

PUBLIC

THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON FRIDAY, 8 DECEMBER 2023

INQUIRY INTO THE TASMANIAN GOVERNMENT'S PROCESS INTO THE PROPOSED ARTS, ENTERTAINMENT AND SPORTS PRECINCT IN HOBART

The Committee met at 9:30 am.

CHAIR (Ms Forrest) - Welcome back, Minister, we appreciate you returning to the Committee. There has been a few movements and changes since you were last here. The Committee, as you would be aware, has revised our terms of reference to consider more specifically the proposal as it is now and the financial implications for the State associated with that.

As you are all aware, this is a public hearing. It is being broadcast. Everything you say before the Committee is covered by parliamentary privilege and that may not extend beyond this hearing. Minister, you do not need to take the statutory declaration but I will ask people at the table to, in a moment. If there is anything of a confidential nature you wish to discuss with the Committee, you can make that request and we would consider that.

Mr FERGUSON - Thanks and good morning, Chair and to your Committee. Can I introduce you to the Acting Secretary, Mrs Fiona Calvert, and Deputy Secretary, Mr James Craigie?

Ms FIONA CALVERT, ACTING SECRETARY, and Mr JAMES CRAIGIE, DEPUTY SECRETARY, DEPARTMENT OF TREASURY AND FINANCE, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Do you wish to make any opening comments at this stage?

Mr FERGUSON - No, I am happy to take your questions.

CHAIR - I would like further information about the Treasury modelling of the likely cost of the stadium. We heard from the Macquarie Point Development Corporation that it's a fixed sum, but we know the cost blowouts that occur in the construction sector. What modelling has been done by the Treasury now that we have a precinct plan and a proposal for a stadium, and a breakdown of how that funding would be apportioned across the project?

Mr FERGUSON - Thanks, Chair. I will ask Mr Craigie to offer some comments about how it would work from a budget management point of view at the Treasury part of Government. But, in terms of the project, the way that it is being managed, the way that the procurement will follow the functional brief and design requirements, those would be questions for the State Development portfolio. I am happy for my Treasury officials to share with you any insights that they have about the profile of funds, but that would be the limit of our role in respect to the financial modelling that you have asked about. I invite you, James, to be as helpful as you can be, please.

Mr CRAIGIE - Members will be aware that the 2023-23 Budget had a number of initiatives regarding the Macquarie Point urban renewal project and the AFL team. There were

PUBLIC

three line items of funding. At the Treasurer's former hearing we noted that the budget did not include the Commonwealth budget, due to timing reasons. The date of publication of the State Budget meant that we were unable to include the Commonwealth budget. We now have the Commonwealth budget as a public document and we can see that they have recognised in their budget, the commitments they've made both to UTAS stadium and to the Macquarie Point urban renewal project. The next public update that the Government will publish is the 2023-24 Revised Estimates Report, and revised Estimates will be included in that, incorporating updates.

Mr FERGUSON - Do you want to make a comment on the Mid-Year Economic and Fiscal Outlook (MYEFO) in the meantime?

Mr CRAIGIE - That's right - the Government's equivalent of our revised Estimates reports - the MYEFO report -

CHAIR - This is the Federal Government you are talking about?

Mr CRAIGIE - Yes, the Federal Government is due out in December [2023] and we will have an opportunity to consider that in preparation of our revised Estimates report.

Mr FERGUSON - I am glad that we have been able to mention that, because while we don't have an insight in to what the Federal Government's MYEFO report will be showing in respect of its planned profile, but it is something to watch for and to be aware of as something that our Tasmanian Treasurer will be watching for to assist in its own revised estimates report for February.

CHAIR - Treasurer, do you expect to have some clarity from the Federal Treasurer by then, about his treatment of the money that has been allocated to this precinct?

Mr FERGUSON - In terms of?

CHAIR - In terms of the treatment of the GST.

Mr FERGUSON - You're reflecting on the request for a GST exemption - that the grant amount be exempted from future GST calculations. We should've had it already by now and we haven't. We've spent an awful long time waiting. I'm assured at least in one respect the Australian Government, when asked about it, have occasionally said they are seeking their own Treasury's advice on it. But it's a frustrating scenario the Australian Government is taking a very long time to getting around to say yes, we will exempt your Macquarie Point stadium grant funds for \$240 million from future GST calculations for the State.

You asked me, Chair, if we would hope to have that by the time of the mid-year economic and fiscal outlook or the State REA. Yes, I would hope to, but we're all in their hands and waiting their advice and that decision from Dr Chalmers.

Dr BROAD - Are you aware of a draft determination?

Mr FERGUSON - I don't know if such a thing exists.

PUBLIC

Dr BROAD - I understand that it does: the Federal Government puts out a draft to all States for their consideration.

CHAIR - Is that a usual process and has it occurred?

Ms CALVERT - What you would be referring to, Dr Broad, is every year as part of the Commonwealth Grants Commission's update they do an annual update for relativities each year. We have received terms of reference for the 2024 update, which we have provided comment on. It isn't included in that as being quarantined, but you wouldn't expect it to be included because the period that the 2024 update covers, doesn't cover when money will start to flow from the Commonwealth. You wouldn't expect to see it until the 2025 update.

Mr FERGUSON - I wonder if, Dr Broad, you meant a draft determination in terms of an actual exemption decision. I am not aware of such a thing, are you Acting Secretary?

Ms CALVERT - No. It would be unusual to receive a draft, we don't normally.

CHAIR - To follow up, Treasurer you say you were frustrated the federal treasurer has not responded; however, we've just heard from Ms Calvert you wouldn't expect to see this in the latest update from the Commonwealth Grants Commission until 2025.

Mr FERGUSON - Until the funds flow, you wouldn't actually start to see it being referred to in future calculations, that's right.

CHAIR - Yes, so is it usual you would expect a response on something that won't be properly -

Mr FERGUSON - Yes, I would, I'll be honest about that. I mean I would expect that by now, or that well before the actual funding year, a decision could be made in respect of a grant arrangement between the Australian Government and the Tasmanian government could be put into effect as a matter of policy right now.

Dr BROAD - What other projects in the past have been quarantined for GST?

Ms CALVERT - A good example is the funding for the Mersey, that was definitely quarantined. I think some Marinus Link funding in the past has been quarantined. Certainly, if you go to the Commonwealth Grants Commission's site, it actually provides details of projects that have been quarantined across all the jurisdictions.

CHAIR - It's mostly roads in Tassie like the Midland Highway works and stuff, isn't it?

Ms CALVERT - Not specifically quarantined.

CHAIR - There might not be fully quarantined but they're partly quarantined, anyway.

In terms of preparing estimates about how this might impact on the State's financial position, the uncertainty on that, you are obviously planning a new budget, it's still a while away but budget submissions have been called for. How does this lack of knowledge impact that, in terms of the amount of money to be available in the forward Estimates? Acknowledging funding doesn't start, well who knows when it'll start now?

PUBLIC

Mr FERGUSON - We want to see the Federal funding flowing from 2025-26, or even earlier potentially -

CHAIR - Which is potentially next year.

Mr FERGUSON - They have profiled it from the current financial year if I'm not mistaken in respect of UTAS. It's actually in the forward Estimates right now. In respect of Macquarie Point, it's in the Australian Government 2023-24 budget to commence to 2025-26. The actual question about how it fits within our upcoming budget being set, if there's any insights provided in time for the RER,¹ they'll be reflected in the RER. If there's any further, or we have to wait until after the RER for any further clarity, then they'll be factored into the State budget.

It is worth pointing out the 2023-24 budget didn't include Australian Government funding commitments because it wasn't received in time for the budget papers, the timing of the federal budget and our budget. It will be for the first time, the budget papers for 2024-25 will include the Australian Government revenue towards the project. How else can I help you with that answer?

CHAIR - It's alright.

Dr BROAD - The funding flows in 2025-26, so if it's not quarantined from GST, when would you be expecting the reduction? What year would you expect it to start to be clawed back in our GST calculations?

Mr FERGUSON - I will ask the Acting Secretary to respond to that. Ms Calvert, if you could outline how it's not possible for Treasury to actually predict what GST impacts there would or would not be from a decision on the GST exemption for Macquarie Point Urban Renewal Project?

Ms CALVERT - I think I went through this last time, so my apologies if I go over old ground. As the Treasurer said, it's actually not easy to determine what the actual impact will be in any particular year -

Dr BROAD - That wasn't the question. It was when; when will it start to be clawed back?

Ms CALVERT - Sorry. I'd have to -

CHAIR - I'm assuming it starts to flow in 2025-26, that's what you said. When would you expect it would start to be clawed back if it's not quarantined?

Ms CALVERT - I would need to confirm this, because I don't want to lead you astray, but it would be the following year, but a very small amount because, obviously, the first payment is a very small amount. Then you've got a three-year averaging issue as well. It picks up three years of payments.

¹ revised estimates report

PUBLIC

Mr FERGUSON - To help the Committee, it's very difficult being as honest and transparent as we can be, it's very difficult for Treasury to give any accurate Statement about impact on future GST revenue as a result of a decision to grant GST exemption on this project one way or the other. There isn't a number. I would just like to share with you that there isn't a number in my mind or that's ever been provided to me, but we do know that the State will be better off if the exemption is provided, but, we cannot quantify it.

CHAIR - Going back to my earlier question, you did say that part of that sits with State Growth or?

Mr FERGUSON - State Development.

CHAIR - Yes. It sits in State Growth, doesn't it?

Mr FERGUSON - In the Department of State Growth; it supports the Premier in that role.

CHAIR - Yes. In terms of the flow of money, obviously there's going to be peaks and troughs in that. Assuming that the processes continue, it appears pretty clear from the agreement that was signed that all cost blowouts fall to the State in terms of construction. I'm interested in, and in view of the time that's passed and the cost pressures that the building sector generally has experienced, what modelling has treasury done in terms of the risk that that provision in the agreement poses to the State?

Mr FERGUSON - I will ask Mr Craigie to assist me with the answer, but I would respectfully refer your end questions relating to the project being delivered to the State Development portfolio.

CHAIR - I'm talking about the financial risk to the State. That's what I'm asking about.

Mr FERGUSON - The budget reflects the advised costs of supporting the project. The budget reflects that and to the extent that there is, as we did with the Bridgewater Bridge and the Royal Hobart Hospital and a range of major infrastructure projects, Budget Paper No. 1 does reflect the Treasury guidance that we need to manage risk. I will ask Mr Craigie to respond to that further.

We've been clear as a Government that we intend to closely manage this project, that the cost estimates are on latest and best advice. This has been prepared in an environment where cost escalations on major infrastructure was well understood, so the cost estimates through the State development portfolio and the Premier's team in State Growth prepared with best advice about the anticipated cost of the project from when it commences construction in the early works package in, I think 2025, and the major works commencing in 2026.

I will throw to Mr Craigie in respect of the general guidance. I will hasten to add, this shouldn't be taken to be some early sign of a problem. Every time the government embarks on major infrastructure projects, Treasury will provide this kind of guidance. Mr Craigie will reflect his own comments, but also Budget Paper 1 from this year's budget.

Mr CRAIGIE - It's worth just putting some context around the budget resection. That's broken into revenue and expenditure risk. There's a long list of areas where there are

PUBLIC

expenditure exposures to the State. Some of those are generic risks and some of those are specific risks. There're generic risks on cost of delivery of Government Services. In the case of the Macquarie Point urban renewal project, we specifically had a section on that on page 19 of Budget Paper 1 last year, where we made a broad -

CHAIR - I understand that.

Mr CRAIGIE - and general comment on large infrastructure project risk. At the time the budget was prepared, we only had the State's cash flows, we didn't have the Commonwealth budget cash flows, so we didn't have a complete picture of the funding package at that time.

CHAIR - We do now. This is one of the reasons why you're back here. Trying to understand now that you do have those figures, does that alter any of those risks, particularly in light of the agreement, which is what this is about, and the risks that posed to the State because of the burden of that financial risk falling to the State?

Mr FERGUSON - My own view is that no, it wouldn't. I'm comfortable with my Treasury officials providing you with their own thoughts and advice on this, but no. I wouldn't have thought so, because nothing has materially changed in that area. We are now moving, thanks to the Labor Party voting, for the Project of State Significance orders. Thank you, Dr Broad and Mr Willie. We didn't expect you to do that. It is now in the Planning Commission phase and the Department of State Growth and Macquarie Point Development Corporation continue to progress the project. Nothing's changed, Chair and Committee, in respect of the materiality of the project.

I can't guarantee the Australian Government won't change their funding profile. They often do that sort of thing. We may do that sort of thing depending on advice that comes to us as Treasury and the team develop the next budget. If we're advised of a shift in funding profile, we'll reflect that in next year's budget again, just as we did and former treasurer, Mr Gutwein, did on several occasions in relation to the Royal Hobart Hospital and the Bridgewater Bridge.

As the project matures, you get a more useful and detailed anticipation of the outflow of funds and do shift funds in the profile, sometimes forward, other times backwards, depending on the way the project is anticipated to be procured. Do you have anything further to add?

CHAIR - Before we go on, Minister, when you say you move funds forward or up or down, depending on - sometimes it's a timing thing.

Mr FERGUSON - Exactly.

CHAIR - I go back to the point the financial risk of cost blowout sits with the State, how are they factored in, the likelihood of those, or is it you don't believe there will be any?

Mr FERGUSON - There's nothing materially changed. The deed with the Australian Government is for a limited sum of \$240 million towards Macquarie Point, \$65 million for York Park. It being a State project, that's a maximum contribution currently on offer from the Australian Government, therefore, as a State project, the State must manage the risk to contain the risk of an exceedance.

CHAIR - That's what I'm asking you about.

PUBLIC

Mr FERGUSON - The answer is that nothing has changed since I was last with you.

CHAIR - You are saying you're not expecting any additional cost blowout or cost increases at this stage?

Mr FERGUSON - That's correct.

CHAIR - In spite of all we've seen around the nation with various major capital infrastructure projects not going ahead.

Mr WILLIE - Stadiums being cancelled.

CHAIR - The Commonwealth Games being cancelled.

Mr FERGUSON - That's the answer. Nothing's changed materially for me, noting that the project I'm responding to you as Treasurer, I'm not aware of any reason why we should be budgeting a greater amount.

CHAIR - Can you tell me who you expect to do the borrowing and spending from the construction side? Obviously, Treasury must keep an eye on the borrowings of our State sector. Which entity will be undertaking the borrowings to support the project?

Mr CRAIGIE - TASCORP is the borrowing entity for the State and so TASCORP will undertake the borrowings required to support the Government.

CHAIR - Who'll borrow the money from TASCORP to construct the project?

Mr CRAIGIE - The entity responsible for the delivery of the construction will need to fund that construction and be the borrowing entity.

Dr BROAD - So Macquarie Point is in effect the proponent to build the stadium.

Mr FERGUSON - Correct.

Dr BROAD - It will sit on their books, will it?

Mr FERGUSON - Until it transfers to Stadiums Tasmania, yes.

CHAIR - That's the ownership or the ownership of the project. The borrowings will sit on Macquarie Point Developments Corporation's books as they need to progress this project?

Are you giving evidence?

Mr FERGUSON - Chair, I would like to invite Mr Craigie to respond to you, but I might offer to take further advice on that after today's hearing and provide you with a written response so we get it exactly right. Whether the borrowings would be held in Stadiums Tasmania or Macquarie Point Development Corporation, I will provide a further response to you after consulting with the State Development minister. It may be that the particular decision hasn't

PUBLIC

been reached at this time. One thing is certain is that borrowings will be taken through Treasury from TASCORP to support the project as a State project.

