



PARLIAMENT OF TASMANIA

PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS

Tasmanian Government's Proposed Hobart Stadium Feasibility Planning Process Interim Report

Members of the Committee

Legislative Council

Hon Ruth Forrest MLC
(Chair)

Hon Meg Webb MLC

Hon Josh Willie MLC

House of Assembly

Ms Lara Alexander MP

Dr Shane Broad MP
(Deputy Chair)

Mr Dean Young MP

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Charter of the Committee

The Public Accounts Committee (the Committee) is a Joint Standing Committee of the Tasmanian Parliament constituted under the *Public Accounts Committee Act 1970* (the Act).

The Committee comprises six Members of Parliament, three Members drawn from the Legislative Council and three Members from the House of Assembly.

Under section 6 of the Act the Committee:

- **must** inquire into, consider and report to the Parliament on any matter referred to the Committee by either House relating to the management, administration or use of public sector finances; or the accounts of any public authority or other organisation controlled by the State or in which the State has an interest; and
 - may inquire into, consider and report to the Parliament on any matter arising in connection with public sector finances that the Committee considers appropriate; and any matter referred to the Committee by the Auditor-General.
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Abbreviations and Acronyms

AFL	Australian Football League
AFLW	Australian Football League Women
Agreement	Club Funding and Development Agreement
BBL	Big Bash League
BCR	Benefit Cost Ratio
CBA	Cost Benefit Analysis
Committee	Public Accounts Committee
COVID-19	Coronavirus Disease 2019
DSG	Department of State Growth
FIFA	Fédération Internationale De Football Association
GSP	Gross State Product
GST	Goods and Services Tax
HCC	Hobart City Council
ICC	International Cricket Council
MLC	Member of the Legislative Council
MP	Member of Parliament
MPDC	Macquarie Point Development Corporation
MPDC Act	<i>Macquarie Point Development Corporation Act 2012</i>
PwC	PricewaterhouseCoopers Consulting (Australia) Pty Limited
QVMAG	Queen Victoria Museum and Art Gallery
RSL Tas	Returned and Services League of Tasmania
TCA	Tasmanian Cricket Association
ToR	Terms of Reference
UTAS	University of Tasmania
VVAT	Vietnam Veterans Association of Tasmania
WBBL	Women's Big Bash League
WNCL	Women's National Cricket League

Executive Summary

The Joint Standing Committee on Public Accounts (the Committee), initiated by its own motion, a targeted inquiry into the feasibility planning for a new sporting and event stadium in Hobart and Macquarie Point.

This Inquiry was in direct response to significant community interest in the proposed facility at Macquarie Point, allegedly as a requirement of the Agreement with the Australian Football League (AFL).

This Interim Report should be read in conjunction with the relevant submissions and transcripts of public hearings and will focus on key matters related to evidence to date. The Committee notes significant developments have occurred with regard to this proposed new facility and the Agreement signed by the Premier on behalf of Tasmania and Mr Gillon McLachlan on behalf of the AFL (the Agreement) that has been partially publicly released. As a result of evidence received to date and new information becoming available, this Interim Report will provide an overview of evidence received predominantly prior to the public release of the redacted *Club Funding and Development Agreement* signed between the Crown in the Right of Tasmania and Australian Football League. The Committee resolved to continue the Inquiry under a revised Terms of Reference and will report on these matters in due course.

The Committee notes on 7 May 2020 a Select Committee of the Tasmanian Legislative Council issued its report on an AFL license for Tasmania with some findings of that Committee being relevant to this Inquiry.¹

To date, the Committee has made a number of findings including findings related to the lack of consultation, especially with key, and deeply invested stakeholders related to the Macquarie Point site. These include the Returned and Services League of Tasmania (RSL Tasmania), Vietnam Veterans Association (Tasmania), TasWater and Hobart City Council. Many of the assumptions contained in the various reports provided to Government, including the PricewaterhouseCoopers and MI Global Partners Reports, are not comprehensive or detailed to enable a meaningful Cost Benefit Analysis (CBA) to be determined. These Reports have significant gaps, for example, the absence of assumptions related to opportunity costs and implausible event attraction details.

It is also expected the new facility will be debt funded and Australian Government funding to support the York Park and Macquarie Point developments are likely to result in reduced GST payments in the future.

At this point in the Inquiry, the Committee makes one overarching recommendation that the Committee's Terms of Reference be revised to reflect recent developments with a greater focus on the Agreement and the financial implications for the State this Agreement gives rise to.

