GWS / Gold Coast) and a high of 24,250 against a big Melbourne based club such as Richmond or Collingwood.

On average, each non-Melbourne side plays 4.5 matches at home versus other interstate teams, and 6.5 home matches against Melbourne based sides.

Using this logic, the projected average home attendance for a Tasmanian AFL team at the new Hobart Stadium is:

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Stadium Utilisation Benchmarks

An assessment of the major stadiums across Australia shows utilisation to be as low as 10 events per year for UTAS Stadium (and other Tier 2 and Tier 3) venues, and up to 75 events per year at Marvel Stadium.

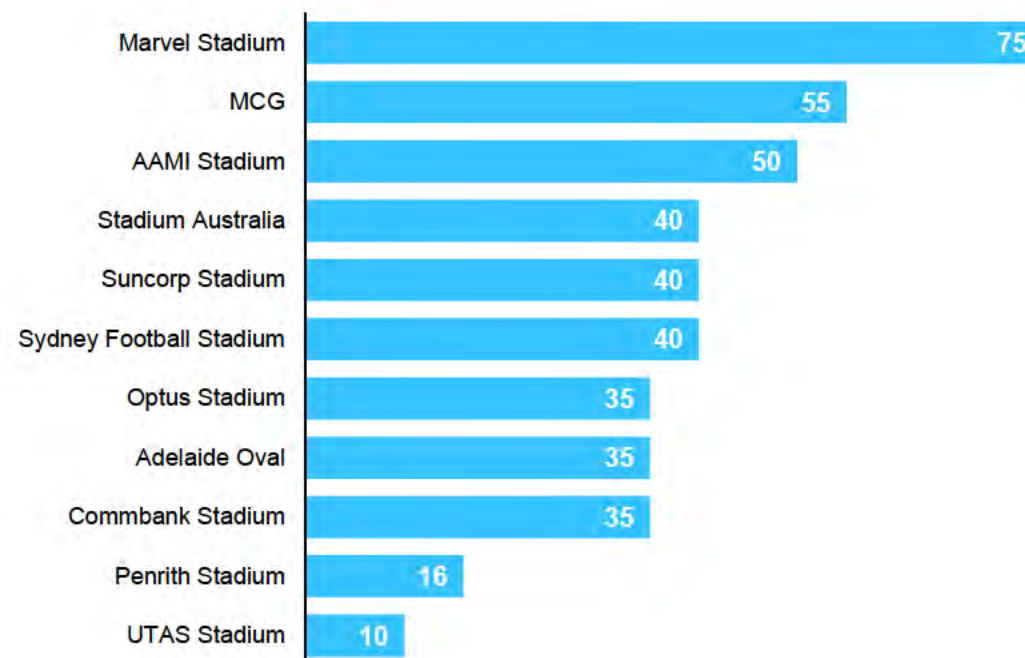
The majority of commercially viable Tier 1 venues have multiple tenants, that utilise the venue between 35 and 55 events per year, or a utilisation rate of above 67% (events per week).

All venues are different in terms of its commercial model and the commercial agreements it has in place, and therefore it is difficult to know the commercial breakeven point for each individual venue. For example, Tier 1 venue Marvel Stadium requires between 40 and 50 events each year to break even, while Tier 2 venue Penrith Stadium (capacity of 22,500), requires upward of 20 events each year to break even.

Based on the likely capacity for the new Hobart Stadium making it a Tier 2 venue and similar size to Penrith Stadium, the estimated breakeven point is therefore between 20 and 30 events per year.