CHAIR - Hence my question. Treasury doesn't have a view on this?

Mr FERGUSON - I don't have a view on it. It would be a neutral decision for the State one way or the other.

Dr BROAD - Shouldn't this have already been worked out?

Mr FERGUSON - I am not the State Development minister, Dr Broad. I have undertaken to consult and provide further answers to the Committee, but Mr Craigie has just reminded me the decision hasn't been taken yet.

Mr WILLIE - What capacity do these two organisations mentioned have to service the debt?

Mr FERGUSON - Well, they're State entities so the State is the borrower. How it is allocated -

Mr WILLIE - Potentially, they'd need equity contributions from the State Government?

Mr FERGUSON - If it was to be through Stadiums Tasmania, yes, it would be equity.

CHAIR - If it is borrowings, like Macquarie Point Development Corporation take on borrowings to construct the facilities -

Mr FERGUSON - I would like to provide a proper answer to the Committee on taking some further advice on it, unless either of my colleagues have something further to say, because in all cases the funds demonstrated in the budget as part of our capital program. Naturally, that is supported by borrowings from TASCORP. How it will be accounted for during and post development, I would like to be able to take advice on that.

CHAIR - Who pays the interest then? Once you determine the other answer you might need to also add that. I am asking that now, unless you know the answer to that now?

Mr FERGUSON - It depends on the previous answer, which is where the borrowings will be accounted for.

CHAIR - We will add that.

Mr FERGUSON - And where the asset will be held.

Mr CRAIGIE - The comment I just made to the Treasurer was the 2023-24 Budget reflects the capital projects. The State's contribution to the current capital projects, being the Macquarie Point urban renewal project, has been funded through State Growth so the budget reflects capital expenditure out of State Growth, so the 2023-24 Budget. Because the general government sector entities forecast to do the construction work, the borrowing would be in the general government sector, so Finance-General would be the borrowing agency.

PUBLIC

CHAIR - You will see it there in the budget papers, the borrowings?

Mr CRAIGIE - That's what is in the current budget papers.

CHAIR - Assuming it is approved and starts construction, I thought you were saying it would then sit with Macquarie Point Development Corporation as the proponent and subsequently Stadiums Tasmania. Have I misunderstood that?

Mr CRAIGIE - At the moment, the budget reflects a forecast position. If that position changes, future budgets will reflect what's actually going to happen. The assumption in the budget was that the State's contribution is allocated to State growth. It didn't reflect the Commonwealth contribution, so future updates will reflect the Commonwealth contribution.

CHAIR - In terms of where the borrowings and the impact of the borrowings will sit, it may or may not stay with the general government? It could end up in the total State sector, as both Stadiums Tasmania and Macquarie Point Development Corporation sit within the total State sector.

Mr FERGUSON - They certainly both sit within total State sector. I will provide advice to the Committee which will give you clarity on those matters, and if part of the answer is that decision has not been reached, I'll say so.

Dr BROAD - It does make a material difference to the Budget going forward though, if that funding is handed over as an equity transfer to Macquarie Point Development Corporation or Stadiums Tasmania, then it won't sit on the budget as part of the net debt calculations and so on. That's fair to say, isn't it?

Mr FERGUSON - It is possibly the case: it depends on what the nature of the decision is, in terms of whether there is deed funding, grant funding or whether it's equity transfers. In the total State sector position, it's neutral.

Dr BROAD - Just on this is it -

CHAIR - I want to go to Lara in a minute, I'll come to you now and then I'll go Lara.

Mr WILLIE - Have the debt servicing costs been modelled over the life cycle of the project?

Mr FERGUSON - Well, we service our borrowings: it's reflected in the Finance-General Budget papers.

Mr CRAIGIE - It's fair to say that individual Budget initiatives aren't individually funded. Collectively, Budget initiatives add up to a net Budget position - and these are forecasts, not actuals. The Budget position assumes that the State borrows what it needs to borrow to fund the sum of those initiatives. It's not individually allocated. But the Budget certainly assumes that any borrowings the State needs to support any initiative is included in the Budget and that's reflected in the current debt forecasts. You can try and extrapolate that down to individual projects, but that's not the way the Budget is constructed.

PUBLIC

Mr WILLIE - From memory, the borrowing costs are about 4 per cent in the next financial year?

Mr CRAIGIE - In the assets and liabilities section, it spells out each year what the forecast borrowing costs are-

Mr WILLIE - Yes - 4.03 per cent in 2025-26.

Mr FERGUSON - I don't think that's right.

Mr CRAIGIE - It's on page 151 of Budget Paper No. 1. We've got an existing stock of debt which is made up of a range of individual tranches of borrowing that have a lot of different interest rates that get to that point. I'm just trying to find the number that tells you what that currently is. Then, across the forward Estimates where we have new borrowings, we have assumed in the Budget an interest cost based on what TASCORP has advised us that the 10-year yield curve looked like at the time; and that rises from 4.51 per cent to 5.38 per cent over the forward Estimates period.

Mr WILLIE - Okay.

Mr CRAIGIE - Our current borrowing cost has an average interest rate, by the time of the budget, of 2.84 per cent. That's a function of old debt and the interest rate curve changing over time with the Reserve Bank interest rate increases in the interim period.

CHAIR - I'll go to Lara.

Mrs ALEXANDER - Who has the ultimate responsibility for assessing the risks associated with the borrowings with relation to this project? Who ultimately identifies the risks and presents the risks associated with borrowings?

Mr FERGUSON - The Government generally does; and as Treasurer -

Mrs ALEXANDER - Who in the Government? Which department?

Mr FERGUSON - As Treasurer; and the Treasury would ultimately take into consideration project demands on Government funds, including potential risks that need to be taken into account. It would be the Treasury and the Cabinet as a whole that take responsibility for accounting for those matters in the development of each year's Budget. Would the officials like to add to that?

Ms CALVERT - I would reiterate what James said - that it is done at a wholistic level not a project level.

Mrs ALEXANDER - So you take a broad approach rather than an individual approach, even if the project could be quite a significant one?

Mr FERGUSON - The answer is 'yes' to that, Mrs Alexander; but secondly, on very large projects like this one, like the Bridgewater Bridge and the Royal Hobart Hospital redevelopment, the Treasury does single them out for special narrative and identification of risks in their own work in Budget Paper No. 1. So, they are taken as a whole together in terms

PUBLIC

of borrowings. Even capital allocations for major projects are reflected in the Budget papers and the risks should be reflected in the Budget numbers. For example - not that this is the case right now - but if we were advised that the project needed more funding, then we would account for that; and we would need to account for that in order to support the project. My only comment there is that we have not been advised of any such changes.

Mrs ALEXANDER - Who would provide that advice regarding those changes, so you can, in turn, provide a contingent liability to the balance sheet? You will have to account for a contingent liability in relation to the magnitude of this project.

Mr FERGUSON - I will ask Mr Craigie to answer this, Mrs Alexander. First of all, the project includes a contingency within the \$715 million project fund. It includes a contingency within it. I am not an expert on that because again, it sits with the other portfolio. However, you are quite right. If the portfolio minister and the supporting agency became aware of greater or lesser costs, they would need to enter that into their budget management system.

I will ask Mr Craigie to let the Committee know how that works in practice. Treasury would have visibility of it. Under the Financial Management Act (FMA), those accountable authorities are expected to provide that advice to Treasury so that it can make its future provision, and also provide advice not just in the Budget papers, but also in the revised estimates report (RER) in February [2024] - based on best advice about current account cost pressures, or reductions in costs, or change of profile needs.

Mr CRAIGIE - It is worth noting that the current Budget and forward Estimates include estimates around the project cost. The likely timing of the project goes beyond the forward Estimate period. The 2027-28 is not in the forward Estimate year. The Budget forecasts the borrowing need and forecasts the interest costs associated with the borrowing need. That is distinct from actual costs and actual debt at the time; and the State borrows within the year to meet its funding requirements in that year. We have a forecast view on what borrowings would be in the future, and they change based on differences between forecast outcomes and actual outcomes; but we borrow to match actual expenditure.

It is hard to talk about borrowing when you are talking about a future expenditure, because it's a forecast borrowing not an actual borrowing. The Budget papers show in some detail what the forecast borrowing need is and what we expect the borrowing cost would be, based on best forecasts at the time over that period. Obviously, actual outcomes are different to forecast outcomes across a whole range of areas; but the State manages its borrowing need on both a long-term perspective based on the Budget and a shorter-term perspective on how much cash do we need this year, in the next six months, et cetera.

Mrs ALEXANDER - I would like to understand if the Treasury is considering in view of the new development of assessing under the Project of State Significance (POSS). That could trigger a delay of the project. The delay of the project triggers significant penalties. So, at which point in time is the Treasury considering incorporating a contingent liability for potential costs to the State associated with delays of the project?

Mr FERGUSON - Mrs Alexander, thanks for the question. I will do my best to answer that and note that the deed with the AFL in particular really would be a matter for the State Development portfolio supported by the Department of State Growth. I'll answer the question two ways.

PUBLIC

First of all, if there was a material change in the funding requirements for the project, including any make-good provisions, such as I think the deed does contemplate, to support the club in an environment where the stadium wasn't yet ready, they would be reflected in the budget management system that Treasury would have visibility for and it would need to be reflected in the Budget papers transparently.

Secondly, I have in my memory that as part of the deed with the AFL there are two conditions that the overall package is subject to. One is a successful federal funding deed and the other is a planning approval.

I think I would put it to you and the Committee that that risk that you've raised is, in fact, mitigated inside the deed itself.

Mrs ALEXANDER - Okay, so that makes sense. If those two conditions do not occur, that means that risk is mitigated as far as the State is concerned?

Mr FERGUSON - Yes, and I've answered that as best I can to support answering your question but really it would be more appropriate for the State development portfolio to provide their advice to you on that.

Mrs ALEXANDER - Thank you.

CHAIR - So just to go back to Lara's question there, which was when would you consider including a contingent liability or penalties or make-good payments, as you call them, you won't be doing that because you believe it's mitigated against by the process that the agreement outlines?

Mr FERGUSON - Yes, and secondly, we - I mean, I'm answering your questions faithfully - but we're not expecting these things to occur, so you wouldn't actually budget for something that you're managing and that you're working within the bounds of good governance to mitigate down those risks and it's just the same with the Bridgewater Bridge. We haven't accounted for a speculative possible contingent liability because the project is being actively managed by the project team and the contract managers, even though, just like the Royal Hobart Hospital redevelopment did, the contract certainly set out delay payments to the contractor if there were defects found on-site that weren't the cause of the contractor but were, for example, unknown problems on the site that couldn't have been identified by the builder and therefore the State might have been liable for them, even though they're documented in the contract.

You manage the contract and you budget if and when the need arises but we have a project sum. We have a funding envelope that's been provided for. As a Government, it's certainly right across government. We absolutely intend to deliver that project within the project budget and for risks to be carefully managed all the way through, just as we have with other projects.

Dr BROAD - During construction, whose job will it be to manage those risks? If Macquarie Point Development Corporation's (MPDC) got the funding, will it in effect be them that are managing the project or managing the risks?

PUBLIC

Mr FERGUSON - MPDC is the client for the project. They will be procuring a builder and going through the competitive procurement process which we discussed the last time I was with your Committee, Chair. So MPDC would be the principal in this case, no doubt supported by an effective project team.

Dr BROAD - That project team would sit under Macquarie Point Development Corporation, not State Growth or Stadiums Tasmania or any other -

Mr FERGUSON - Dr Broad, I wouldn't like to answer that outside of my portfolio. However, when I built the Royal Hobart Hospital redevelopment in my role as Health Minister, the Department of Health was the client, was the principal, however, we put in place effective governance arrangements that saw an executive steering committee from right across a number of other experts in Government outside the Department of Health and such a governance model may well be in the Premier's mind.

Dr BROAD - I mean, in that instance, it was pretty obvious that once the project was completed, that the Health Department would retain the hospital.

Mr FERGUSON - Absolutely, yes.

Dr BROAD - So you've got a situation that might be slightly different if the Macquarie Point Development Corporation builds and then hands it over to another entity.

Mr FERGUSON - Yes, but the project delivery piece is what we're referring to here. While you do have a principal, which is effectively the client here for the asset to make the development occur, the ultimate owner being Stadiums Tasmania would be the recipient of the excellent work. To have good project governance, it would absolutely be advisable the Macquarie Point Development Corporation had the support of others. I don't wish to speak across the Premier's other portfolio of State Development, but, it worked very well in respect of the Royal Hobart Hospital and we've had something very similar with the Bridgewater Bridge.

CHAIR - Can I go to a couple of matters in terms of Treasury's role here in assessing the risks in meeting the targets or expectations in the fiscal strategies, which we know have changed more recently because circumstances have changed -

Mr FERGUSON - or we have a new fiscal strategy.

CHAIR - That's right, but that's because circumstances changed really. COVID-19 and everything threw everything out of the water, didn't it? I'm just acknowledging that they've changed over time.

With regard to Fiscal Strategy 5, this relates to the financial stance about the general government total State sector, so in that regard, it doesn't matter who borrows money, going back to the borrowing matter. Won't any extra borrowing make the target of achieving break-even fiscal balances even more difficult if an increase in borrowing occurs? We look at where it's headed, it looks like targets are going to be difficult to maintain or to meet.

Mr FERGUSON - The fiscal strategy and the new actions and targets are designed to help the State to effectively recover from COVID-19, to rebuild fiscal buffers and support the

PUBLIC

real potential for future economic or other external challenges that might shock the Budget. We really want to set that about to give this Government and future governments and future treasurers the opportunity to progressively protect the health of the Budget, noting that the Budget is in a sustainable and healthy position, but as we've come out COVID-19 and our significant borrowings that we've incurred to support and protect lives and businesses, and also to super-charge our infrastructure program, I've been very transparent that I intend that the direction needs to be reducing the fiscal deficit and moving to that new action target.

I'll ask the Deputy Secretary, Mr Craigie, who is very expert in these matters, to respond further, but yes, you can't always borrow to build, you must also progressively be able to live within your means, fiscal, not just the operating balance.

Mr CRAIGIE - Thank you, Treasurer. I think you have answered the question. I would just add that the new fiscal strategy has a much longer time frame. The old fiscal strategies look at forward Estimates. We're looking beyond the forward Estimates now and there's been a range of new measures included in the fiscal balance that you refer to, Chair, as one of those new measurers. The target is based on a rolling four-year average. That recognises that within short periods of time, you can have volatility, but over the longer term a more sustainable position would be to have that in a balanced position.

CHAIR - When the Budget was prepared, you didn't have some of the information needed to fully inform this project, related to the project we're talking about. What modeling has been done on the impact of the cost of borrowings to support this project? Because they will sit within the total State sector, so it doesn't matter whether they're general government or total State. What modelling has been done to assess the impact? I accept the longer time frame, 2032-33, some of us probably won't be here then, but I am interested in what modelling has been done to understand how this will affect it?

Mr CRAIGIE - Any budget or forward estimates period is based on a set of assumptions at the time, and each year when the budget is redone, there's reconsideration of the prior year assumptions and there's new information that comes to hand. Over time therein, Government has new initiatives -

CHAIR - Maybe I need to reframe the question then. What assumptions regarding this project have been factored into the modelling that might or might not have been done?

Mr CRAIGIE - The Budget shows that we have included the State contribution, but not the Commonwealth contribution so, the budget did not have those. The benefit of hindsight, we now have those so, the next budget update will include those.