¹ See Legislative Council Select Committee Final Report on AFL in Tasmania, https://www.parliament.tas.gov.au/data/assets/pdf_file/0019/51706/afl.rep.final.combined.pdf

On the basis of this evidence and this recommendation and more recently available information, the Committee resolved to amend the Terms of Reference and continue scrutiny of Government decision making and financial implications related to the Tasmanian AFL team and the proposed new stadium, and as referred to by the Government the Arts, Entertainment and Sports Precinct.

The revised Terms of Reference that will inform future reports are as follows:

To inquire into and report upon the Tasmanian Government's process into the proposed Arts, Entertainment and Sports Precinct in Hobart with a particular emphasis on:

- 1. matters related to the Club Funding and Development Agreement (Agreement) signed between the Crown in the Right of Tasmania and Australian Football League;*
- 2. the suitability of Macquarie Point as the site for a proposed the Arts, Entertainment and Sports Precinct;*
- 3. the financial risks associated with the Agreement;*
- 4. matters related to the financing and delivery of the entire proposed Arts, Entertainment and Sports Precinct;*
- 5. the future of Blundstone Arena and UTAS Stadium; and*
- 6. any other matter incidental thereto.*



Hon Ruth Forrest MLC
Chair

30 August 2023

Summary of Findings

The Committee found:

Area	Finding
ToR 1 - The process used to select Macquarie Point as the site for a proposed new stadium	F1. The State Government did not engage with key stakeholders, including the RSL Tas, Vietnam Veterans Association (Tasmania), City of Hobart, and TasWater, until a fortnight after the Cabinet decision was made (5 September 2022), and predominantly after the official announcement made on 18 September 2022.
ToR 2 - How a new roofed stadium became a condition of a Tasmanian licence to enter the Australian Football League	F2. The determination that the proposed stadium should have a fixed roof was initiated by the Government and not the AFL. F3. The PwC Report did not account for the fact that Test cricket has not been, and is unlikely to be played, under a fixed roofed stadium. F4. The MI Global Partners Report indicated that the proposed stadium might benefit from having a retractable roof. F5. The AFL Taskforce Report does not state a new stadium was essential to nor should be a condition of a Tasmanian AFL team.
ToR 3 - The figures and assumptions contained within any State Government commissioned reports and economic impact assessments of the proposed Macquarie Point stadium, including any subsidies required and assessments of ongoing operating costs	F6. No evidence was received that identified the basis of assumptions provided by Government to consultants to inform the business case modelling: in particular, number and nature of expected events and attendance at events of the proposed stadium. F7. Assumptions in both the PwC and MI Global Partners Reports include events that arguably could not be held in a fixed roof stadium. F8. The MI Global Partners report in its cost benefits analysis does not take into account the opportunity costs associated with the land at Macquarie Point. F9. The Government has been unable to provide detailed modelling to support the public claims of the increase in State revenue.
ToR 4 - The Tasmanian Government's expectation regarding financial contributions from the Australian Government, AFL and third parties	F10. It is not clear whether the Commonwealth Government funding to support the Hobart and Launceston 'place-based co-investments' will be quarantined from the Commonwealth Grants Commission GST assessments. F11. According to information available on the Commonwealth Grants Commission website, it is unlikely such funding would be quarantined in part or in full from GST assessment.
ToR 5 - The level of borrowing and costs on the assumed \$375 million Tasmanian Government contribution to the construction of the proposed new stadium	F12. The proposed new stadium is expected to be debt funded by the State Government with ongoing interest costs.

Area	Finding
ToR 6 - The future of Blundstone Arena and UTAS Stadium, including State Government ownership and future capital and operational expenditure	<p>F13. The future of Blundstone Arena at Bellerive and UTAS Stadium at York Park, Launceston remain unclear in terms of events and games that will be played at these venues should a new stadium be built at Macquarie Point.</p> <p>F14. Tasmanian and Australian Government Grants continue to be provided to upgrade York Park.</p> <p>F15. The Tasmanian Government has provided grant funding to Cricket Tasmania to assess the effect of a new stadium on ‘the business of cricket’: this work is not yet complete.</p>
ToR 7 - The role of the Major Stadiums business unit within State Growth and the newly established statutory authority Stadiums Tasmania in relation to the proposed new stadium	<p>F16. Major Stadiums is an infrastructure development unit that oversees the redevelopment of existing stadium infrastructure or the building of new stadium infrastructure.</p> <p>F17. Stadiums Tasmania is a statutory authority established to own, manage and facilitate the development of Tasmania’s stadium infrastructure as part of an ongoing basis</p>
ToR 8 - Other matters	<p>F18. In Tasmania, Australian Rules football appears to receive significantly more funding and infrastructure investment than all other sports combined, especially when considered on a per participant basis.</p>