Major Stadium Utilisation – Number of events per year

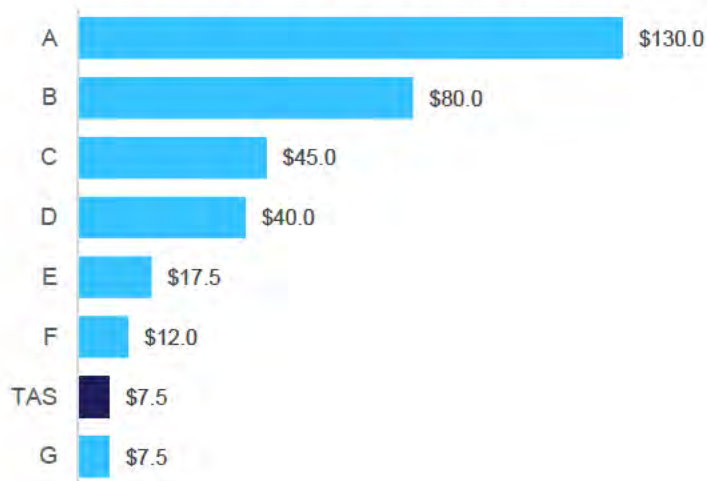


Drivers of Stadium Utilisation

Acquisition strategy and budget

There is strong competition in the major event landscape in Australia, with Tasmania's budget significantly lower than the five mainland states. This significantly inhibits Tasmania's ability to acquire ad-hoc major events and World Cup content such as the upcoming FIFA Women's World Cup 2023 and Rugby World Cup 2027.

Estimated Major Event Budgets by State Tourism Bodies (\$M)



Following the 2021 State Election, the Tasmanian Government committed to establishing Stadiums Tasmania. The establishment of Stadiums Tasmania will enable the development of a longer-term stadia strategy for Tasmania.

This entity will take ownership of both UTAS Stadium and Blundstone Arena as well as the new potential Hobart Stadium and is expected to manage the stadiums with an increased commercial lens. It is understood that the new entity is likely to have an event acquisition budget on top of the expected increased acquisition budget for Events Tasmania.

Outside of acquisition budgets, Events Tasmania are also investigating the establishment of a risk pool which will assist in acquiring music content by off setting the risk to promoters (i.e. offsetting the gate revenue, should the event not reach the promoters desired attendance target).

With increased budgets, establishing a concert risk pool and a focused acquisition strategy, there is a potential for additional acquired content at the new Hobart Stadium to ensure the stadium can reach its utilisation target of between 20 and 30 events each year in addition to targeting more ad-hoc special events and future World Cup content.

Increasing appeal for content owners

MI undertook stakeholder interviews with key content owners to understand what the appetite would be to host non-AFL content at the potential new Hobart Stadium.

The interviews included TEG and Live Nation (music, ad-hoc sporting major events), Football Australia and Rugby Australia.

Overall, interest was high to bring content to Tasmania, however it was noted that in addition to acquisition fees, the following would assist in driving stadium utilisation:

- High functionality (i.e. moveable multi-purpose seating modes) to increase appeal for the rectangular sports such as Football and Rugby and smaller 'arena' type concerts
- A roof would provide greater confidence in attendances by improving fan comfort and experience, making it weatherproof and guaranteeing pitch conditions. It should be noted that from a musical act perspective, there is no difference acoustically whether it is fixed or retractable, however a retractable roof provides more options (fireworks display vs intimate arena setting)
- Flexible hospitality spaces, business event spaces configurable to suit varying capacities (>1,500 ppl)
- Modern stadium technology such as LED functionality, stadium WiFi etc.

Potential Stadium Content

Potential annual content

The following has been identified as potential content that could be hosted by the new Hobart Stadium:

AFL

- AFL Finals matches (i.e. Dedicated Tasmanian team)
- AFL regular season matches (i.e. Dedicated Tasmanian team)
- AFLW regular season matches (i.e. Dedicated Tasmanian team)

Football

- Tier 2 Socceroos and Tier 1 Matildas matches (i.e. international friendlies, World Cup / Asian Cup qualifiers)
- A-League matches (i.e. Western United)
- Youth International / U23 (i.e. Olympic qualifiers)

Rugby

- Tier 2 Wallabies matches (i.e. June-Sep internationals)
- Super Rugby matches (i.e. Melbourne Rebels)
- Super Rugby Magic Round (i.e. hosting a round of all Super Rugby teams across one weekend)

Business Events

- Business events catering for > 1,500 persons

Cricket

- Test matches (i.e. Ashes)
- Men's ODI / T20
- Women's ODI / T20
- BBL and WBBL

Entertainment

- Tier 1 concerts (i.e. international acts such as Guns n Roses)
- Tier 1 minus / arena concerts (i.e. international acts such as The Killers or Australian acts like Midnight Oil)
- Ad-hoc sport events such as Football Internationals (i.e. Crystal Palace v Leeds), Boxing, WWE, UFC, College Football, Motocross, Supercross).