Mr FERGUSON - Yes, with the revenue that was not previously accounted for.

Mr CRAIGIE - The budget is based on a build-up of agency provided information and assumptions to get to general government sector and GBE input, to get to the total State sector. We are reliant on advice from agencies to provide us with updates to changes of cash flows and changes of risks. When we get those in the budget process and consolidate them, we get a total sector view.

CHAIR - I think you are missing the question perhaps. I said, what modelling has been done to assess the impact and what assumptions sit behind that with regard to this project?

PUBLIC

Mr CRAIGIE - All I can say is the budget reflects the cash flows we knew at the time of the budget. They are reflective of the budget and when we do not have a scenario analysis in the budget that shows different [inaudible] projections [inaudible]. We build that up over time.

Mr WILLIE - It is my understanding the most recent fiscal strategy includes in that an infrastructure investment must return a benefit-cost ratio greater than one. In Treasury, you would be well aware of the Productivity Commission's five-year productivity review advancing prosperity where they recommended Australian State and territory governments improve the rigour of cost-benefit analysis in relation to investment decisions. This project returns 50 cents in the dollar at best. Much has been made it is a multi-purpose stadium. We had a major music promoter here last week outlining his concerns, experiences and factors like Tasmania's small population base being decentralised, its geographical location. Has Treasury looked into the cost-benefit analysis and isn't this project in breach of your own fiscal strategy?

Mr FERGUSON - Mr Willie, thank you for your question and I hope your 10 broken toes have healed up okay?

Mr WILLIE - I was wondering how long it would take you to call me some names. It does not work well for you, I don't think.

CHAIR - Fiscal strategy 9 we are referring to here.

Mr FERGUSON - You do continue to go around kicking tyres. I am happy to respond to the question but it does beg the question if you feel so strongly about it, why did you vote for it?

CHAIR - Order. The question has been legitimately asked. It relates to fiscal strategy 9 and the work that, hopefully, Treasury has done with regard to assessing the cost-benefit ratio of this particular project.

Ms WEBB - We would all like to hear an answer. It is not a political question.

Mr FERGUSON - Sure, you have to be able to take it if you can give it.

Mr WILLIE - I am making a legitimate -

CHAIR - Order. The Minister to just answer the question.

Mr FERGUSON - In respect of this, the fiscal strategy sets out a future for the way the decisions should be taken, noting the Australian Government accepted the benefit cost ratio assessments in making its decision to allocate \$240 million to Macquarie Point. We have taken this decision as a government to build the infrastructure we want at Macquarie Point for the urban renewal opportunities, for the activation of the site. Prime Minister Albanese was very praising of the vision for Macquarie Point the Government and the Premier in particular, have pioneered. Even though, there is a recognition that benefit cost ratio assessments needed to be part of the business case, it unlocks so much potential on the site, including the transport links, the events opportunities,-

PUBLIC

Mr WILLIE - Which you haven't funded.

Mr FERGUSON - I think you know Mr Willie, which is maybe why you did vote for it. It gives us our team -

Mr WILLIE - We voted for it to get some answers but in your answer here, it sounds like you are in breach of your fiscal strategy with this particular project.

Mr FERGUSON - These are targets for 2032-33, Mr Willie. I invite you to have another look at the fiscal strategy you will find in the budget papers at page 24 where you actually reflect it is not a relevant target in the budget year, but it is a 100 per cent target for 2032- 33. This is one of the suites of new actions and targets that is in the fiscal strategy which has been widely praised as a new direction for budget management. Noting they are targets and it is always available to Governments in the future. For example, a future government in the year 2032 may well have a compelling argument and a compelling reason to support a project that came in with a benefit cost ratio of 0.5 or 0.9 or 0.99 because there may be broader imperatives at play such as, for example, the ones I've outlined.

Mr WILLIE - The evidence we heard last week -

Mr FERGUSON - But I'll refute the point if you want to make the allegation it's in breach of the strategy because, as you know, those are decisions made in the context of this budget and the fiscal strategy is moving to 100 per cent target by 2032-33.

CHAIR - Can I just go back to the actual target itself.

Mr FERGUSON - Chair, would it be okay the Acting Secretary would like to make a comment.

Ms CALVERT - Sorry. I wanted to add to what the Treasurer has said. That fiscal strategy target is actually focused on Government business infrastructure investment; Government Business Enterprises and State-owned companies. It was put in there on the basis of there's a significant amount of investment going on in businesses at the moment. We wanted to ensure they had to also meet the Infrastructure Australia guidelines. If you look at the Treasurer's Annual Financial Report published a month or so ago, there is actually an update on that. There was never an intention for that to commence on day one, as the Treasurer said. It's a long-term target and we are working on arrangements at the moment. We will work with Government businesses to make sure they're in a position to be able to comply with that.

CHAIR - Just back to fiscal strategy 9 from the Budget Paper 1, page 57, Government business infrastructure investment. You're saying this only relates to Government businesses? We're not talking about any project, even though the proponent will be Macquarie Point Development Corporation. This is the whole problem when having these entities that don't sit anywhere. They don't sit notionally with the GG but you do say they sit with the total State sector, so they must almost be picked up in this. I will ask the question here. This is what it says:

The Government will establish the necessary framework to support this requirement and once the framework is established, seek to ensure that 100 per cent of projects are subject to this assessment.

PUBLIC

Has the framework been established?

Ms CALVERT - No, that was what I was saying. We are currently -

CHAIR - You're working on the framework?

Ms CALVERT - We'll start work on. Yes.

CHAIR - It's only for future projects, not current projects?

Mr FERGUSON - The fiscal strategy action sets out a target of 100 per cent in relation to that by 2032.

CHAIR - In the meantime, projects don't have to go through this assessment as to their cost-benefit analysis?

Dr BROAD - In other words, are you going to wait until 2032 to implement that particular finding or is it -

CHAIR - Particularly, if Marinus Link is going to go ahead, do you think that will be gone ahead by then or started maybe? Who knows?

Ms CALVERT - That's not the intention. We're doing the work at the moment to be able to provide the information to Government businesses and State-owned companies in terms of what they are required to do. As you're aware, the Government's also announced on Marinus Link there will be a whole of State business case, which will consider cost-benefit analysis. Marinus Link will certainly be covered in that.

Mr WILLIE - In terms of the cost-benefit analysis, Treasurer, going back to the evidence the Committee received last week, much has been made of a multipurpose stadium. We had a major music promoter over the last 25 years calling into question a number of the figures in the cost-benefit analysis. Is that something you would task Treasury to look at further?

Mr FERGUSON - No, this would be a State Development portfolio responsibility and that's where the work has been produced and with excellent support of the Department of State Growth. No, I don't have a comment on that.

Dr BROAD - Does Treasury have a view on the business case assumptions?

Mr FERGUSON - No. In my role as Treasurer and with the Treasury, this work, as I've in a very detailed fashion explained at the last time I attended your Committee, this has been undertaken by the Department of State Growth, very confident in developing and delivering major infrastructure here in Tasmania. The business case we've supported as a Government and we've accounted for it in the budget.

Dr BROAD - The evidence we've received, as Mr Willie indicates, basically shows some rather large gaps in the assumptions such as the 44 events being held at the stadium, which brings into question some of those business case assumptions. Treasury doesn't have a view on that at all?

PUBLIC

Mr FERGUSON - We have the Treasury officials here and I am always quite comfortable with them speaking for themselves. But, as a Government, we've backed this project and it delivers on our decades-long dream of achieving AFL and AFLW teams for Tasmania. That might be really why the Labor Party supported it in both Houses on a vote. I know that gets you upset when I say these things, but that's what you did. For us as a Government, it unlocks the opportunity for urban renewal and redevelopment at a very disused industrial site. It gives us the capability -

Mr WILLIE - Which you haven't funded.

Mr FERGUSON - Well, you should have voted against it, Mr Willie: but you didn't - you voted for it. And it's part of our plan -

CHAIR - It is unparliamentary to reflect on a vote of the House.

Mr FERGUSON - I am here answering questions and if the answers make you uncomfortable, then I am sorry for that.

Dr BROAD - Does Treasury have a view on the business cases assumptions, given that we have received evidence that shows there are some substantial holes in the assumptions?

Mr FERGUSON - Acting Secretary, you're welcome to answer: but the Government has backed this project in. Interestingly, at a vote, the Labor Party has backed this in.

Dr BROAD - You are doing that again.

Mr FERGUSON - It seems to make you very uncomfortable.

Dr BROAD - Because we have limited time -

Mr FERGUSON - And you just want to politick -

CHAIR - Can we focus on -

Mr FERGUSON - We are backing it and on the advice of the Department of State Growth as to numbers, the numbers have been reflected in the Budget by Treasury.

Ms CALVERT - We haven't been asked to provide advice on this, so I can't provide comment on any of the assumptions. We have been asked to provide comment from the Tasmanian Planning Commission on the guidelines for the Project of State Significance, which are quite comprehensive. We are currently assessing whether we will provide any comment, but it looks like that requires a quite detailed cost-benefit analysis and economic impact assessment as part of that process.

CHAIR - Treasurer, how do you see Treasury's role in providing a more well-informed cost-benefit analysis, particularly with matters related to employment? If you go to the business case when it talks about jobs during construction, it says: 'the majority of jobs are in the arts, sports and recreation centre during construction'; so I am not quite sure how that works.

PUBLIC

Mr FERGUSON - The fact is there are jobs everywhere on this project and the economic impact around the State and not just in the south is very real for construction and events.

CHAIR - If you let me finish, I am asking what Treasury's role would be in providing advice to the guidelines in terms of how a cost-benefit analysis should be considered, particularly when we have had a business case that States that: 'a large number of events with significant attendance numbers' - which have been disputed by other parties. Everyone is entitled to their view. I am asking you what Treasury's role is here, and will Treasury be undertaking modelling on these particular matters - because they are relevant? The other part of that is the operating costs - how much is Treasury looking at that as well, informing what it will cost to run a stadium?

Mr FERGUSON - I will ask the Acting Secretary to respond, noting that it is the TPC² itself that will undertake this work. Ms Calvert, could you advise the Committee how Treasury will be supporting the TPC through this?

Ms CALVERT - I am not sure at this early stage we are in a position to comment on that, Treasurer.

Dr BROAD - Given your comments a second ago, you were indicating that Treasury may do a cost-benefit analysis to provide to the planning commission?

Ms CALVERT - No, sorry; we've been asked to comment on the guidelines that the planning commission's put out, which includes quite comprehensive requirements for a cost-benefit analysis and economic impact assessment to be done. My understanding is that this is on their website.

Dr BROAD - So, they would undertake their own cost-benefit analysis; that's what the guidelines are indicating?

Mr FERGUSON - That's part of the POSS process.

CHAIR - Isn't the TPC asking for advice on how to conduct a full and proper cost-benefit analysis? That's what is being suggested.

Ms CALVERT - No, they are asking us to comment on the draft guidelines which cover a whole range of issues.

CHAIR - In doing that, Treasurer, the question is: does Treasury have a role in suggesting what matters should be considered in a comprehensive cost-benefit analysis to guide the TPC - that's what it is: guidelines to guide the TPC - in their own assessment of a cost-benefit analysis?

Ms CALVERT - My assumption, as I said, we are considering these at the moment and I don't know what the outcome of that will be because we have only had it quite recently. We will look at what they have set out in terms of what cost-benefit analysis and an economic impact assessment should include and whether, in our view, that is appropriate.

² Tasmanian Planning Commission

PUBLIC

Ms WEBB - To follow up on that, have you been asked or invited by the TPC to make comment on the guidelines; so, the expectation is that Treasury will be making comment?

Ms CALVERT - I don't know. Someone's reviewing them at the moment.

Mr FERGUSON - Ms Webb, it is a fair question, I'll try to answer it. It's possible that Treasury may see something that's worth commenting on - a word out of place, or something where there is a difference of understanding or maybe some clarity. Treasury may or may not make a submission to that process.

Ms WEBB - Thank you. In terms of that, if Treasury does make a submission in some form towards that, as requested, would that be made public as part of a normal publication of submissions to TPC?

Mr FERGUSON - That would be a matter for the TPC.

Ms WEBB - Sometimes people or entities that put submissions in, request confidentiality. Is it your expectation that a Treasury submission, if it's made, would be made available as a public submission?

CHAIR - Would you publish it on your own website?

Ms WEBB - Or give permission for TPC?

Mr FERGUSON - At this point in time, given that the draft guidelines have only just been shared for public comment, and there's some targeted opportunity as well, I'm happy to share with the Committee and make an undertaking that should the Treasury make a comment or submission to that process, we wouldn't seek for it to be made confidential.

Ms WEBB - Thank you. That's a good commitment to have. In previous POSS processes that have occurred, has Treasury made a submission at the time of the guidelines being formulated and finalised, in a similar way to what's been invited now?

Mr FERGUSON - We don't know. I invite the Acting Secretary to respond. It may also be difficult to give a guaranteed answer, considering how many years back we would be travelling on this. I'm happy for Ms Calvert to answer.

Ms CALVERT - It certainly predates me: but I can certainly ask around and see if -

Ms WEBB - There have been a limited number of them. The ones in the last 15 years would be interesting to hear about, just to see whether that's been something that has occurred in times past.

Mr FERGUSON - Exactly. On a best endeavors basis, I'd be happy to take part of that question on notice. I'd ask the Committee to please understand, considering how many years that we're going back - 15 plus -

CHAIR - Basslink's the last one, isn't it? Or Ralph's Bay?

Ms WEBB - Ralph's Bay, Basslink; I've got a list.

PUBLIC

Mr FERGUSON - We would be going back quite a way. I would be happy -

CHAIR - I was here for both of those, it's not that long ago.

Ms WEBB - It's not that long ago, there's some within your term of Government.

Mr FERGUSON - No. Not with PoSS. Not for myself, not with PoSS: but anyway, that's okay. We'll do our best to uncover that information.

CHAIR - Can we also ask if some sort of submission was made, that a copy of that can be provided to the Committee?

Mr FERGUSON - Yes. Again, if there was one it is likely to have been a submission under a previous government, so I don't know if I can get my hands on it. Unless there's a compelling reason I couldn't share it with the Committee, I will undertake to do so. But there hasn't been a PoSS previously under this Government since 2015, Ms Webb. If there was a previous one, perhaps I will uncover that there was one provided. Even at the time, it may have been a publicly provided one. In all cases, if I can legitimately give you a copy of such a submission - should one exist - I will do that.

Mrs ALEXANDER - Treasurer, I am trying to understand why would Treasury not consider answering TPC's invitation to provide a submission? What would be the circumstances, or the reason, under which Treasury will not address or respond to that request?

Ms CALVERT - I am not saying that we won't make a submission. It is very limited, in that it's only making a comment on the draft guidelines. We possibly don't have a comparative advantage in a whole range of areas included in here: but if we think that there can be additional information that should be included in relation to the economic impact assessment, we would provide that but as I said I haven't had a chance to review it, I haven't spoken to anyone who is, so I can't comment definitively.

Mrs ALEXANDER - Treasurer, ultimately the decision of whether Treasury addresses that request or not, is that something that's being done in consultation with yourself, or is it purely your Acting Secretary's decision?

Ms CALVERT - It's a request to me as Acting Secretary, not to the Government.

Mrs ALEXANDER - So ultimately it will be your decision, Ms Calvert, okay all right thank you.

Mr FERGUSON - However, I have also given an undertaking that should the Department provide one, we won't ask the Commission to make it confidential.