Committee Recommendation

The Committee made one recommendation:

The Committee's Terms of Reference be revised to reflect recent developments with a greater focus on the Agreement and the ensuing financial implications for the State this Agreement gives rise to, with particular regard to:

To inquire into and report upon the Tasmanian Government's process into the proposed Arts, Entertainment and Sports Precinct in Hobart with a particular emphasis on:

- 7. matters related to the Club Funding and Development Agreement (Agreement) signed between the Crown in the Right of Tasmania and Australian Football League;*
 - 8. the suitability of Macquarie Point as the site for a proposed the Arts, Entertainment and Sports Precinct;*
 - 9. the financial risks associated with the Agreement;*
 - 10. matters related to the financing and delivery of the entire proposed Arts, Entertainment and Sports Precinct;*
 - 11. the future of Blundstone Arena and UTAS Stadium; and*
 - 12. any other matter incidental thereto.*
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Conduct of Review

On 6 December 2022, the Committee resolved to undertake a targeted inquiry into the feasibility planning for a new sporting and event stadium in Hobart. A media advisory and the Committee's Terms of Reference were released and published on the Committee's website.

The Terms of Reference were as follows:

To inquire into and report upon the Tasmanian Government's process into the feasibility planning for a new sporting and event stadium in Hobart with a particular emphasis on:

- 1. the process used to select Macquarie Point as the site for a proposed new stadium;*
- 2. how a new roofed stadium became a condition of a Tasmanian licence to enter the Australian Football League (AFL);*
- 3. the figures and assumptions contained within any State Government commissioned reports and economic impact assessments of the proposed Macquarie Point stadium, including any subsidies required and assessments of ongoing operating costs;*
- 4. the Tasmanian Government's expectation regarding financial contributions from the Australian Government, AFL and third parties;*
- 5. the level of borrowing and costs on the assumed \$375 million Tasmanian Government contribution to the construction of the proposed new stadium;*
- 6. the future of Blundstone Arena and UTAS Stadium, including State Government ownership and future capital and operational expenditure;*
- 7. the role of the Major Stadiums business unit within State Growth and the newly established statutory authority Stadiums Tasmania in relation to the proposed new stadium; and*
- 8. any other matter incidental thereto.*

The Committee also resolved to advertise the Inquiry in the three major Tasmanian newspapers on Saturday 10 December 2022. The closing date for submissions was to be close of business Friday, 10 February 2023.

The Committee initially wrote to the following stakeholders to invite them to provide a submission to the Inquiry:

- Hon Jeremy Rockliff MP (Premier of Tasmania)
- Macquarie Point Development Corporation (MPDC)
- Australian Football League (AFL)
- Hobart City Council (HCC)
- Clarence City Council
- Launceston City Council
- Cricket Tasmania
- TasPorts
- TasWater
- Vietnam Veterans Association of Tasmania (VVAT)

As at 16 February 2023, the Committee has received 927 submissions² from individuals, organisations and the Tasmanian Government. Whilst not the highest number of submissions

² Final submission received from RSL Tasmania being received at the public hearing held on Friday, 31 March 2023

to be received by a Parliamentary Committee inquiry,³ the number of submissions received indicated that the Tasmanian Community held a high level of interest in the Tasmanian Government's planning of the proposed stadium and where it might be sited in Hobart.

Not being a specific focus of the Committee Inquiry into this matter, a significant number of submissions also questioned the need for a new stadium.