Existing Tasmanian Events

- Dark Mofo / Mona Foma
- Local events (i.e. Targa, Festival of Voices, Australian Wooden Boat Festival)
- Mass Participation events (i.e. Australian Masters Games, International Transplant Games, Special Olympics)



Potential Stadium Content

Additional World Cup content

In addition to the annual content, there is also one off World Cup content that could potentially be hosted by the Stadium.

Australia is currently embarking on the Green and Gold decade (2022 – 2032), where it will host a number of major World Cups such as the ICC T20 World Cup, FIBA Women's World Cup, FIFA Women's World Cup, Men's and Women's Rugby World Cups in 2027 and 2029 and of course the 2032 Summer Olympic Games in Brisbane.

In addition to the current list of events, it is likely that additional major event content will be acquired in the lead up to 2032.

These events drive significant interstate and international visitation but also come with more rigid venue requirements and significant acquisition fees.

Tasmania has missed out on up and coming World Cup content due to not having a stadium that meets the minimum capacity requirements (i.e. FIFA Women's World Cup) and other venue specifications, meaning significant additional venue overlay costs is needed outweighing the cash for content offered by the State (i.e. Rugby World Cup 2027).

The new Hobart Stadium therefore needs to ensure that it can compete for content by meeting minimum seating capacity requirements as well as up to date stadium specifications.

Based on an assessment of the minimum venue seating capacity requirements (following slide) and expectations of major World Cups such as the FIFA Football World Cup, Rugby World Cup, Asian Cup and the ICC Cricket World Cup, there is content that could be hosted by a venue under 30,000 capacity.

The Tier 3 (20,000 – 30,000) and Tier 4 (<20,000) content includes:

- Category C matches for the Men's Rugby World Cup
- Group matches including the Opening Match for the Men's ICC Cricket World Cup
- Quarter Finals and Group Matches for the Women's FIFA World Cup
- Quarter Final and Group Matches for the Men's Rugby League World Cup
- Semi Final, Quarter Final and Group Match (excl Opening Match) for the Men's Asian Cup
- Semi Final, Quarter Final and Group Match (incl Opening Match) for the Women's Rugby World Cup
- Semi Final, Quarter Final and Group Match (incl Opening Match) for the Women's ICC Cricket World Cup

Australia will host 7 - 8 major events of this specification over 14 years (2015-2029), making it on average one major World Cup every 2 years.



Minimum Venue Seating Capacity Requirements / Expectations – Major World Cups

	Tier 1 Content				Tier 2 Content			Tier 3	Tier 4 Content		
	80,000+	60,000+	55,000+	50,000+	40,000+	35,000+	30,000+	20,000+	15,000+	10,000+	5,000+
Men's FIFA WC	Final OM	SF			Bronze QF Rd16/32 Group				<i>Up to 30,000 capacity</i>		
Men's Rugby WC		Final SF OM			Bronze QF Cat A		Cat B	Cat C			
Men's ICC WC				Final	SF		QF	OM	Cat A Cat B	Cat C	
Women's FIFA WC			Final OM			SF		QF Group			
Men's Asian Cup					Final OM			SF QF Group			
Men's Rugby League WC					Final		OM SF	QF Group			
Women's Rugby WC							Final		SF QF Group		
Women's ICC WC							Final		SF QF OM		Group

Key Content Assumptions

- Hobart Stadium is assumed to be operational in 2030 (ideally 2028, however due to current Tasmania infrastructure pipeline and building challenges, 2030 is a more realistic target).
- It is estimated that from 2030, the new Hobart Stadium could host up to 44 events per year should Hobart host 7 regular AFL season matches.
- This could be achieved with an additional acquisition budget of \$5.5 million plus access to the risk pool for music content.
- It is estimated that the stadium could see **587,000 in attendance each year, and 115,700 interstate and overseas visitors each year.**
- When taking into account existing content in Tasmania, the incremental net uplift is 420,000 in attendance and 104,000 interstate and overseas visitors.