Ms WEBB - In relation to the PoSS process, once the guidelines are finalised, my understanding is then it's the proponent, in this case Macquarie Point Development Corporation, who puts together the package of information to address the guidelines that's submitted to the TPC for integrated assessment. My question is just is it anticipated that Treasury will have any role interacting with Macquarie Point Development Corporation as it puts together its package of information on the proposal in response to the guidelines for

PUBLIC

assessment? Is there any anticipation of interplay between Treasury and Macquarie Point Development Corporation in formulating that package of information?

Mr FERGUSON - Thanks Ms Webb, it's not my expectation that Treasury will be involved with the work of the Department of State Growth and Macquarie Point Development Corporation providing that package of materials, it is of course open to the Government and open to MDPC, should they request any support from Treasury because it would be willingly provided should it be needed, but I don't anticipate that's what will occur.

Mr WILLIE - After ruling out the unsolicited 2.0 proposal, the Premier a couple of days later changed his mind and gave the proponent until 5 February [2024] I believe to answer some questions. I'm interested, Treasurer, on whether you've looked at the financial modelling of that project and whether you've tasked Treasury to do a comparison with the two proposals and give some advice in terms of budget management and other issues?

Mr FERGUSON - No, I haven't. I am aware however that it does cross over into the other portfolio of State Development, held by the Premier -

Mr WILLIE - I am asking about budget management?

Mr FERGUSON - Then the answer is no. As I was saying, the Premier has provided an opportunity for that proponent to provide answers to a list of questions by a date in early February [2024], and I don't have any particular comment, nor will I be offering free advice or positive or negative comment about that proposal.

Mr WILLIE - Wouldn't it be prudent to get Treasury to have a look at the two proposals, because if they do come back on 5 February [2024] with the answers that the Premier is seeking -

Mr FERGUSON - What would Treasury be looking at when we don't have answers to those questions?

Mr WILLIE - Well stacking up the two projects in terms of budget management, risks to the State and a whole range of financing matters.

Mr FERGUSON - Wouldn't you think, Mr Willie, that should the Premier ask for that advice and that information and guidance, wouldn't you think we would do so after the answers to those questions have been provided?

Dr BROAD - So you are saying that you'd consider it after those questions?

Mr FERGUSON - It's the Premier's portfolio, I'm hardly going to speak across the Premier's portfolio, but I'm making an observation that the proponent has been provided with a list of questions that need answers. We have our plan and we're continuing to move forward with our plan at Macquarie Point with the votes in the lower and upper Houses of the Labor party, which was pleasing, we're moving forward. That said, that proponent has been asked questions and no I have not asked Treasury to somehow model or make assessments on a project that we know very little about.

Mr WILLIE - Have you looked at the financial modelling of that project?

PUBLIC

Mr FERGUSON - Well I don't think there is any, Mr Willie, and a range of questions have been provided in a different portfolio to the proponent, and that's not part of my role.

CHAIR - I guess, I mean we know one of the things that was raised by the Premier in his letter to the other proponent was around the financial risks and obviously financial risks are a pretty major issue with a major project like this. Isn't it likely that even when that information is received that Treasury may need to be involved in assessing that?

Mr FERGUSON - Yes, thank you for the question. I wouldn't have thought so. The Department of State Growth are expert in delivering major infrastructure. Very expert and should they wish to have any support of the Department of Treasury and Finance, it will be willingly provided but I wouldn't imagine that they would need our support in doing such a comparison.

CHAIR - It seems like a pretty hands-off approach when we're talking about such a major capital investment in the State which would require State funding.

Mr FERGUSON - Like the Bridgewater Bridge, should the project team have wanted any support from the Department of Treasury and Finance, it would have been willingly provided but the Department of State Growth is very, very good at delivering infrastructure.

CHAIR - If I could go to the high-performance centre, in terms of that project - I'm not sure where it's at quite. I think it's two local government areas now bidding for it, so to speak.

Mr WILLIE - Clarence is having a vote on Monday.

CHAIR - Are they? Right. I wasn't sure where it was at. In terms of the funding for that, can you give us a bit more detail about where that sits and what the expectations are around that and what contingencies are built into that.

Mr FERGUSON - Again, I'm happy to share with you, Chair and the Committee, whatever I can in respect of Treasury and how the budget management system accounts for it. We have allocated \$60 million in the Budget for the development of the high-performance training and administration centre. There's a funding contribution of \$10 million from the AFL. Of course, as you've recognised in your own question, the development of that actual centre sits with the Department of State Growth supporting the Sports Minister, Mr Street, however, I can share with you that our funding allocation is provided \$10 million in 2023-24, \$40 million in 2024-25 and \$10 million in 2025-26.

Dr BROAD - Who will be, in effect, the proponent for that project? Who will be the entity that constructs?

Mr FERGUSON - Dr Broad, that would be the Minister for Sport and the Department of State Growth.

Dr BROAD - So who will you hand the cash to?

Mr FERGUSON - It's in the Budget with the Department of State Growth.

PUBLIC

Dr BROAD - So they will, in effect, be the proponent.

Mr FERGUSON - That's right.

Dr BROAD - And then it will be handed over to the team or will it remain as a State asset?

Mr FERGUSON - That's in the AFL deed, I believe, which you have a copy of. Does it not reflect that it's provided at low cost to the club, the high performance and training centre?

Dr BROAD - That's the end of the leasing that. Yes.

Mr FERGUSON - It will be a State asset.

Dr BROAD - But who will hold the asset?

CHAIR - Who owns the asset?

Mr FERGUSON - It's a State asset.

Dr BROAD - So the State will hold it. It won't go to Stadiums Tasmania?

Mr FERGUSON - It could go to Stadium Tasmania but it is a State asset and I'm not going to perhaps second guess but that's not part of the current list of properties that's scheduled to be vested with Stadiums Tasmania. That's my understanding.

CHAIR - Okay. Thank you, Treasurer, for appearing before the Committee. We appreciate your time. We will send those small number of questions to you.

Mr FERGUSON - Chair, I think Ms Calvert has an extra comment if that's okay.

CHAIR - Right. Yes.

Ms CALVERT - Sorry. Just to Dr Broad's comment early on, in terms of when the potential GST impact will start to be seen. At the moment, the first payment from the Commonwealth is in 2023-24, so that's \$20 million, so I can be a bit detailed here. The impact of that \$20 million will be spread over three years starting 2025-26, so 2026-27, 2027-28, evenly across those three years and then you'll pick up each subsequent one.

Dr BROAD - Are you saying the current financial year?

Mr FERGUSON - Excuse me, Dr Broad, would it be okay if I just ask you to hold the question for a moment?

Ms CALVERT - Sorry, that's UTAS. Sorry. So, for Macquarie Point the first one's \$80 million in 2025-26, so take that forward two years, it will then be spread three years over, and then each subsequent one. The thing that also needs to be taken into account is the CGC assesses our need for Commonwealth payments which they assess us as having a higher need and they also assess us from the expenditure perspective also having a higher cost. So, that

PUBLIC

will all be taken to account. It does not necessarily mean that we will lose everything apart from our per capita share.

Dr BROAD - It also depends on what other States get and so on.

Mr FERGUSON - Thank you for your time as well but just on the GST work continuing, to press the point, I can indicate to the Committee that we have not received a negative nor a positive answer. I'm not aware of any draft decisions or anything of that nature. We all want the same thing and I think that Tasmania deserves to have not just the capital grant but also the GST treatment on that. We do look to the Australian Government to sort that matter out and to give Tasmania the answer that it deserves as soon as possible. Anything that members of the Committee can do to add to my voice would be welcome.

THE WITNESSES WITHDREW.

The Committee suspended at 10:46 am.

PUBLIC

The Committee resumed at 1:00 pm.

CHAIR - Welcome everyone to the Public Accounts Committee hearing related to the Macquarie Point development. This is a public hearing. It is being streamed and will be transcribed, unless there any anything of a confidential nature, which you can request the Committee to consider. Everything you say before the Committee is covered by parliamentary privilege. That may not extend outside this room.

I invite you to do the statutory declaration, we have your submissions, if you'd like to introduce yourself and speak further to the submission after that, we will welcome that and then we will have questions for you.

Ms CAROLINE SHARPEN, CHIEF EXECUTIVE OFFICER, TASMANIAN SYMPHONY ORCHESTRA, **DR DANIEL HANNA**, EXECUTIVE GENERAL MANAGER - CORPORATE & REGULATORY AFFAIRS, FEDERAL GROUP and **Mr RALPH FRECKLETON**, GENERAL MANAGER, HOTEL GRAND CHANCELLOR, HOBART, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED

Ms SHARPEN - Good afternoon to all of you and thank you very much for the opportunity to join you today. As noted in our joint submission, the TSO³, our landlord, the Hotel Grand Chancellor and Federal Group's Henry Jones Art Hotel, MACQ 01 and the Retlas Foundry are immediate neighbours of the Macquarie Point Precinct. Together we abut the proposed stadium and are significant stakeholders in the development of the site.

Between us, we generate \$80 million in direct revenues plus value added. We employ over 700 people and we generate more than a quarter of a million visitors to the area every year.

We are passionate contributors to the vibrancy of our waterfront and our treasured maritime precinct. It's also important to State that together, we're excited by and we're supporters of the Tasmanian AFL team. We are experts at the TSO in high performance and we can't wait to welcome and learn from another high-performance team carrying the Tasmanian name.

All of us, especially the TSO, know how important it is to have fit-for-purpose facilities to support on arena excellence, thus the concept of the stadium is one that we support.

This afternoon we come in openness and willingness to collaborate, and today presents an opportunity to consider the potential impacts of the Macquarie Point Precinct plan on our businesses, three major creators of economic, cultural and social value in the precinct and the entire State.

In our submission, we highlighted four analyses to which we would be active and constructive contributors. Why are these analyses important? It's critical information to share with our stakeholders to assure them that it is good process with existing interests protected and embedded in the solution, in addition to satisfying the business risk to each of us.

³ Tasmanian Symphony Orchestra

PUBLIC

I wanted to give you a sense of the TSO's concerns and Daniel and Ralph will follow suite in a second.

Most of you would know that this year, the TSO celebrated its 75th anniversary. Tasmania's orchestra is a State icon, a national icon and it represents our island, our culture and our incredible talent to the rest of the world. As everyone in this room knows the TSO is in the business of sound. We rehearse, perform, record and film performances and music-related content. We do this seven days and six nights a week. First and foremost, for Tasmanians and yet Tasmania's orchestras, your orchestra, our orchestra is of such a calibre that is broadcast, televised, streamed and viewed on demand all around the world.

The TSO operates in a global market and Federation Concert Hall, our recording, rehearsal and filming studio and the imbedded ABC studio make our premises a Tasmanian export hub. So, it won't be a surprise to anyone that a proposed 23,000-seat stadium 200 metres from our facade has raised some concerns, especially for a company in the business of sound.

These are concerns about noise generated by the stadium activities and risk to the TSO business through disrupted performance recording and filming activities, degraded performance recording and film outcomes, which goes to product integrity and export quality, a compromised export hub, a degraded customer experience, loss of earnings and ultimately significant financial risk, and finally, the devaluation of TSO's recent \$1.3 million investment in acoustic upgrades and digital infrastructure in Federal Hall. This was our own investment in creating a world-class high performance arena for Tasmania. Now, I'll hand to Daniel.

Dr HANNA - Thank you, Caroline, and certainly, we concur with the opening Statements that Caroline's made on behalf of the TSO. I guess, to add to that from our company's perspective, Federal Group is obviously an interested stakeholder in the area around Macquarie Point. We're the owner and operator of hotels, restaurants and bars in Hunter Street adjacent to the proposed stadium site. We're also the owner of a future development site on Evans Street, which is directly opposite where we believe the stadium is proposed for at Macquarie Point.

We have been disappointed at the lack of detail about the proposed stadium at Macquarie Point and in general terms the lack of consultation before announcements have been made. We are a directly impacted stakeholder and we would have expected consultation prior to some of these announcements. Certainly, as a company, something we always seek to do is to engage with impacted stakeholders when we're planning changes, seek to understand the views of others and amend as necessary.

Based on the limited information we do have available; we do have some concerns about how a stadium at Macquarie Point might impact on our current and future businesses in the area. Some of those issues are listed in our submission but they include:

- noise during construction and proposed operation of the stadium, a potential loss of access to Evans Street and Hunter Street, which are absolutely critical for our guests, our staff and importantly, our suppliers to our businesses as well;
- potentially reduced customer and visitor experience during both construction and operation;

PUBLIC

- impact on site lines and potential shadowing from the proposed stadium on our current and future businesses; and also
- a general impact on what we might call the maritime heritage feel of the Hobart waterfront, which I think is a very important part of the visitor experience and it's very important - we know from feedback - for our guests.

The scale and location of the proposed stadium are clearly potentially an issue and there's also a potential impact on parking and traffic which would impact on our guests and visitors, both during construction and operation during major events.

It is on the record; we have said publicly we believe that Stadium 2.0 - Dean Coleman is the proponent - is a far better location from our perspective. We note it was the original intended location for a stadium. It does, we believe, resolve a lot of the concerns that we have and the proponents have also provided far greater detail about how this stadium will look, how it will impact on the local area and done an impressive job of consultation with impacted stakeholders like ourselves. Thank you.

Mr FRECKLETON - Hotel Grand Chancellor is both a 244-room hotel but also a convention centre for 1,100 delegates. We host conferences from both Australia and international and events range from international science symposiums to association conferences to trade shows. Some of those events book years in advance and are a driver for visitation in shoulder seasons and off season.

The success of those events and the professionalism of their execution is imperative to our clients, so we're concerned about being adjacent to a stadium and we share TSO's concerns around noise and access, and Federal Group's concerns around the impairment of the maritime area. We believe the uniqueness of the waterfront is one of the drivers in conferences coming to Tasmania. We're keen to establish a process to work through these issues and find a successful medium for everybody.

CHAIR - In your submissions, you talk a bit about consultation. Were any of you consulted during the previous iterations of Mac Point's master plans? The most recent prior to the stadium one. Can you tell us about how that consultation has been, as direct neighbours?

Ms SHARPEN - We haven't been consulted on any matters other than the possible cultural precinct on the north-east corner. The matter of the premise of there being a stadium was out of scope, so it was really how would we utilise the cultural part of the precinct. That was all.

CHAIR - That's all you're invited to make any comment on.

Ms SHARPEN - Yes.

CHAIR - When was that?

Ms SHARPEN - That was in July-August this year [2023].

CHAIR - In the development of the current precinct plan.

PUBLIC

Ms SHARPEN - That's right.

Dr HANNA - Probably in recent times, I think we've had two meetings with Macquarie Point Development Corporation. The most recent of those was yesterday and we had another one three months ago. They have been holding discussions with us but, prior to that, we certainly weren't consulted prior to the announcement of Macquarie Point being the proposed site on the edge of Evans Street. Those consultations I referred to in the last three months have been conducted in a good spirit but, really, it's around the stadium is proposed to go here and what are your views?

CHAIR - The first meeting three months ago. Do you have a date of that meeting?

Dr HANNA - It was an informal meeting with Anne Beach. I believe it was 6 September this year [2023].

CHAIR - What was the purpose of that meeting then?

Dr HANNA - We had been trying to arrange a meeting for some period of time.

CHAIR - You'd been proactively seeking a meeting?