Public hearings from a broad cross-section of stakeholders and submissions were held in both Committee Room 2, Parliament House, Hobart and Henty House, Launceston:

Friday, 24 March 2023 (Hobart)

Hon Guy Barnett MP
Minister of State Development, Construction and Housing

Departmental of State Growth (DSG) Representatives

Mr Kim Evans (Secretary)
Mr Gary Swain (Deputy Secretary)
Mr Brett Stewart (Deputy Secretary)

Macquarie Point Development Corporation

Ms Anne Beach (Acting Chief Executive Officer)

Friday, 31 March 2023 (Hobart)

TasWater

Mr George Theo (Chief Executive Officer)
Mr Tony Willmott (General Manager, Project Delivery)

Returned and Services League Tasmania

Mr John Hardy (Chief Executive Officer)

Planning Matters Alliance Tasmania

Ms Sophie Underwood (State Coordinator)

Cricket Tasmania/Cricket Australia

Mr Dominic Baker (Chief Executive Officer, Cricket Tasmania)

EPIC Events and Marketing Pty Ltd

Mr Richard Welsh (Managing Director)

Wells Economic Analysis

Mr Graeme Wells

Thursday, 27 April 2023 (Launceston)

Mr Greg Hall
Mr Ivan Dean
Mr Robert Richardson

³ 1,162 written submissions were received for the House of Assembly Community Development Committee Report on the need for Legislation on Voluntary Euthanasia (Report No. 6 of 1998)

Friday, 28 April 2023 (Hobart)

Vietnam Veterans Association (Tasmania)

Mr Terry Roe (State President)

Hobart Northern Suburbs Rail Action Group

Mr Toby Rowallan (President)

Mr Stephen Zvillis (Vice President)

Mr Ben Johnston (Secretary)

Master Builders Association

Mr Matthew Pollock (Chief Executive Officer)

Tourism Industry Council of Tasmania

Mr Luke Martin (Chief Executive Officer)

Macquarie Point Development Corporation

Mr Brian Scullin (Chairman)

Ms Anne Beach (Acting Chief Executive Officer)

Hobart City Council

Ms Anna Reynolds (Lord Mayor and Alderman)

Ms Kelly Grigsby (Chief Executive Officer)

Despite being invited, Mr Gillon McLachlan (Chief Executive Officer, AFL) has neither provided a submission nor attended a public hearing.

On 30 March 2023, the Committee asked Minister Barnett 21 questions on notice and/or further information that came out of the evidence taken on the 24 March 2023 public hearing. The Committee received a response to those questions on 5 May 2023. The questions and responses are available on the Committee website.⁴

On 28 April 2023, the Committee resolved to hear from the Premier and AFL Tasmania on 16 June 2023 (later confirmed to 23 June 2023 for Premier).

On 24 May 2023, the Committee resolved to finalise an Interim Report based on the evidence received to date. The Committee further resolved to review and amend the current Terms of Reference to capture the changing environment and information available with regard to the Club Funding and Development Agreement and other matters associated with the proposed Arts, Entertainment and Sports Precinct at Macquarie Point.

⁴ See <https://www.parliament.tas.gov.au/committees/joint-committees/standing-committees/public-accounts-committee/inquiries/tasmanian-governments-proposed-hobart-stadium-feasibility-planning-process>

Background

As outlined in the Tasmanian Government's submission to the Inquiry⁵, the Government has committed \$375 million deliver the proposed Arts, Entertainment and Sports Precinct. The Government claimed:

... [it] will deliver significant economic, health, social and community benefits not just for Hobart but for the whole of Tasmania. It will strengthen Tasmania's economy, delivering \$2.2 billion in economic activity over 25 years providing more opportunity to invest in schools, hospitals, roads, social housing and future critical infrastructure projects.

In particular, Macquarie Point was selected as the preferred location due to its proximity to the city, topography, and connections from the water. Furthermore, the Government claimed that Macquarie Point could host the \$715 million stadium, while benefitting the Antarctic and Science Precinct, hospitality venues and convention facilities, and incorporate a Truth and Reconciliation Art Park in liaison with the Tasmanian Aboriginal community.

The Government further claimed that proposed stadium would '... strengthen Tasmania's economy, delivering \$2.2 billion in economic activity over 25 years providing opportunity to invest in schools, hospitals, roads, social housing and future critical infrastructure projects.'⁶

The Committee notes on 7 May 2020 a Select Committee of the Tasmanian Legislative Council issued its report on an AFL license for Tasmania with some findings of that Committee being relevant to this Inquiry.⁷

⁵ See Tasmanian Government Submission (https://www.parliament.tas.gov.au/data/assets/pdf_file/0025/60775/complete20government20submission.pdf), p.3

⁶ See Tasmanian Government Submission, p.4

⁷ See Legislative Council Select Committee Final Report on AFL in Tasmania, (https://www.parliament.tas.gov.au/data/assets/pdf_file/0019/51706/afl.rep.final.combined.pdf)

Evidence

ToR 1 – The process used to select Macquarie Point as the site for a proposed new stadium

The Government's submission⁸ and further responses to questions on notice⁹ indicated that on 22 October 2021, through the Department of State Growth (DSG), the Government commissioned preliminary feasibility work on six potential stadium sites. The six potential sites for the proposed stadium within close distance of the Hobart CBD included:

- Crossroads – Soldiers Memorial Oval
- Upper Domain Road
- TCA¹⁰ Ground
- Lower Domain Road
- Regatta Point, and
- Macquarie Point.