Content	Content per year	Estimated Attendance	Estimated Visitation %	Visitors p event
<u>AFL</u>				
AFL Final Matches (i.e. Dedicated Tasmanian team)	0.25	30,000	35%	10,500
AFL Regular Season Matches (i.e. Dedicated Tasmanian team)	7	20,000	25%	5,000
AFLW Matches (i.e. Dedicated Tasmanian team)	2	5,000	5%	250
<u>Football</u>				
A-League Matches (i.e. Western United)	3	7,500	10%	750
Tier 2 Socceroos (i.e. vs Qatar) and Tier 1 Matildas (i.e. vs Brazil)	0.25	22,500	30%	6,750
Youth international football (i.e. Olympics U23 qualifiers etc)	0.25	5,000	5%	250
<u>Rugby</u>				
Tier 2 Wallabies (i.e. vs Fiji, Japan)	0.25	22,500	30%	6,750
Super Rugby Magic Round	0.25	20,000	30%	6,000
Super Rugby Matches (i.e. Mebourne Rebels)	2	7,500	10%	750
<u>Cricket</u>				
Test Matches (i.e. Ashes)	0.125	67,500	15%	10,125
Men's ODI / IT20	0.5	17,500	30%	5,250
Women's ODI / IT20	0.5	7,500	10%	750
BBL (i.e. Hobart Hurricanes)	4	10,000	15%	1,500
WBBL (i.e. Hobart Hurricanes)	4	5,000	5%	250
<u>Entertainment</u>				
Tier 1 concerts (Internationals)	3	30,000	5%	1,500
Tier 1 minus concerts (Internationals or popular Australian)	5	15,000	2.50%	375
Ad-hoc sport (i.e. UFC, Football Internationals, Boxing, College Football, Supercross, Motocross)	3	22,500	50%	11,250
<u>Existing Tasmanian Events</u>				
Dark Mofo / Mona Foma	2	7,500	25%	1,875
Local events (i.e. Targa, Festival of Voices, Aust Wooden Boat Festival)	3	5,000	2.50%	125
Mass Participation events (i.e. Australian Masters Games, International Transplant Games, Special Olympics)	0.25	15,000	50%	7,500
<u>Business Events</u>				
Business Events (>1,500 ppl)	2	2,500	50%	1,250
<u>World Cup Content</u>				
Tier 3 Content	0.5	27,500	40%	11,000
Tier 4 Content	0.5	17,500	40%	7,000
Weighted Total / Annual Average	43.625	587,188		115,700

Key : 0.25 = 1 every 4 years, 0.125 = 1 every 8 years, *Total fee excludes exclusive Tier 1 concerts



Event Yield Projection

Yield per event enables a better understanding of the benefits delivered by acquired content and is used to compare to the costs to develop Hobart Stadium.

Based on a historical range of event yield provided by Events Tasmania (i.e. \$777 and \$1,146 per visitor), each event has been allocated an appropriate yield per visitor based on the event profile (i.e. likely demographics).

AFL content has been attributed a projected yield per visitor of \$900 (rounded from historic AFL actuals of \$894).

International major events have been attributed a projected yield per visitor of \$1,150 (rounded up from historic world cup content – 2015 Cricket World Cup and 2003 Rugby World Cup).

Domestic events have been attributed a projected yield per visitor of \$775 (rounded up from historic BBL content).

Note: The yield per event is based on no capacity restrictions (i.e. An AFL Final is played in a 30,000-seat stadium).