Dr HANNA - Yes, we had been proactively seeking a meeting. We were provided with a map of the Macquarie Point site with a line drawn on there of where the stadium was proposed to be. It was a discussion, I guess, about what our views were.

CHAIR - Was that the first or the second iteration of the stadium location?

Dr HANNA - That was the current iteration.

CHAIR - You weren't engaged at all on the first idea concept? You proactively reached out and talked about the current precinct plan and you had an informal meeting on 6 September [2023] but no formal consultation, as such?

Dr HANNA - No, I don't recall any formal consultation.

Ms WEBB - Can I clarify, Chair? Presumably that would have been during the period of time that Macquarie Point Development Corporation was consulting on their new precinct plan to be delivered to Government by 1 October [2023]. It would have been in that August-September period they were consulting. Your meeting would have fed through into what they refer to as their consultation material as part of that plan?

Dr HANNA - I believe that is probably the case, yes. I don't know that for sure but I believe yes. It was a relatively informal discussion. Admittedly, there was not a lot of detailed information at that time about the stadium and, I think it's fair to say, at that meeting we expressed some of the concerns we'd put here in our submission.

We had another meeting yesterday with Macquarie Point Development Corporation again. That was with Anne Beach and the Chair, Brian Scullin.

CHAIR - Was that a more formal meeting? The details were kept and that sort of thing?

PUBLIC

Dr HANNA - No, it was relatively informal again.

Dr BROAD - It's fair to say you've been getting information about the stadium proposal through the media. You weren't aware the stadium was going to be shifted to that point. You've been finding everything out through the media and not through proactive communication?

Dr HANNA - That's right. That's certainly the case from TSO also. When the decision was taken to the proposed location move to Macquarie Point adjacent to Evans Street, we heard about through the media, I believe.

CHAIR - You reached out then?

Dr HANNA - We'd had a meeting - that was quite a few months after - but, yes, we'd had a meeting during September [2023].

CHAIR - Do you have dates, Ralph, about your consultation?

Mr FRECKLETON - 3 July this year, with Greg Cooper from Macquarie Point and it was an informal coffee catch-up where we were shown a mud map and told that not much was confirmed but this is the basic idea. Again, just a stadium; a round circle on a map.

CHAIR - What sort of feedback did you provide at that point?

Mr. FRECKLETON - The same sort of feedback with noise and access; concerns about crowds leaving the stadium; those sorts of things.

Mr WILLIE - Have you been given any indication of when those issues might have an answer?

Mr FRECKLETON - There has been no further feedback from that meeting.

Dr HANNA - At the meeting we had yesterday, I believe probably around the middle of next year, it is proposed that there is going to be more detail about the design.

Mr WILLIE - So, we will know the height and things like that.

Dr HANNA - Yes, at this stage when it comes to height, we are working on the assumption that it is going to be somewhere in the region of 40-50 metres. We believe that it is; but it depends on a few things like if there is a roof, then what sort of roof.

CHAIR - Daniel, you mentioned that overshadowing. Between those parameters what overshadowing do you see in terms of shading and the diminishing of light - particularly at different times of day and the year?

Dr HANNA - We haven't done an analysis of that. We have not engaged any expert advice on that. I don't believe that Government or the Macquarie Point Development Corporation have done that at this point either. We are concerned that over the winter period, there would be shadowing. The scale of what is proposed, if it goes right to the edge of Evans Street, is certainly a concern. Our development site on Evans Street with the Retlas Foundry

PUBLIC

is less than 20 metres from where the edge of the stadium would be. It would certainly loom over that building; and as we have said in our submission, one of the iconic views in Hobart is from Victorian Constitution Dock towards the Henry Jones. It is one of the most captured images. That will be altered forever, should there be a stadium right to the edge of Evans Street.

Dr BROAD - Just to give it some context, how tall is the Hotel Grand Chancellor, and how high up the building is 40 or 50 metres?

Mr FRECKLETON - With 10 storeys so I could not confirm the actual height of the building off the top of my head.

Ms WEBB - The tower at the Gasworks is 37 metres, or something like that - isn't it, for reference?

CHAIR - Meg, do you have a question?

Ms WEBB - Yes. You may be aware that the process that is underway now - the PoSS process - guidelines are being developed as we speak and out for public consultation. There is a set of draft guidelines people can feed into. Those guidelines determine what will be assessed by the panel convened by the TPC. Have you had a chance to look at those draft guidelines to see whether the sorts of issues and concerns you are raising will be matters that are assessed as part of the integrated assessments next year?

Dr HANNA - I have not been provided with that.

Ms WEBB - They are in the public domain. Can I arrange to have them sent to you? What I would put to you, and seek your response to, is that the integrated assessment takes the place of every other piece of planning legislation or legislation that normally sits in that space. So, what is in the guidelines determines exactly what is being assessed to give this a tick or a cross at the end of the day by the panel, and then it comes back to the parliament. If the issues that you are raising are not somehow represented in what is going to be assessed, then they will not be assessed and it will not come into the decision-making process. That is probably more of a comment than a question, I'm sorry; but would you be interested to look to those and provide your thoughts?

Ms SHARPEN - I received them yesterday; so, I have seen them and yes, by and large a lot of the issues are covered. They just need more scrutiny and we need more time.

Ms WEBB - I think you have got until 8 January 2024 to get input for those -

Dr HANNA - I became aware of those yesterday when we had the meeting with Macquarie Point. I wasn't aware of it until then and haven't had an opportunity to have a good look through that as yet.

CHAIR - In terms of the noise, it affects all of you - particularly the TSO. In your submission, you talk a bit about some of the locations of some of your businesses. Can you outline those more fully and what is involved in the recording and broadcasting? Is that all done at Federation Concert Hall or is it done from other studios? I am interested in where that all happens around the precinct

PUBLIC

Ms SHARPEN - The Federation Concert Hall is where we perform our concerts and every concert from Federation Concert Hall is filmed and live streamed. That happens in real time during the performance. We also run a dress rehearsal the day before where content is captured in case we need to patch anything before it becomes available as video on demand.

You'll all know the dark blue and light blue zigzag building on the corner of Evans and Macquarie street. That's a 300 square metre rehearsal studio which, during COVID-19, we also converted into a film studio, so we make a lot of digital content there for YouTube, for our education programs, our outreach programs, and under our 2030 plan we'll be doing livestreamed kids' and schools' activities from that site as well.

Finally, the ABC recording studio is located in the heart of the TSO leasehold and that's used to live broadcast and produce studio-level recordings, which then go to ABC networks around Australia, through European radio and into any commercial product as well.

CHAIR - Obviously there's a lot of heavy traffic that goes around that area, so what level of soundproofing does that building have so it doesn't impact currently? Is there a decibel rating or something - I'm not sure how, I'm not a sound engineer - I'm just interested to know what's already there to mitigate against noise intrusion.

Ms SHARPEN - It's not enormously robust, Ralph might know more than me, but it is designed to withstand heavy traffic. If an ambulance or something goes past, we will know about that but by and large we get away with most things. The danger of a stadium is that it produces sound at a much higher level. Stadiums are designed to be noisy, which is part of the experience of being there. The issue for us is that the sound attenuation. With 200 metres between us and the centre of the pitch, there isn't enough distance to attenuate the sound so what hits the concert hall is roughly the same as what comes out of the roof.

Dr BROAD - Also, I imagine it wasn't designed to have sound coming from the top, it would be traffic from the side, is that a fair reflection?

Ms SHARPEN - I'm not sure about that.

Mr WILLIE - Is there any suitable location to relocate to, or what would the costs be involved for that?

Ms SHARPEN - For the TSO?

Mr WILLIE - Yes, if you were significantly impacted if the project goes ahead and you can't record and do things that you want to do on the current site.

Ms SHARPEN - Yes, I think we'd have to assess that on as the situation arises basis but there is only one concert hall in Tasmania, this is it. We've made the final investment to bring it up to a world-class high-performance arena standard, it sits alongside other great venues in the world now in terms of its ability to produce world-class sound and world-class recordings so it would be a blow.

PUBLIC

Dr BROAD - If someone kicks a goal, final siren, then that sort of sound would really impact performances, is that sort of what you're thinking, or the general background of the crowd?

Ms SHARPEN - Yes, those large interstitial noises disrupt performances and they obviously impair recording and filmed product. It makes the product unsellable on the international market. People are used to silent studio-level recordings so that's a genuine risk.

CHAIR - There would also be music concerts and things like that, designed so probably everyone around Hobart could hear them in the immediate vicinity.

Mr WILLIE - Just a question for Daniel in terms of the development site, can you give us a bit more detail about that development and if the stadium goes ahead will you proceed with that development, or will you shelve that given the impacts?

Dr HANNA - It would certainly be a consideration. We have owned that site for a number of years, it's the old Retlas bronze foundry, so it's a fantastic historic industrial space and we've certainly got some loose plans at this stage to develop a high-end premium luxury boutique hotel, again focused on the arts, what we think is a good complement to the Henry Jones. Look, if a stadium was to go right opposite, we'd have to consider whether that was a viable use for that site or not.

CHAIR - How long ago did the business purchase that building?

Dr HANNA - We have had it for a number of years, I haven't got the exact date but it would be more than 10 years ago.

CHAIR - In terms of when you bought it, what was the plan for Macquarie Point then, do you remember? I mean it's been a few iterations so I'm just trying to think what it might've been back then?

Dr HANNA - I'm not sure, we probably purchased it before the original Commonwealth funding to clear the site. I guess our view had been from 2012 when that announcement was made that it would probably be a mixed-use area, we'd probably always assumed there would be public open space, and that would be the most likely use right opposite where the hotel was, which was still very much complementary to the development of a boutique hotel. Our preference has always been that we believe it's a good site for future development, but probably relatively low rise and something that complements the existing businesses and operations in the area.

CHAIR - I would assume there is heritage value in that property?

Dr HANNA - I can't recall if it is heritage listed, but it is a heritage site, it's been a longstanding -

CHAIR - It would be interesting to know if it is heritage listed, if maybe you could let us know at a later time about that. In terms of a heritage listed asset, if it is, aside from the Goods Shed that's looking like it might be, do you know if there's any restrictions on building within a close proximity to such a building where something that's not in keeping at all with the heritage of the place?

Dr HANNA - I am not sure. At the moment our loose plans would be to keep the façade of it as a historic industrial space and then build an appropriate development.

CHAIR - Behind it.

Dr HANNA - Quite similar to the way the Henry Jones Art Hotel was originally developed nearly twenty years ago.

Ms WEBB - It probably follows on. You are raising concerns on the changing character of the maritime waterfront and the impact that might have. One of the things that will be pointed to as an economic benefit of the stadium is the hospitality boost that comes from events being held there, the visitation and the use of hospitality facilities. What you seem to be raising as another consideration, is that changing the character of our waterfront would potentially have an impact on the way people engage as visitors with our city and with our waterfront. How can that be considered when weighing up economic benefits and risks with this project? How do we put those two things against each other?

Dr HANNA - I will let Ralph have a go at this one also. It is challenging, because it's probably hard to put an economic value on that. What we do know and the reason we developed the MACQ 01 hotel and opened that in 2017, is that the Hobart waterfront is probably the jewel in the crown in terms of Tasmanian visitor experiences. We can all argue about which is the best one around the State, but we know the Hobart waterfront is probably the most visited site. Just about every interstate or overseas visitor to Tasmania will find their way to the Hobart waterfront at some point. There's a reason for that. It's a great combination we believe of maritime, we've still got fishing boats, a lot of action happening. It's got some of the best-preserved heritage convict and colonial era buildings, all in the one site. That was behind our original idea to develop MACQ 01.

What we're concerned about is that experience will be degraded in some way for visitors, and could have wider implications beyond just our business.

Ms WEBB - Is it worth trying to put an economic value on it or consideration? Do you think that should be part of the assessment?

Dr HANNA - I would be speculating, but I believe that issue should be considered. If you can put an economic value or some form of value on that, it should be considered in this proposal for a stadium.

Mr FRECKLETON - The Sullivans Cove Waterfront Authority made it very clear on how development should be done. This is at odds with that. It's about maintaining the ambiance and the feel of the waterfront. We've got to be very careful we don't lose that forever.

CHAIR - Do you think this is something that should be considered as part of the guidelines for assessment? I haven't looked at them yet. I've been a bit busy with other things. Looking at whether that particular aspect is taken into consideration and an economic value placed on it?

Ms SHARPEN - Possibly have a look at the legacy value and intergenerational value of the site and make some assumptions about what happens if you put a stadium on it.

PUBLIC

Dr BROAD - Another way of picturing it is, would the MACQ 01 proposal have gotten up if you had a stadium proposal at the time do you think? Or would you have questioned -

Dr HANNA - What do they say in politics - never answer hypotheticals? It would have been a consideration. We would be looking at what's in the surrounding area, could it have negative impacts on this business in the future. So, it would have been a consideration. I don't know what the final outcome would have been, though.

Mr WILLIE - A lot has been made of urban renewal with this project and the federal \$240 million was for the precinct, including the stadium. The State Government's elected to fund all that money into the stadium. There's no funding for traffic or transport. There's no additional funding for housing. There's no money, I understand, for an Antarctic precinct. The wharf upgrades - I think there's some questions there.

How disastrous would it be if a stadium's built and the urban renewal doesn't happen for many years afterwards because there's no funding capacity?

Mr FRECKLETON - It would be terrible, simply put, because of the access and the issues of getting 23,000 people in and out of the stadium. We worked out that about 450 buses would be required to get people in and out of the stadium.

Mr WILLIE - So, you'd like to see some of these other elements of the precinct funded before the stadium is in operation?

Mr FRECKLETON - It needs to be planned in alignment to understand how it's going to impact traffic and access. The two things have to be done together.

Dr HANNA - Yes - our perspective would be traffic, parking, amenity has to be a consideration. I think we've previously said if you went with the location of 2.0, then that site would be very well suited to being public space and I know there have previously been proposals for the Reconciliation Park. We always thought that was an appropriate use for that site.

Ms SHARPEN - What's important is the end game and I guess, from this point, what consultation happens and therefore what planning and what strategy is activated to achieve the vision that is ultimately approved.

Mr WILLIE - In terms of the Government's proposal, what we do know about the parking is that it's quite constrained by the site and the different factors, geotechnical and other of the site - I can't remember the exact number that Anne Beach gave us -

CHAIR - What was that, sorry?

Mr WILLIE - The number of parking spots; but it's not a large amount.

Ms WEBB - It's not for patrons. There's no parking for patrons.

Mr WILLIE - Yes, it's private parking. It's not for patrons.

PUBLIC

Ms WEBB - But 1,000 bikes are going to go there and park in 120 spots, so -

CHAIR - Outside Henry Jones, I reckon.

Mr WILLIE - Where would the additional parking come from, given the site constraints at Macquarie Point?

Ms SHARPEN - Perhaps a person with a lot more experience in these matters than me.

Dr HANNA - Certainly, it's a concern that we've raised. To be frank, already there are concerns if there's a TSO concert, there's a conference going on, it's a busy evening in the hospitality industry - there's already constraints on the ability for people to park nearby. Adding a major event with up to 23,000; you can imagine what that would do to an already challenging environment around parking and traffic.

CHAIR - The business case and other documentation indicates an expectation of 44 events a year at the stadium. Depending on what else is built around it, there may be other things happening; but that's 321 days where nothing's happening. It comes back a bit to the point that I think Mr Willie asked about - if it's built with nothing else funded around it, then are there concerns about a dead zone around this area. It probably makes it easier to park; but how would it affect you, in terms of the ambience of the place and the appeal - particularly the tourism and hospitality, that would affect you too Mr Freckleton - with a tall building with a large area of concrete around it, which is a concourse, it's got to have a concourse. Do you have any views on that, because that's what we're looking at the moment?