The key considerations in the site selection assessment were to:

- have an acceptable commuting/walking distance from the Central Business District, to maximise patron use of existing CBD parking, passenger transport, accommodation and hospitality;
- maximise the promotional benefit of the venue to the State; and
- minimise impact on residential areas.

The Committee noted that the Government did not look at other potential Greater Hobart sites, primarily due to the key considerations aforementioned.

Based on Hobart Stadium Site Selection Process Report released in February 2022,¹¹ Macquarie Point and Regatta Point were considered the two highest-ranked sites. Regatta Point was announced as the preferred site by then Tasmanian Premier Peter Gutwein MP in the State of the State address on 1 March 2022.¹²

DSG and the AFL formed a working group in June 2022 to further consider the sites in question.¹³

From June to August 2022, further technical studies undertaken by Aurecon,¹⁴ identified that the Macquarie Point site would require significantly lower construction costs to deliver the required scope, compared to the Regatta Point site. Regatta Point would involve not only building out over water but also require significant hillside excavation to create a level

⁸ See Tasmanian Government Submission, p.5

⁹ See Letter to Committee from Hon Guy Barnett MP (Minister for State Development, Construction and Housing) dated 5 May 2023 (QON Response) ([https://www.parliament.tas.gov.au/ctee/joint/PAC/Stadium/Correrspondence/Response%20to%20Questions%20on%20Notice%20-%20Minister%20Barnett%20\(5%20May%202023\).pdf](https://www.parliament.tas.gov.au/ctee/joint/PAC/Stadium/Correrspondence/Response%20to%20Questions%20on%20Notice%20-%20Minister%20Barnett%20(5%20May%202023).pdf)), p.2

¹⁰ Tasmanian Cricket Association

¹¹ See Attachment 1 to QON Response

(https://www.parliament.tas.gov.au/_data/assets/pdf_file/0017/70721/b8240f0a7d9b4e129d8bf561b8e8f51a417aac7d.pdf)

¹² See State of the State Address 2022,

https://www.premier.tas.gov.au/site_resources_2015/additional_releases/state_of_the_state_address_2023

¹³ See QON Response, p.2

¹⁴ See Attachment 3 to QON Response, Aurecon Pre-Feasibility Study for Regatta Point and Macquarie Point Sites

(https://www.parliament.tas.gov.au/_data/assets/pdf_file/0019/70723/0fc7d8735e2ad995f9fd27543a0a6de9eabe3ebc.pdf)

construction site: i.e. a new stadium at Regatta Point would cost around 40 per cent more than one alternatively sited at Macquarie Point, primarily due to comparative site challenges.

On 18 September 2022, the Tasmanian Government confirmed Macquarie Point as the preferred site for the new stadium and precinct. The 9.3 hectare Macquarie Point site is in close proximity to Hobart's CBD and is adjacent to the port of Hobart. The site is well located for ferry, pedestrian, cycling and road-based passenger transport traffic.

The Government also claimed that in support of the site selection process, the Macquarie Point site also has the advantage of being ultimately owned by the State through the Macquarie Point Development Corporation, which is responsible for the remediation and development of Macquarie Point under the *Macquarie Point Development Corporation Act 2012* (MPDC Act).¹⁵

Communication with Affected Macquarie Point Stakeholders

Throughout the public hearings, it became evident to the Committee that a number of key stakeholders were not consulted prior to Cabinet making its decision on the location of the proposed stadium at Macquarie Point.

The Committee heard from Mr George Theo (Chief Executive Water) and Mr Tony Willmott (General Manager, Project Delivery) of TasWater:

CHAIR - ... Did the Minister, anyone in the Government or the Macquarie Point Development Corporation engage or consult with you about the capacity of TasWater and the needs to facilitate a stadium, as it's supposed to have a grass field. Obviously, you can't grow grass without water and sun. There's a whole heap of infrastructure as well as the plan, which I understand, regardless of what happens on the site will involve the relocation of the current sewerage treatment works there...