Content	Description	Projected Attendance	% Visitation	Projected Visitation	Projected yield per visitor	Yield per event
AFL	AFL Final	30,000	35%	10,500	\$900	\$9,450,000
Entertainment	Tier 1 Content	30,000	5%	1,500	\$900	\$1,350,000
WC Content	Tier 3 Content	27,500	40%	11,000	\$1,150	\$12,650,000
AFL	vs Marquee Me bourne side	24,000	35%	8,400	\$900	\$7,560,000
Entertainment	Adhoc Sport Event	22,500	50%	11,250	\$1,150	\$12,937,500
Football	Socceroos Tier 2 / Matildas Tier 1	22,500	30%	6,750	\$1,150	\$7,762,500
Rugby	Wallabies Tier 2 Content	22,500	30%	6,750	\$1,150	\$7,762,500
AFL	vs Average Melbourne side	20,000	30%	6,000	\$900	\$5,400,000
Rugby	Super Rugby Magic Round	20,000	30%	6,000	\$1,150	\$6,900,000
Cricket	Test Match (20,000 max per day)	67,500	15%	10,125	\$1,150	\$11,643,750
WC Content	Tier 4 Content	17,500	40%	7,000	\$1,150	\$8,050,000
Cricket	Men's ODI / IT20	17,500	30%	5,250	\$1,150	\$6,037,500
AFL	vs Non Me bourne side	15,500	15%	2,325	\$900	\$2,092,500
Existing Events	Mass Participation event	15,000	50%	7,500	\$1,150	\$8,625,000
Entertainment	Tier 1 minus Content	15,000	3%	450	\$900	\$405,000
Cricket	BBL Content	10,000	15%	1,500	\$900	\$1,350,000
Rugby	Melbourne Rebels Content	7,500	10%	750	\$775	\$581,250
Football	Western United Content	7,500	10%	750	\$775	\$581,250
Existing Events	Dark Mofo / Mona Foma	7,500	25%	1,875	\$1,150	\$2,156,250
Cricket	Women's ODI / IT20	7,500	5%	375	\$775	\$290,625
Football	Youth Internationals	5,000	5%	250	\$775	\$193,750
AFL	AFLW Content	5,000	5%	250	\$775	\$193,750
Cricket	WBBL Content	5,000	5%	250	\$775	\$193,750
Existing Events	Local Events	5,000	3%	125	\$775	\$96,875
Business Event	Business Events	2,500	50%	1,250	\$1,150	\$1,437,500

Note: Based on a 7 match AFL season playing 2 x marquee Melbourne sides, 2 x average Melbourne sides and 3 x non-Melbourne sides – the average AFL attendance is 19,200 with 5,100 interstate visitors (26.5% visitation) per match

Optimisation Analysis

Overview

Optimisation analysis has been undertaken to understand the optimal seating capacity for developing Hobart Stadium. The optimisation analysis assesses the net benefits (i.e. yield – the new money spent in Tasmania as a result of visitation to the event) new content generates against overall costs.

The analysis has been undertaken over 20 years (2023 to 2042). Benefits (i.e. event yield) and costs are expressed in monetary terms and are adjusted for the time value of money over the evaluation period and are expressed in terms of their present value (AUD\$ 2022).

A discount rate of 7% (as per Tasmania Treasury Guidelines) has been used to determine the present value of costs and benefits over time.

A favourable capacity of the development is when the present value of net benefits (i.e. net new events) exceeds the present value of net costs (i.e. construction costs, content acquisition fees and Tasmanian Government contribution to AFL).

The optimal capacity is the capacity that returns the largest positive differential of present-day benefits and present-day costs.