Ms SHARPEN - Yes, we've laid out in the submission that we put in that we'd like to be involved in the discussion of four types of analyses. Two of those are urban planning and the precinct planning, which determine the things like the amenity of the area; the security of the area; what else happens to animate the site when the stadium's not in use; what happens in that cultural quarter on the north-east corner. Again, we're here in the spirit of consultation. We are experts in that type of activity so let's have that conversation.

Dr HANNA - My perspective would be the idea would be it is an activated site 365 days of the year that there are things happening but there's a combination -

CHAIR - It's a bit hard to do things where a stadium dominates the site, isn't it? Other than things in the stadium.

Dr HANNA - Yes, that's right. It would limit the ability to activate the site 365 days a year.

Dr BROAD - We've heard evidence about 44 events a year. Your organisations run events all the time. We heard evidence from Charles Toubert about substitution and the idea that if you have massive events at one location that there will be a loss of spending yield elsewhere. Would you agree with that assessment or what's your view of the business case and the 44 events?

Mr FRECKLETON - I haven't seen a lot of detail as to what the 44 events are and how they break down or where they source them from, so it's really difficult to assess.

PUBLIC

Dr HANNA - We run a number of concerts. We have the Wrest Point site which can run live acts for up to 1600 and then, weather dependent, we can do outdoor events for a number of thousands. We don't know, to be frank, what the impact would be of a stadium, whether it could draw events that would otherwise have gone to Wrest Point. I'm not sure.

Dr BROAD - One thing that Charles talked about was if there's a lot of events - like a lot of concerts, for example - then a couple of things happen: it becomes less special and the ticket sales driven by that fear of missing out. Whereas, if you have a massive stadium, then people might think that they'll get a ticket at the last minute. What's your experience in, particularly at the casino, running concerts there, what determines how often you run them and what type of artist you get and how often? Are you thinking along the similar lines even when you're doing concerts, indoors and outdoors, along those same lines?

Dr HANNA - We try to activate our property at Wrest Point as much as we can so having live acts is good. We have a regular series, I guess, of live concerts and events. They're smaller in scale. As I said to you, our maximum seating is around 1,600 so they're the events that we seek. Then in terms of bigger outdoor events, we only have a small number of those each year. I guess the point I make is as well is greater Hobart only has a certain population base and a propensity for people to want to attend concerts or to be able to afford to attend concerts. There's a fairly limited pool in terms of how many events locals will go to.

Dr BROAD - Where do you think that sits? They're talking 44 events, it's going to be amazing, you'll get huge acts, you'll get football, you'll get rugby, you'll get Socceros. Apparently, the number of events will be endless, really. What's your sense of it? Is that realistic?

Dr HANNA - It would be very challenging.

Ms SHARPEN - I guess it all depends on whether they're stimulating currently under-served market segments and possibly that's the case, particularly in the sporting activities, and particularly the large concert acts that we wouldn't ordinarily get in Tasmania because we don't have a site that's big enough. I think you're probably adding product in a helpful way in a lot of instances and the business case still remains to be seen, I think, on the frequency and the saturation across the year.

Dr BROAD - You also run concerts. Federal runs concerts out of the Country Club Casino as well. When it comes to things like ticket sales, do you regularly sell out? Do you have to put a lot of effort in get the ticket sales for the concerts that you do put on?

Dr HANNA - It depends on the event, I guess you'd say.

Ms SHARPEN - When we do concerts at Wrest Point, we sell out usually in a couple of days.

Dr BROAD - How many seats do you have though?

Ms SHARPEN - We have about 1,800.

Dr HANNA - I can give you a little bit more detail on our events side of the last couple of years. I probably do not have it to hand so would be speculating on how we go, but we

PUBLIC

might have a relatively limited and small number of outdoor concerts which are larger in nature and then try and run a more regular series of smaller events and concerts.

Dr BROAD - I am trying to get a feel of how you align with Charles Toubert's evidence. You are running at a different scale, but what determines when you run these outdoor concerts? Is it when there is an artist available or is it when you schedule and then you find the artist? How does it work?

Dr HANNA - I would need to defer to a more of an expert within our business on that.

Ms SHARPEN - I can answer some of that actually. Essentially, you usually get offered a bunch of dates by the touring presenters and you make it work. The Federal Group has the facilities and they can be opportunistic and grab those opportunities. The time of year is important because you are not going to have an outdoor event outside of February or March. That satisfies that and then the indoor events you can essentially grab those whenever, provided you have the capacity for it.

Dr BROAD - Even with your indoor events, do you have a season there or do you think you could sell out the concert any time of the year?

Ms SHARPEN - Yes, we have a year-long season. Obviously, it is in a concert hall, we are not affected so much by the weather conditions. We have a really high subscription base, a high-level of people that attend regularly.

Ms WEBB - To be fair, while the 44 events have been in-stadium events, utilising stadium area, the stadium building will have capacity to hold other events and do other sorts of activities at a lower level than a full-stadium event. Is there a scenario where you anticipate those other activities may be conference-type activities or other sorts of smaller-scale, bringing people to use the facility for different purposes? They might actually be complementary and beneficial to your businesses. There might be a beneficial effect there because I am thinking that even some of the events proposed to potentially transfer to the stadium site. The Dark Mofo events or Wooden Boat Festival events - things that have been put into documentation as possible in terms of location that could be on a bigger scale or could be amplified. Does that benefit your businesses in any way, when we move our attention away from just football matches or big things on the grass?

Mr FRECKLETON - It has potential to, absolutely. In terms of meeting space at a stadium, there is a competition that comes in. Domestic meetings and conferences are very slim in Tasmania. It would probably have a negative effect on other venues around the city, but in terms of other events such as accommodation and passing trade, it would be positive.

Dr HANNA - The Hotel Grand Chancellor and ourselves at Wrest Point are probably the two largest conference facilities in Hobart. We do have a maximum capacity we can service effectively as a conference site.

Dr BROAD - What scale of conferences is it possible to attract if you had a bigger venue and how regular would they be? How often do you get people saying they want in excess of what is available to you?

PUBLIC

Mr FRECKLETON - There is a market out there for larger conferences that move through Melbourne, Sydney, Adelaide and all those cities. The thing to consider in the building of the stadium is if you are going to build a conference facility within that, you are increasing your costs because it has to be a separate facility to the stadium.

CHAIR - There is no guarantee that it is going to be part of that?

Unknown - No, I am just suggesting that it is for example.

Mr FRECKLETON - If the AFL is going to command 60 per cent of the year in terms of dates, particularly large conferences book 36 months out. They would want guarantees the AFL could not bump them from a venue. There is some conflict in terms of conferencing and AFL. That would be the same for international events so, concerts.

Mr BEHRAKIS - Looking at the joint submission on the construction, appreciating we might be talking about differences in scale from what was previously proposed on the site, in regards to the loss of amenity and the greater customer experience and noise, would that not have been a factor? You would think that anything that's going to be built on that site is going to be of some scale. So, isn't that an issue for anything that might be built in that area, as far as all those impacts - just of the construction, at this stage.

Dr HANNA - That's fair to say. Whatever construction occurs will probably have some disruption. In our submission having something right to the edge of Evans Street of such a significant scale will probably have more disruption potentially than -

CHAIR - Potentially a secure workplace for construction.

Dr HANNA - Yes; and ongoing access and amenity to our existing assets.

Mr BEHRAKIS - Just on the noise - I know Dark Mofo was mentioned before. When events like Dark Mofo or events down at the waterfront are being held, when there are large number of people, does that effect the audio?

Ms SHARPEN - No.

Mr BEHRAKIS - I don't know if you guys were operating at the time when they did the burning of the - what's it called?

CHAIR - The Ogoh. Was that supposed to happen?

Mr BEHRAKIS - I'm not sure what the numbers were but there were about 10,000 people. Things like that weren't a huge -

Ms SHARPEN - No. That happened on a Sunday night and also it's in a wide-open space so the sound tends to disperse. It's not concentrated and coming out of a single aperture.

Mr BEHRAKIS - That goes to my next question. Having had similar discussions when I was sitting on the Planning Committee at the Council - although maybe not to the same scale; these noise attenuations can be ameliorated through engineering solutions. Is this necessarily a 'don't do this because', or is it wanting to make sure that there are at least options to make

PUBLIC

sure these noise factors are either attenuated altogether or attenuated in a direction away from the hotels and the TSO?

Ms SHARPEN - Definitely that. We would like an acoustic consultant to be involved, for us to have conversations with them, to measure what the envelope of the building is designed to withstand and to understand what else would need to be done to soundproof it, were there to be a stadium on that site.

Dr HANNA - We definitely want it to be considered as part of any proposed stadium on that site.

Ms SHARPEN - Also for it to be documented and noted that it is a serious issue. It hasn't come up in any of our conversations, to date.

Dr BROAD - Has access to Evans Street been discussed in your consultations? I know the stadium, as it's currently drafted, is right up to Evans Street. Is there any thought of maybe even shutting Evans Street or shutting part of Evans Street?

Mr FRECKLETON - I was told that Evans Street would be closed on game days.

Dr BROAD - That it would be closed on game days? Okay.

Mr FRECKLETON - Yes, and major music performances.

Dr HANNA - In our meeting yesterday with Macquarie Point, we did ask that question and we were told, I believe, that the intention is for Evans Street to remain open. Whether that can be achieved or not, I'm not sure.

CHAIR - In terms of accessing your properties and I'm not sure how many -

Dr BROAD - Or the wharf.

CHAIR - Let's talk about these properties here first -those that have access off Evans Street - and I think the TSO has ones that access. So, how would that impact you? Game day is quite a long period.

Dr HANNA - For our businesses, it would be a significant issue if Evans Street was shut. That's how our guests generally access MACq 01 and also Henry Jones; but also, importantly, our suppliers as well who have to make deliveries - that's really the only way in and out effectively, otherwise you're going over a single lane bridge in the docks area, which is not appropriate. We need Evans Street to remain open.

CHAIR - But even bumping-in a large concert or a regular concert, or even bumping-in a game, would require the use of big trucks, so one assumes it would be open until they did that?

Ms WEBB - They might come in the other access road that's been put in.

CHAIR - After they build the other access road, potentially: that's true.

PUBLIC

Ms WEBB - I understand that's where they intend to bring in large trucks for the site.

CHAIR - If that northern access road was built, would that provide an alternative access for you? They'd have to go there, I accept all that; but would that provide an alternative access?

Ms WEBB - It doesn't come around; it terminates at the other side.

CHAIR - I understand that. I'm saying would that provide them with an alternate access.

Dr HANNA - I'm not sure. All I know is that we would need an access that doesn't have to go across the bridge at Constitution or Victoria Dock. It's currently through Evans Street. If it wasn't going to be through Evans Street it'd have to be some other guarantee of another way to access our sites.

CHAIR - How many days a week would you have deliveries that require a large vehicle. Not necessarily a semi-trailer, but a large vehicle?

DR HANNA - Pretty much every day.

Mr WILLIE - It wouldn't just be your business that would be impacted by these intermittent closures either. It'd be the whole area.

Dr BROAD - Including the residents.

Dr HANNA - Yes. I would think so. For us it is a threshold issue that Evans Street - or some alternative access, if it's not Evans Street - can remain open -

Dr BROAD - At all times.

Dr HANNA - At all times.

Ms WEBB - I am interested in your reflections, because in their own ways, all your businesses connect into Brand Tasmania and the brand of our State, and its value and success. Do you see that there's potential constructive positive outcomes, in terms of achieving a team for our State and then the boost that people talk the State getting from hosting a team and hosting games and having a site like this? Do you see that as being potentially beneficial for your businesses, despite some of the other ways that you've identified as it being challenging?

Dr HANNA - Yes, all of us support a Tasmanian AFL team. It's long overdue. We recognise that there probably is a need for a stadium. Where that stadium is located is probably the critical consideration, and its design, its features. If that can be done in a way that limits any of the potential negative impacts, then yes, there are certainly positive impacts from those things.

Ms SHARPEN - And all of them contribute to that sense of visibility of high performance and it provides that beacon and sense of hope and optimism for all of us, and especially our young people. It doesn't matter whether you pursue a sporting pathway or a cultural, creative pathway; there are exemplars in our State of the very best of both of those things.

PUBLIC

Dr BROAD - About the TSO - what do you think would need to happen if there was a stadium built there for the TSO to remain on that site? It would be very preliminary, of course.

Ms SHARPEN - Yes; it's that deep acoustic consultation and making sure that the sound bleed into the Concert Hall studio and ABC studio premises is mitigated completely. One thing which I note isn't in the guidelines as yet, is strengthening Tasmania's legislation around environmental noise. We've got some ways to manage it when it's out there, but not from stopping it from being there in the first place at certain times and over certain durations.

Dr BROAD - You would be assuming, then, that there would have to be that acoustic attenuation - as you put it - in the stadium design itself, because there's not enough distance between the stadium and Concert Hall?

Ms SHARPEN -Yes.

Dr BROAD - Do you think it would be possible to soundproof at the Concert Hall, or would it have to be in the stadium?

Ms SHARPEN - That's why we need the acoustic consultants on board.

Dr BROAD - It's an interesting point that you made about the noise from concerts, for example. I know that when AC/DC played at the Domain, it could be heard all the way out to Lauderdale.

CHAIR - As you'd want.

Dr BROAD - It was great living in Battery Point at the time - I heard the whole thing.

CHAIR - That's why they lost money.

Dr BROAD - That would be an interesting point you're making about the noise, considering that there is a lot of residences in that area as well.

Ms SHARPEN - That's a barbecue stopper, that type of event - for sure.

CHAIR - Or just have a barbecue to enjoy the concert from - wherever. I'm sure you can't answer this; but if that level of sound attenuation is required in the stadium design and thus construction, that could have quite a significant cost on top of the already expected costs: would you think? If that hasn't really been factored into the thinking to date?

Ms SHARPEN - I can't answer that question. I think that's again why we need to have an acoustic engineer on board.

CHAIR - To see if it can even be done and then at what cost.

Ms SHARPEN - Yes, and then whether other interventions can happen within the Concert Hall and TSO premises.

Ms WEBB - You talked earlier about the consultation you'd had in recent times with the Macquarie Point Development Corporation to feed into the precinct plan being developed, but

PUBLIC

have you with the TSO had any interactions with the Minister for the Arts, for example, about potential impacts here and considerations that need to be brought into play to have that relevant minister as part of the team to help make sure your needs are met?

Ms SHARPEN - Indeed. We had a 'welcome to portfolio' meeting with our minister on 30 November, so I was able to brief her then on our submission and what it contained.

Ms WEBB - But prior to that, with the previous Minister for the Arts, there hadn't been any interactions on this topic prior to that date?

Ms SHARPEN - No, we had the consultation on the utilisation of the cultural precinct, as I said, not feeling that our needs were being heard or satisfied our board wrote to various members on 23 September [2023] and we weren't then subsequently able to secure a meeting with anyone.

CHAIR - Did you get a response to your correspondence of 23 September [2023]?

Ms SHARPEN - Just that it had been received and referred to the Minister for Stadia.

CHAIR - No response from him either?

Ms SHARPEN - I would have to double check but we weren't able to secure a meeting.

CHAIR - Was that a bit disappointing?

Ms SHARPEN - Well, I think today, we're here to begin a conversation about what consultation is going forward.