Mr THEO - Certainly, from my perspective, having been with TasWater for last 12 months, I've had no consultation on that - other than, having joined TasWater, I was made aware that we would be relocating Macquarie Point Sewage Treatment Plant for a whole host of environmental benefits and growth opportunities for the future. In terms of the history, prior to me being here, I will defer to Tony. He may have some of the history with respect to any consultation that may have happened prior to my time at TasWater with respect to any discussions around Macquarie Point.

Mr WILLMOTT - There hasn't been any consultation in relation to the stadium. We didn't know about the stadium until it was announced. Certainly, since that time we've been actively working with the Macquarie Point Development Corporation to ensure that the site is able to be used for a multi-use area. That may include a stadium, but it doesn't affect the project that we are delivering...¹⁶

¹⁵ See Tasmanian Government Submission, p.6.

¹⁶ Transcript of evidence [Public Hearings \(31 March 2023\) – \(TasWater\)](#), p.1-2.

When further questioned regarding consultation or engagement with Macquarie Point Development Corporation, TasWater representatives noted limited interaction with MPDC with regard to TasWater assets on site:

Mr TONY WILLMOTT - ... We have been working with them for a number of years to make sure the site is ready for development. The sales of the partitions of land, ready to be redeveloped into other uses, so we have been working with them along the way but I don't know if there has been a formal request for a stadium to be constructed. I can't comment on that.

Mr THEO - Our point of contact is with the Macquarie Point Development Corporation. We work with them to look at any impediments that might be in the way with respect to what the development corporation wishes to do at that location. We learned about the stadium being considered for Macquarie Point when we read about it in the newspapers. Given where the location is proposed and given that we have infrastructure, a conversation needs to occur with the development corporation to determine what needs to occur in order for Government to develop that land in the matter it sees fit. 17

...

CHAIR - You say that the only communication and consultation you've had is with Macquarie [Point] Development Corporation, so there has been no discussion with the Government about the water supply and drainage of a playing field in that area? It's quite close to the river. There has been no conversation at all with TasWater?

Mr THEO - I have only had one conversation with Macquarie Point. Tony and the team have multiple conversations, as a lead developer of that site. Yes, the extent of our conversation has been with the working group at Macquarie Point Development Corporation.¹⁸

Similarly, Mr John Hardy (Chief Executive Officer) Returned and Services League Tasmania (RSL Tas) also informed the Committee that his organisation was informed of the Cabinet decision after the official announcement on 18 September 2022:

Mr HARDY - ... About a year ago, we were interested in Macquarie Point for a veteran hub there, which is basically one of the stages we are now looking at in regards to future support of veteran's needs in Tasmania. We became quite aware of Macquarie Point and the planning requirements for Macquarie Point. ... We engaged with State Government at that stage to tell them that this is what we were going to do. This went on for several months and then it went slightly quiet. We were then brought into a meeting about five months ago - I might be slightly out with the dates - but it was about that time ago, when we were informed that Macquarie Point was going to be developed for a stadium, or something like that.

...

CHAIR - Who did you meet with?

Mr HARDY - I met with Kim Evans and he informed us of this.

Dr BROAD - Was that before the public announcement?

¹⁷ Transcript of Evidence [Public Hearings \(31 March 2023\) – \(Various\)](#), p.6

¹⁸ Transcript of Evidence [Public Hearings \(31 March 2023\) – \(Various\)](#), p.7

Mr HARDY - It was shortly after the public announcement. What was of concern for us at the time was obviously, the State Government was aware of our interest in Macquarie Point. We were not made aware about it at all, until the point where we were made aware after the public announcement. The first thing we knew, even though we had engaged with State Government about our vision for our part of Macquarie Point, near the Cenotaph, and it been done very sympathetically and respectfully for the Cenotaph. We found out publicly and then we found out later, through private consultation.

In the consultation, the information was quite limited and remains quite limited. We have only ever asked three questions. We have only three concerns - the height, the size and how long the build is going to take. We have been very clear we have no other interest than that, and we should not have any other interest than that. I am clear about that, it is not our place.

... I have to be honest at this stage: that first consultation was not -in my view - consultation. It was information. Consultation is a two-way stream. That was not the case. We were basically told 'this is what we are going to do'. When we asked those three questions, which we asked very early, there wasn't an answer.