Impact of different capacities

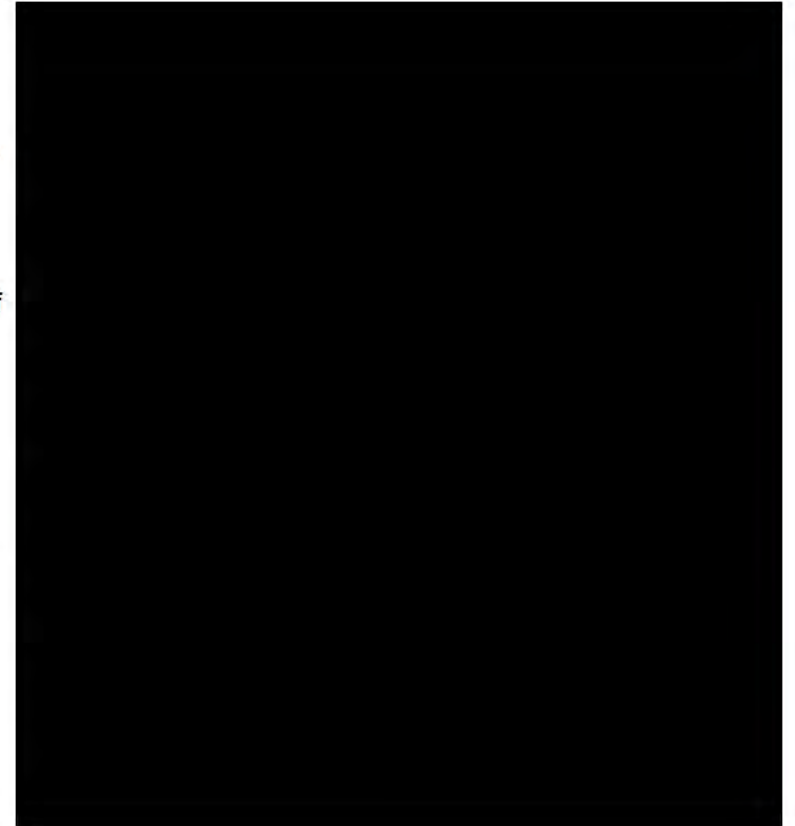
Should an event expect to see higher demand compared to the capacity, for the purposes of the analysis, the attendance is therefore down weighted to the capacity.

For example, should Hobart Stadium host an AFL Final, it has the potential demand of up to 30,000 in attendance. However, if the capacity is 20,000, then the attendance will be 20,000 ensuring there are less visitors and smaller event yield (i.e. benefits).

For World Cup content and based on the minimum capacity requirements, should the capacity be below 25,000 this will impact the Stadium's ability to host Tier 3 content (i.e. 20,000 plus attendances), and only placing it in a position to host Tier 4 content with attendances of less than 20,000, greatly impacting visitation and event yield.

Of the 171 estimated events that could be hosted across a 4 year period (page 18), the following impact will be seen at the following capacities:

- 17,500 Capacity – 47 events impacted (27% of events)
- 20,000 Capacity – 41 events impacted (23% of events)
- 22,500 Capacity – 11 events impacted (6% of events)
- 25,000 Capacity – 3 events impacted (2% of events)
- 30,000 Capacity – 0 events impacted (0% of events)