CHAIR - Right. So just in that letter, you directly asked for a meeting in that?

Ms SHARPEN - Yes.

CHAIR - And you got no response to the letter, other than "we've received your letter".

Ms SHARPEN - That's right.

Ms WEBB - Can I check with you in terms of financial support for the TSO from the State Government, at what level is that and does that go to your facilities as well as to operational costs?

Ms SHARPEN - It's \$2.3 million from the State, which is part of a \$9 million tripartite relationship with the Federal Government as well and yes, it's to TSO operations.

Ms WEBB - Thank you. Just a note as well for Ralph, your building is 42 metres tall apparently, according to Google.

Mr FRECKLETON - Thank you.

CHAIR - How many storeys is that, 10?

PUBLIC

Mr FRECKLETON - Ten.

CHAIR - Ten, right. Yes. So, the Stadium's looking at being 40?

Dr BROAD - Yes. It needs to be at least 40, doesn't it?

Mr FRECKLETON - To get the light from under the roof. Broadcast lights, I think.

Dr HANNA - Yes, we believe that it's somewhere in the 40 to 50-metre range is what we've heard.

Dr BROAD - Just on that, have you actually had a look at the rendering that was done by the architects, was that Morris-Nunn, was it? Meg will probably know.

CHAIR - The one that was done that was heavily criticised by the Government.

Mr BROAD - Was that Liminal?

Ms WEBB - No, Liminal did the Government's and this was the - I've forgotten the name, sorry.

A WITNESS - Our Place?

CHAIR - Our Place. That's it.

Dr BROAD - Did you have a look at that when it was produced or you sort of just saw it in the *Mercury* and that was it?

Ms SHARPEN - I went and got the Liminal drawings, yes.

Dr BROAD - Right. And how did that look with the overshadowing and the height difference between the Concert Hall and the stadia, did it -

Ms SHARPEN - I think it was a contributing factor for us wanting to have these conversations.

Dr HANNA - Certainly, from our perspective, it was concerning, I believe.

CHAIR - That's the one that was - yes.

Dr HANNA - Yes, that's the image. Yes, if it looked like that, that would certainly have a significant impact on the maritime heritage feel of Hobart. I have seen other images that look slightly different to that. The height is the same, probably not as bulky though.

Dr BROAD - But what happens if they made it prettier? It looks like a water tank at the moment but even if they had some sort of architectural flare there, the overshadowing would still be a concern?

Dr HANNA - Based on what I can see there, I would think so.

PUBLIC

CHAIR - Because you can't have a glass stadium necessarily.

Dr HANNA - I believe there would still be some overshadowing. Again, we'd need experts to assess that but it certainly looks that way.

CHAIR - You would expect some of the overshadowing. I know most architects do shadowing at all times of the day, well, not at night obviously, during the day and at all times of the year because obviously the sun's in different positions, so you would expect that to form part of this process.

Dr HANNA - Yes.

CHAIR - It probably needs to be checked with their PoSS process that it actually does but it's sort of a pretty standard sort of measure.

Ms WEBB - Shadowlines are in some of that documentation already.

CHAIR - Well don't forget to shadow other things in the vicinity as well, include them.

Dr BROAD - The proposal is directly north of Macq01 for example, so you would block out the majority of the day sun -

Dr HANNA - Certainly the Retlas site would be the most directly impacted.

CHAIR - How high is that?

Dr HANNA - I don't have that to hand to you, it's about a three-storey site at the moment so it would certainly be significantly overshadowed, and potentially the Henry Jones, and the back of the Henry Jones site as well.

CHAIR - That's where you have that open area with the atrium?

Dr HANNA - Yeah.

CHAIR - We're probably out of time. Is there anything that you haven't said that you wished you had? I always like to ask that at the end. Okay well thank you all for your time and we do appreciate you all coming in and if there is anything else you wanted to forward to us, other information, feel free to do that, otherwise we appreciate your contribution.

Dr BROAD - You're going to provide some information around your events?

CHAIR - Yes, we will write to you, we'll write to you then about that.

Dr HANNA - That would be very helpful, very helpful thank you.

THE WITNESSES WITHDREW

The Committee suspended at 2:00 p.m.

PUBLIC

The Committee resumed at 2:05 pm.

CHAIR - This is a public hearing. It's being broadcast and the transcript will be transcribed and put on our website as part of our evidence. It will form part of the advice and evidence toward to the Committee.

Everything you say in front of the Committee is covered by parliamentary privilege. That may not extent beyond this room, to keep that in mind when you leave. If there was anything of a confidential nature you wish to discuss with the Committee, you can make that request and the Committee would consider that, otherwise it's all public.

Mr ROSS DODDRIDGE, OMA, PRESIDENT, AND **Mr STEVEN DINE**, ROYAL HOBART REGATTA ASSOCIATION, WERE CALLED, MADE THE STATUTORY DECLARATION AND WERE EXAMINED.

CHAIR - Did you want to make any other comments to support your submission?

Mr DODDRIDGE - No, I think the submission stands by itself. We'll just answer any questions and elaborate on anything the Committee would like to cleared up from our point of view.

CHAIR - We've had Macquarie Point Development Corporation before the Committee last week and they talked about their consultation process. Could you talk us through any level of consultation you've had during the previous idea or concept? Maybe, if we go back to when Peter Gutwein first announced that his preference was a stadium near the Regatta grounds and then subsequently the decision from the AFL saying it had to be Macquarie Point further around the corner, and then to this iteration? Can you talk about any consultation that's occurred with you and your organisation either by Macquarie Point or by the Government?

Mr DODDRIDGE - Virtually none.

Mr DINE - If I can go back to before the first stadium was publicised, that was back in April this year, the then president of the Regatta association, David Skegg, received a phone call from the Premier the day or the night before that was going to be published in the *Mercury*. That was the extent of that. He just said there was going to be a proposal put forward and it will be in the *Mercury* tomorrow.

CHAIR - That was all the detail you received.

Mr DINE - That was basically the detail we received, yes.

Mr DODDRIDGE - In terms of meeting with Macquarie Point Development Corporation, I was invited to meet with Anne Beach. I went along. It was the first time I'd met her. The first time that I'd been to meet with Macquarie Point Development Corporation. I was simply told of the concept of social housing going on the foreshore in front of the Regatta and sweeping away the buildings which we currently lease.

CHAIR - Do remember when that meeting was?

Mr DODDRIDGE - That would have been May, I think, wasn't it?

PUBLIC

Mr DINE - Yes, around that time.

CHAIR - May this year and Anne Beach came to talk to you about the housing that was going to be put onto the front of that area.

Mr DODDRIDGE - I was shown an aerial photograph of the area and there was an area blocked out just with a Texta pen. She basically said that will be the area where we're proposing social housing.

CHAIR - What's currently in that area?

Mr DODDRIDGE - It's the terraced foreshore and there's our sailing boxes, our workshop and the broadcast box although that might be a bit high.

Mr DINE - That's a big high.

Mr DODDRIDGE - That's a big high so, those two areas.

CHAIR - Housing in front of a broadcast box. Would that interfere with the view?

Mr DODDRIDGE - Undoubtedly.

CHAIR - Was there any discussion about the loss of your facilities and perhaps having to relocate?

Mr DODDRIDGE - No, virtually nothing. I wasn't even allowed to take away the diagram with me. I only took away what I could remember, so I went back to the office where we had the same aerial photograph, which Steve had on his desk and I basically sketched in the details I could remember. But I wasn't permitted to take anything from the meeting. I wasn't given anything in writing.

CHAIR - Did you ask for a copy of it?

Mr DODDRIDGE - I asked if I could take the piece of paper that had been given to me and she said no.

Dr BROAD - What's your current tenure there? I imagine you have a lease.

Mr DODDRIDGE - Yes, we have a lease. The whole ownership of that Regatta point, as the Committee probably well understands, is complicated. There are bits and pieces of it everywhere. We lease a number of free-standing buildings. The John Colvin Stand is the main one. We have two discreet sets of offices on the ground floor and a Committee room upstairs. That encompasses everything in that grandstand. That is the property of Hobart City Council and we have a peppercorn rent.

We also rent what is referred to as the coast guard sheds. They are two old weatherboard structures down on the foreshore. I believe they were leased by the coast guards at some stage. They are referred to as the coast guard buildings and we store equipment in those: inflatable pontoons, swimming lane ropes, greasy poles, all those sorts of things. All the odds and sods

PUBLIC

we used to run a Regatta. They are in those two sheds and then we have the workshop area. We also have the sailing box, which is higher-up to give vision over the waterfront for coordination of the sailing. Above that is the broadcast box.

Dr BROAD - For how long are these leases in place for? Are they rolling one year, five to 10 years or what leases do you have?

Mr DINE - I believe they are rolling one-year leases. I cannot recall seeing any lease documents that we renew for what we call the bunker or the building on the crown land portion. We are just renewing a lease with the Hobart City Council for the coast guard buildings and it is just a rolling occupation of the grandstand in conjunction with the Hobart City Council. I believe we built that back in 1920.

CHAIR - Is that heritage listed?

Mr DINE - I do not believe it is.

Mr DODDRIDGE - It is in two major parts and the earlier part was built in the early 20 century about 1918-1920 and then there was significant alterations done prior to a royal visit by Queen Elizabeth and Prince Philip in 1963. That was when it was made a third bigger again. That is when the Committee room was added and the roofline changed. It used to be gabled and it is now just a skillion roof. I think it probably does not have much in way of heritage value given there has been some major alterations to the profile of the building.

CHAIR - Sure. One of the things you identified in your submission and it has been evident in the precinct plan is the northern access road. Can you tell the Committee more about the impact on all of your operations there?

Mr DODDRIDGE - It would effectively cut the Regatta grounds in half and I am not quite sure how because the Regatta runs in two major sections of course. The public sees the carnival site, the sideshow alley, woodchopping all of that which is up on the same level as the Cenotaph, just above the grandstand. Then there is everything that takes place down on the foreshore which is the rowing events, swimming, which is by definition what a Regatta is. It is a water-based event and also, we have activities down there- face painting and child activities and everything like that.

On Monday, we have a particularly popular day called our come-and-try day where we engage with the people that run the jet ski clubs and those sorts of people. They come along with certified instructors and some safety gear and people can have a try at stand-up paddle boards, jet skis, small boats, etcetera just to try and encourage people to be more interested in water sports and build that community again.

CHAIR - What would you need if it was to go ahead and the northern access road was built there, in terms of patron safety and the functionality for that. If there was to be a road, would you need a tunnel underneath?

Mr DINE - A road closure for the duration of the Regatta.

Mr DODDRIDGE - Currently, it is a public road and has public access to the boat ramp and each year we apply for a road closure permit from Tasmania Police.

PUBLIC

CHAIR - But currently it doesn't go all the way around - the road?

Mr DODDRIDGE - No, but it does go through the site.

CHAIR - So it's closed for those events?

Mr DODDRIDGE - Closed for those events and we -

CHAIR - But if it's a main access road around to the port, and there isn't potentially other access, you couldn't expect it to be closed, could you?

Mr DINE - If that road was kept open during the Regatta, the risk profile to the patrons of the Regatta would be significantly increased because you've got elderly, infirm, people with disability, young children, and they're all coming backwards and forwards between the foreshore and the carnival grandstand area.

CHAIR - If the road couldn't be closed, could the Regatta be held?

Mr DINE - If the road couldn't be closed, we would be very reticent to run a Regatta because of the risk for these people of vehicles, in particular heavy trucks, coming through that area. It would be a recipe for disaster. Indeed, even when we have our fireworks and concert on the Sunday night, we engage a traffic management company to reduce the speed limit on the highway to 40 because we have previously had incidents of people crossing the road and being struck.

CHAIR - Oh really?

Mr DINE - It is a real risk and it is a real concern.

CHAIR - This is one of the oldest continuing Regattas I think you said -

Mr DINE - In the southern hemisphere.

Mr DODDRIDGE - 1838 was the first Regatta that wasn't particularly on the site that we're at now, we've been at that site since about 1840s -

Mr DINE - 1840s, 1850s, they had a little bit of an argument with the Governor back then because the free alcohol was a bit too free and a bit too little.

Mr DODDRIDGE - Lady Jane Franklin commented on the licentious behaviour at the Regatta -

CHAIR - Oh dear.

Mr DODDRIDGE - Yes, because Sir John Franklin turned on free beer for the first three Regattas.

PUBLIC

Dr BROAD - Given the history at that site and the length of time that the Regatta has actually been held, how did that make you feel when you found out that the Government had created plans for your site without even considering, I suppose, the history of the Regatta.

Mr DODDRIDGE - Quite incensed. We hadn't been consulted; we were simply told that we were going to lose the foreshore to social housing -

CHAIR - So what action did you take? Did you write to the Government, or to Macquarie Point Development Corporation, or -?

Mr DODDRIDGE - We ended up then forming a partnership, like a group, with the relevant stakeholders - RSL Tasmania, the Regatta Association, the Hobart City Council and the First Nations Working Group who have been working on a truth and reconciliation park - those four groups formed an alliance and we continue to meet on a regular basis.

CHAIR - So you met together, but how did you engage with the Government or Macquarie Point Development Corporation?

Mr DODDRIDGE - We wrote to the Premier, the first letter was on 9 May [2023]. There was no response to that. We followed that up with a second one, again we got no response -

CHAIR - What date was the second one, do you recall?

Mr DODDRIDGE - I'd have to check.

CHAIR - That's all right. So, the second letter no response at all? Not even an acknowledgement?

Mr DODDRIDGE - They were penned by the Lord Mayor but signed by all four groups and from there we ended up with -

Mr DINE - During the early stages when we first found out that the public housing was going to be put on the Regatta grounds, we did receive contact with the minister's staff. We had a brief meeting with them -

CHAIR - The Minister for State Development or -

Mr DINE - The minister for events.

CHAIR - Oh, Nic Street's staff?

Mr DINE - Yes, his staff, and I'm not sure which other person, sorry. We had a brief discussion with them and they said it would be able to fit in with the Regatta. We would still be able to run our event. However, we are still sceptical that would actually be able to be achieved.

CHAIR - Did they acknowledge the road would need to close to be able to safely hold the event?

PUBLIC

Mr DINE - I don't think we had that discussion. I can't specifically recall that.

Mr DODDRIDGE - If I can correct myself, the first date of the Premier was Thursday, 18 May [2023].

CHAIR - Have you got a date for the second letter?

Mr DODDRIDGE - That was a follow up email on 9 June [2023].

CHAIR - And there was no response to that one either?

Mr DODDRIDGE - No, and that one started off:

Dear Premier, we write to follow up on the request sent on the 18th May by the Lord Mayor. We have not received a response to this email and are concerned about the ad-hoc approaches to this project.

Dr BROAD - How does that contrast with the level of consultation that you've had with the Stadium 2.0 proposal. When did they first contact you and what's been the level on engagement with the proponents?

Mr DODDRIDGE - I first met them when I was asked to meet with Dean Coleman. Dean went through the entire presentation with me. He asked me what concerns the Regatta Association would have. I outlined the loss of the boat ramp, the need for foreshore, et cetera, and the offices, because the whole John Colvin Stand goes. We talked through most of those problems. Dean then offered to come along to our next meeting and address our entire association.

We were bound by commercial-in-confidence at that stage, but we were able to freely ask questions and those that couldn't be answered on the spot Dean took note of and supplied answers after that. Suffice to say that I would have been in pretty much weekly contact with Dean Coleman from July right through to now. He's back in Tasmania at the moment and I'm expecting to catch up with him early next week.