After that period, there were a couple more meetings with State Government, where we continued to ask the same questions and we got the same answers.¹⁹

Mr Terry Roe (State President, Vietnam Veterans Association (Tasmania) (VVAT)) informed the Committee of the lack of consultation with the VVAT regarding the proposed stadium:

Mr WILLIE - I'm interested in the engagement from the Government. When did you first find out about this proposal, and how?

Mr ROE - I think it was in the media. I've been living permanently in Tasmania since 1986. I come from an AFL state - South Australia. I've played Aussie rules football. Our association, me in particular, want to see a Tasmanian team in AFL. But the stadium where it is being proposed is not the right fit. Not only from the Cenotaph's point of view, but for other reasons. As I said, we had a meeting, I wrote to the Premier on 7 December [2022]. He then organised a meeting on 20 December[2022] to attend a briefing at State Growth – Andrew Finch, who was the Director or the Chair of Major Stadiums in Tasmania. I came away less impressed with what he was telling me.²⁰

...

Mr ROE - ... After that meeting on 20 December [2022], on 3 January [2023] I received a response to our letter, 7 December [2022], from the Premier, Jeremy Rockliff, hoping that it was useful and highlighted how the Vietnam Veterans' view and veterans' contribution to the Tasmanian community could be further enhanced and celebrated and they said: the Tasmanian Government will work closely with the community, including veterans. Please know my Government, through the Minister for Veterans Affairs, intends to work closely with yourselves and other veterans. Now I know not a great deal has

¹⁹ Transcript of Evidence [Public Hearings \(31 March 2023\) – \(RSL Tasmania\)](#), p.1-2

²⁰ Transcript of Evidence [Public Hearings \(28 April 2023\) – \(VVAT\)](#), p. 2-3

happened, but our association has never once been consulted, or approached, apart from him organising that meeting after the letter I wrote to him. We have not been consulted or approached in any form.

Mr WILLIE - How does that make you feel?

Mr ROE - To be honest, really disgusted. This is our 50th anniversary coming back from Vietnam. I am not going to go into what happened when we came back from Vietnam, I think you are all aware of that.²¹

...

Dr BROAD - You talked about the response that you've had from the Premier to your letter. What about the Minister for Veterans' Affairs, Guy Barnett? Have you had any communication from him? When would be the last time that you've met with Guy Barnett?

Mr ROE - I could tell you from my diary. I think it was in Parliament, after this meeting I am meeting with ..., his PA, to have a coffee every time I go into town, if he is available, we catch-up and I give him an update on what is happening in our area. Guy came out for about 10 minutes and I forget the lady's name who is involved with the stadium, or the Macquarie Point Corporation but she was there as well –

CHAIR - How long ago ...?

Mr ROE - Probably a month and half - two months' ago.

...

Mr ROE - ... basically saying they will keep us, not involved, but they would consult with us. But, as I have said, we have not been consulted. Guy has not approached us on a formal basis to attend a briefing or a discussion.

CHAIR - You know Mr Barnett is the minister responsible for Macquarie Point and also housing. The Macquarie Point Corporation fits under his purview and also, as you know, as Minister for Veterans' Affairs. Through this whole process and when the decision was made, or the announcement was made about the stadium there has been no contact right through with reaching out to the Vietnam Veterans?

Mr ROE - Certainly not through me. ...

...

CHAIR - Does that bother you?

Mr ROE - It does, it really does. As I have said, Vietnam Veterans are probably the largest cohort of veterans in Tasmania, apart from our younger contemporary veterans. They keep going to the RSL, which I accept are the peak body, so they are the person they are dealing with, but they do not speak for us.²²

²¹ Transcript of Evidence [Public Hearings \(28 April 2023\) – \(VVAT\)](#), p.4

²² Transcript of Evidence [Public Hearings \(28 April 2023\) – \(VVAT\)](#), p.12-13

With respect to consultation with Cricket Tasmania related to the preparation of the PwC economic impact reports for the State Government around the Arts, Entertainment and Sports Precinct proposed for Macquarie Point, the Committee was informed by Mr Dominic Baker (Chief Executive Officer – Cricket Tasmania) that the level of consultation with Cricket Tasmania was limited:

Mrs ALEXANDER - You mentioned quite a number of aspects of what is required in order to have a game of cricket played, which was very interesting for me. We know there was a Pricewaterhouse Coopers report done about the stadium - the revenue, the matches, the games, the entertainment and everything else. Were you ever contacted by anybody from PwC just to get a bit of a level of understanding about the games, the complexity and all that?