Optimisation Analysis

Findings

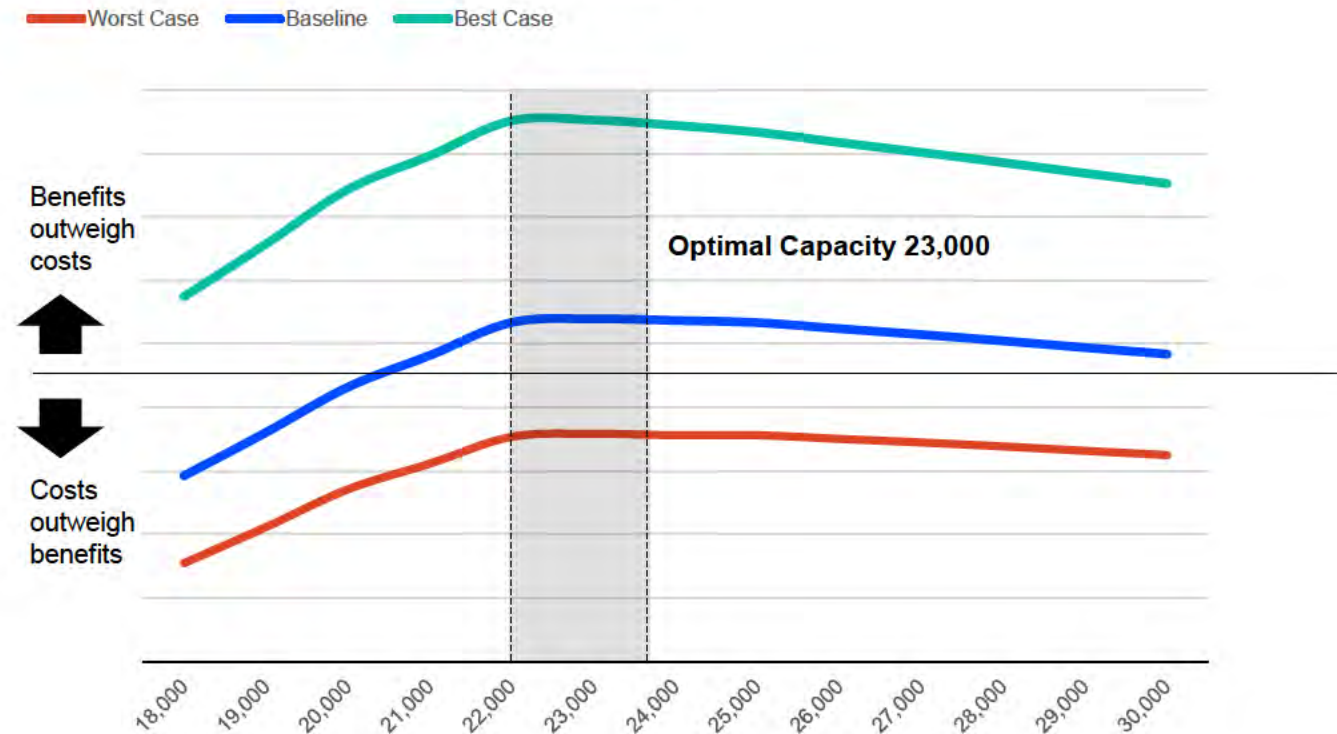
All nine (9) scenarios demonstrated the same hill shaped curve, with the benefits outweighing costs at an increasing rate from 18,000 to 22,000 capacity before plateauing and then falling when the capacity increases above 24,000.

This is a result of the number of events impacted by the capacity falling from 23% at a 20,000 seat capacity to only 6% of events impacted at a 22,500 seat capacity.

It also shows that increasing from 22,500 to 25,000 capacity will see only 8 events over 4 years (2 marquee AFL matches a year – i.e. vs Collingwood or Richmond that could achieve 23,500 - 24,500 in attendance) no longer restricted, however the additional construction costs (~\$30M) of at 25,000 seat stadium compared to a 22,500 seat stadium outweighs the benefit of maximising the attendances and visitation for these matches.

It should be noted that developing the stadium capacity below 20,000 will return a negative result for Tasmania (i.e. costs of the stadium build at the mid cost scenario outweighing the benefits of hosting 44 (28 new) events per year).

Optimisation Analysis – Benefits relative to costs





Thank you

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About MI Global Partners

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Our experience has given us the insights and unique capacity to understand the full project lifecycle - from Inception to Celebration.

We are major event specialists. We have been involved in every Summer Olympic Games since Sydney 2000 and every Rugby World Cup since 2003. Our event services include event strategy, feasibility, bidding, operational delivery and post-event evaluation.

Sport is our passion. We have assisted major sporting codes around the globe with the development of strategic projects from competition expansion and facilities planning to growth, community impact, policy development and governance.

Place is at the heart of what we do. We have created and delivered iconic place projects across Sport, Arts and Culture. Our skills include strategy, feasibility, business case development, project delivery support and post project evaluation.

As a business we strive to shape and advance the world of event, sport and place delivery. We are committed to doing what it takes to deliver the very best for our clients and their project outcomes for today and into the future.