Dr BROAD - I imagine they came back with a revised proposal. In your submission you talked about an alternative boat access and offices and other accommodations.

Mr DODDRIDGE - Yes, they've come back talking to us about how they would relocate various things and that they would relocate the boat ramp closer to towards HMAS Huon, which would be beside where they would put the Stadium 2.0. We talked to them about the need to have the ability to launch kayaks and stand-up paddle boards in that area, also 1st Derwent Sea Scouts about their access to the water as well, so I raised those with Dean. At that stage we already had a design for a kayak launching ramp, didn't we?

Mr DINE - Yes.

Mr DODDRIDGE - That had been done previously. We supplied that to Dean and he was quite happy to incorporate that into the relocation of the boat ramp. In terms of offices for the Regatta association, my understanding from talking with Dean is that there will be an accommodation block built for the workers building Stadium 2.0, because they need

PUBLIC

somewhere to stay, and that will be 300 units that will be refurbished after the stadium is completed and I believe sold to the State Government at a discount price for social housing. There will also be an amenities block with their kitchens, crib rooms, toilet, showers et cetera. That is going to be refurbished and offered to us as an office location. So, we ended up being accommodated -

Mr WILLIE - Isn't that building on the other side of the Cenotaph?

Mr DODDRIDGE - The public housing building is, yes. That's actually on Macquarie Point, not Regatta Point.

Mr DINE - The amenity block that Ross was talking about, I believe is actually going in the stadium structure.

Mr WILLIE - Right, thanks for the clarification.

Mr DODDRIDGE - That's going to be on the foreshore area. We'll be having access there. The other thing that Dean has promised to us with Stadium 2.0 is a revenue stream from the carparking.

Mr WILLIE - Just on the Regatta weekend?

Mr DODDRIDGE - Well, basically they're going to look at it to say that the Regatta is a three-day event; so it will be parking income for 12 months -

CHAIR - 365 divided by three.

Mr DODDRIDGE - Yes.

CHAIR - No; divided by - whatever.

Mr DODDRIDGE - Divided by three. Parking income divided by 365 multiplied by three.

CHAIR - That's right. That's the one.

Mr DODDRIDGE - And given to us. And the estimates of that from the 5,000 car parks are roughly \$140 000 to \$150 000, which exceeds what we currently spend on budget for a Regatta. Currently, we're in the midst of the process for the 2024 Regatta. We literally go around with a begging bowl.

CHAIR - What will it mean for the Regatta to have that revenue stream?

Mr DODDRIDGE - To have that revenue stream would mean a lot for the Regatta. It would mean we could then concentrate more on the event itself than knocking on doors and pleading for finance. We are well supported, and have been for 185 years. We have some very good sponsors, some very keen sponsors; but it's a struggle each year, sending out the letters, offering naming rights for various things, like McDonalds.

CHAIR - It's like all clubs, isn't it? Sporting clubs and others.

PUBLIC

Mr DODDRIDGE - Yes. It takes a lot of time and effort. McDonalds do the Two Bridges race - and now we can't do that anymore because the Bridgewater Bridge is being rebuilt, so we're going to have to call it something else. But McDonalds will still sponsor that and -

Mr WILLIE - You'll probably still do a bit of that revenue raising, won't you?

Mr DINE - We certainly will. We won't stop. With a regular income stream such as that, we'll cement the existence of the Regatta for another 186 years, we hope. We're an entirely volunteer organisation. There are no paid employees. Income like that may give us the scope to have a part-time paid employee who can then go around and sort out sponsorship, and do all the planning for the permits. I spend hours each week, for most of the year, doing that type of thing. It would give us a platform on which to expand our event, to make it more relevant to the people of Hobart - in fact, the greater Hobart area - and cement us into the future. We're one of the oldest traditional public events in Tasmania, alongside the Royal Hobart Show. If you go back 40 years, there were two events in Hobart. One was the Show and one was the Regatta.

CHAIR - There's even a public holiday for it.

Mr DODDRIDGE - Yes, there is.

CHAIR - So, you would potentially have a public holiday and no Regatta, if you couldn't do it.

Mr DODDRIDGE - Yes. It's the second-oldest public holiday in Australia.

Mr BEHRAKIS - The alternative proposal - that would have just as much of an impact on the existing facilities, would it, as what's being proposed?

Mr DODDRIDGE - It would be more so. Stadium 2.0 calls for the existing grandstand to be demolished, because the stadium will be there. The Macquarie Point stadium leaves that grandstand untouched, if you like; but the housing in front of it makes it next to useless and we lose the other bit. And then, of course, if that grandstand remains, it needs some serious money spent on it. Currently, the roof leaks, so you're looking at about \$200,000 to fix that skillion roof. If you're going to fix the roof, then you may as well fix other things. There's currently no access apart from the fire escape stairs or up through the concrete steps. When we have the cocktail party for the Governor, she has to come up the concrete steps and then up through the seating to get to the Committee room. There is literally no other way up there.

CHAIR - It's not accessible then, is what you're saying?

Mr DODDRIDGE - No, not accessible in the slightest. My wife is in a wheelchair, and hasn't been able to get up there since I've been President. She can go with us when we go to Government House but when we host the Governor, my wife can't be there unless I pick her up and carry her up there and carry her wheelchair up there.

We thought, if we could tap into some money, you'd put a concrete tilt up behind it and a walkway through to the existing Committee rooms. But realistically, if you were looking at

PUBLIC

that being a green-field site, if that thing got blown up and we got an insurance payout if it's insured - if the City Council turned around and said: 'Yes, we've got \$2 million worth of insurance money; do you want us to rebuild the grandstand?' - we'd say 'No', because the style of the Regatta that it is now, that grandstand is really not in use.

Mr BEHRAKIS - Who owns the pavilion?

Mr DODDRIDGE - The Hobart City Council does.

Mr BEHRAKIS - It would be the Council's responsibility to maintain that?

Mr DODDRIDGE - Yes. Many years ago, it was ours and we handed it back.

Mr DINE - We had a lease on the entire building and then the Council did an assessment and said we needed to spend about \$140,000 on repairs and upgrades.

Mr BEHRAKIS - The Council said that to you?

Mr DINE - Yes. We basically said we didn't have that kind of money. We then handed the lease back to the Council. We retained occupancy of some of the building but the Council leased other portions out. A theatre music crew is one of them.

Mr DODDRIDGE - Yes, a theatre music crew is camped downstairs.

Mr BEHRAKIS - In the meantime, the Council hasn't put any money into maintaining that at all?

Mr DINE - They've put money in - they've had the underside of the roof repainted. If we need any maintenance done, we contact the Council and they're very proactive in that respect. But upgrading the facilities, on top of general maintenance - no.

Dr BROAD - They won't fix a leaking roof?

Mr DINE - At the moment, nothing's really happening because nobody knows what's happening.

Dr BROAD - That delays any repairs because they think it might be -

Mr DINE - We're talking about more than two years of delayed repairs, though.

Mr DODDRIDGE - The roof is leaking over the seating on the old part, not over the Committee rooms. The Committee rooms, the power and all that - there's no danger from that leaking roof. It's just that the outside seating, down on the two-thirds that was built in 1918, that leaks and that concrete is starting to fall apart. We used to be able to go in there and Karcher wash that concrete because we have a problem with homeless people living, sleeping, defecating in that area. We used to be able to go up there and hose it out, and wash it out with a Karcher.

We can't do that anymore because the concrete has now cracked. If we do so, that seeps down into the offices below. We now can't do that. The best you can do is to sweep it out.

PUBLIC

Dr BROAD - I imagine if Stadium 2.0 does go ahead, it would change the nature of the viewing of the Regatta. There'd be a huge flat concourse across the waterfront.

Mr DODDRIDGE - Undoubtedly, it would change the view entirely.

CHAIR - For the better or worse, are you saying?

Mr DODDRIDGE - I believe for the better. It would certainly provide a larger foreshore access than there currently is because of the width and the size of that boardwalk area that would end up down there.

CHAIR - Around the water side of it.

Mr DODDRIDGE - Around the water side and around the edge. It doesn't do much to where the carnival currently is; that gets all taken away and put back again. We basically end up with a flat, grassed area.

CHAIR - In terms of the other events - the wood chopping and the other things up the top -

Mr DODDRIDGE - The carnival and wood chopping.

CHAIR - Does that disrupt that area at all?

Mr DINE - During the construction phase, yes. After construction and after it's been commissioned, no. I believe it will be a better area because it will be a flat, grassed area. At the moment, it's slightly undulating which can be a problem to set up major rides on there.

Even when circuses and that type of event happen, they have to dig channels into the ground to make sure their tent, stagings and seating is level. It will resolve that. We have an aging electrical infrastructure around the ground which we put in in 1984. We've now had a notice served on us by Tech Safe that that doesn't comply with the current standards. That's going to be another \$70,000 or \$80,000 to bring it up to standard, which we're seeking.

Mr DODDRIDGE - Again, there's a reluctance to fund that because if Stadium 2.0 goes in -

CHAIR - It will get all dug up again.

Mr DODDRIDGE - It will get all dug up again; and then when it's put back down, it will be put back down to standard.

CHAIR - Have you been given a time frame for the completion of that upgrade or the necessary work?

Mr DODDRIDGE - No. We're waiting for a report from CBOS at the moment. They have the safety report. It's been considered the lowest risk. My understanding is that the infrastructure in the ground doesn't comply with the existing standard.

PUBLIC

Mr DINE - It is the earth-leakage, the RCD coverage. We have ameliorated a lot of the risks because we disconnected all our single-phase circuits. Now we only have three-phased which goes through distribution boards, which reduces the risk significantly, but it still needs to be upgraded.

Dr BROAD - What about a sailing box in the new design?

Mr DINE - The sailing box was historically used to start, stop and monitor the races. That is all done electronically now. We currently used the sailing box as an office building. It is probably one of the best outlooks of any office in Hobart. As far as its intended use, it is no longer used for what it was actually built for.

Mr DODDRIDGE - Sailing has been declining at the Royal Hobart Regatta and we have been trying now for two years to engage somebody to become a sailing coordinator for us. The problem being is all of the yacht clubs now based around the Derwent have marinas. Marinas generate large incomes once they are built. [inaudible] and so they all have now the professional sailing people. They pay people to coordinate their sailing races, etcetera. We do not and it is difficult for us to get somebody to volunteer to be that interface between that group.

We have talked to Dean about that and the possibility with 2.0 going ahead. There would be ferry wharves in there for transport for people going to and from and there is the possibility of bringing marinas in there. If a marina was to go in there, we would have been given the management rights for that. Again, that would give us a steady income and would allow us to employ a sailing coordinator.

CHAIR - We have heard how you have engaged with Mr Coleman and you have acknowledged in your submission the Premier has written to him asking him to answer a series of questions about the proposal. Have you had any discussions with the Premier about the benefit, as you see it for the Regatta and the broader benefit there with him? Have you sought to engage with him on that in terms of you say - it is up to Mr Coleman to answer all those questions of which there are quite a number and some of those are quite interesting. Yes, interested in what role you might have played in that?

Mr DODDRIDGE - No, we have not. Other than meeting as our stakeholder group with the RSL and the Council and the First Nations working group. We continue to meet on a reasonably regular basis.

CHAIR - Does that group seek to engage with the Premier? It is great there is a group collaborating meeting together but if it is all just a meeting within a group that does not actually feed out into the key decision-makers, how would anyone know?

Mr DODDRIDGE - That group has written to the Premier. We have also met-

CHAIR - In addition to those letters we talked about or recent?

Mr DODDRIDGE - Yes. We have met with Rebecca White also.

CHAIR - I think you said Mr Coleman has been talking to you since July [2023]? Since you have had discussions with Mr Coleman, you have been seeking to engage with the Government?

PUBLIC

Mr DODDRIDGE - We have not directly engaged, but we have been seeking to. They kept referring us back to Macquarie Point Development Corporation. We find not much point in talking to them because there is only a concept plan. The RSL for example will not meet with anybody until there is a design for a stadium to look at.

CHAIR - Yes, say we will go and look over there, but you want them to look here. Have you specifically asked to speak to the Premier or meet with the Premier about the benefits you said of 2.0, is that right? Rather than focusing on what impact 1.0 might have or not have on you? I am trying to understand whether there is a proactive approach after you got an understanding of Mr Coleman's proposal with the Government?

Mr DODDRIDGE - No, we have not sought that.

CHAIR - Obviously, his responses are not required until early February. I wanted to see if there is any value in doing that. Not that you can answer Mr Coleman's questions, but you can talk about the impact on the Regatta grounds.

Mr DODDRIDGE - We can certainly talk about the implications for the Regatta association may be of importance.

CHAIR - Did anyone have other questions?

Dr BROAD - On a slightly different topic, you have talked about the proposal for an access road and how that would impact the Regatta, and we talked about the social housing. What about the relocation of the sewerage works? Have you had any discussions with TasWater about how the works could potentially impact the Regatta?

Mr DINE - I have spoken to one of the project managers with TasWater. The rising main that they're proposing runs in front of the grandstand and up through the road and the car park that the Council recently built. I indicated at that time that it would be problematic if construction was in and around the Regatta Grounds during Regatta time, and they said they would take that into account in their scheduling.

As far as the removal of the sewerage treatment plant, I think that would make the Regatta Grounds a much nicer place to be, particularly when the wind is coming upriver-

Dr BROAD - Or there's one of those alarms going off-

Mr DODDRIDGE - Yes. Our understanding is that's almost a completely separate project that's going to be carried forward regardless of whether it's 1.0 or 2.0 - that sewerage works will disappear from the port area and there will be a pumping station, and it will be pumped out along the river bed, I believe, to Selfs Point.

Mr DINE - In answer to your question - no, nothing officially or on paper but it was a conversation with one of the project managers at the grounds.

Dr BROAD - That rising main that you're talking about, would that be in conflict with the social housing construction? Are those two things -

PUBLIC

Mr DINE - No; because it's running between where the Macquarie Point bike track is running, and the grandstand. It's the grassed areas in front of the grandstand and then up through the roadway, so that should not impact the Regatta in any way.

Dr BROAD - What about the area set aside for social housing?

Mr DINE - No; the area set aside for social housing is below that.

Mr DODDRIDGE - That's the terraced area on the other side of the railway line.

Mr DINE - So, it shouldn't impact; however, Stadium 2.0 would have a significant impact.

CHAIR - The northern access road that's part of the plan with that social housing down on that terraced area. I don't know how many homes were suggested for that area; but in terms of access to that road, does that increase? Obviously, you can't cut their access off during the Regatta either, can you?

Mr DINE - We've only been told as a concept they're going to put 'x number' of houses there. How that's going to be laid out, how it's going to interact with the access road to the Hobart ports area - we don't know.

Mr DODDRIDGE - We've only had one discussion with Anne Beach, that basically it would be stepped up on the terraces until it was pretty much level, and there would be a green roof on it so it wouldn't look out of place. That's literally what I was told.

CHAIR -. Other questions, members; or are we all done? Right. Is there anything you haven't told us that you'd wished you had and you'd like to add at this point?

Mr DODDRIDGE - No; I can't think of anything that I need to add further to what we've put in the submission and the questions we've answered today.

CHAIR - We appreciate you taking the time, firstly to put in your submission, but also to come before the Committee. It's helpful to understand the various direct neighbours and the impacts on them, and the Committee appreciates your time.

THE WITNESSES WITHDREW

The Committee adjourned at 2:44 pm.