Mr BAKER - Not firsthand. I was part of a working group that has met twice and we were given previews of the PwC work. That is the largest extent I've had any involvement in that.

Mrs ALEXANDER - You are not aware of what sort of questions were asked of your organisation in terms of gathering information to be transferred into the report? What type of questions would have been asked?

Mr BAKER - No, I'm not aware of any questions that have been asked.²³

Ms Anna Reynolds (Lord Mayor and Alderman – City of Hobart) expressed disquiet that no Council representatives had been engaged with from the onset of the publicised visit of AFL Executives scoping out potential sites for the stadium within Hobart:

CHAIR - ... You made mention of having a briefing or meetings with the Premier around that decision time of the Government. It would be helpful if you could provide to the Committee any around the July 2022 meeting. You sent an email for a briefing, I note that it is from that briefing, because that was before the public announcement was made about Macquarie Point and the stadium.

LM REYNOLDS - It was, but basically, I was motivated by media of a visit by AFL executives about July [2022]. I picked up the paper and AFL executives are on a tour of sights around Hobart to look at stadium sites.

CHAIR - Regatta Point was on the table at that point?

LM REYNOLDS - Regatta Point was on the table, Macquarie Point was on the table, the TCA ground, other spots on the Glebe. I guess I sort of thought why was there a Council? I found out that there was no Council officer or anyone invited along and I felt a bit like it was not really fair or proper for that tour to occur without Council being involved and representation, and that was the motivation for the email seeking a briefing in July.

²³ Transcript of evidence [Public Hearings \(31 March 2023\) – \(Cricket Tasmania\)](#), p.11

CHAIR - Do you have a record of that briefing?

LM REYNOLDS - That briefing did not happen.

CHAIR - Oh, it did not happen?

LM REYNOLDS - No, so, we did not actually finally meet with the Premier and a few other key people until December [2022].

CHAIR - Alright, there was no engagement to tell you that the decision had been made to recommend the stadium be built at Macquarie Point?

LM REYNOLDS - No, not with elected members or myself and, I am pretty sure, not with officers either. Pretty much we have been finding out things as they become public in the media, yes.²⁴

The Committee asked the Government who specifically was consulted when making the decision that Macquarie Point was the site of choice: the Committee was informed that the official announcement that was made on 18 September 2022 followed consideration by Cabinet.²⁵ Cabinet had made the decision a fortnight earlier on Monday, 5 September 2022.²⁶ A list of stakeholders contacted around the announcement was included in Minister Barnett's response to questions on notice.²⁷

Committee Findings

F1. The State Government did not engage with key stakeholders, including the RSL Tas, Vietnam Veterans Association (Tasmania), City of Hobart and TasWater, until a fortnight after the Cabinet decision was made (5 September 2022), and predominantly after the official announcement made on 18 September 2022.

²⁴ Transcript of Evidence [Public Hearings \(28 April 2023\) – \(Hobart City Council\)](#), p.3

²⁵ See QON Response, p.4

²⁶ See QON Response, p.8

²⁷ See Attachment 7, QON Response (https://www.parliament.tas.gov.au/_data/assets/pdf_file/0024/70728/Attachment-7.-QoN-PAC-Communications-List.pdf)

ToR 2 – How a new roofed stadium became a condition of a Tasmanian licence to enter the Australian Football League

The Committee asked the Government with respect to a new AFL licence being provided to the proposed Tasmanian team, to provide evidence of when a new centrally located green-field stadium first became a condition or requirement from the AFL to secure a licence.

The Government responded:²⁸

On 10 June 2022, when visiting the Premier for a face to face- meeting in Hobart, AFL CEO Gillon McLachlan stated during a doorstep interview that Tasmania’s bid for an AFL team was contingent on a new Stadium from the AFL’s perspective.

Through further work the Tasmanian Government recognised that a Tasmanian team competing in the AFL and AFLW competitions needs a suitable modern stadium in which to play.

The Government commenced pre-feasibility work for a new multi-purpose stadium near the Hobart central business district

This work was funded in the 2022--23 State Budget, with the Government including \$1.25 million in the 2022-23 financial year to progress the feasibility planning for the infrastructure necessary, including a new sporting and event stadium in Hobart.

Throughout negotiations, the AFL has been steadfast and unequivocal on its requirement for a new stadium to maximise the benefits of having an AFL/AFLW team and to ensure the financial sustainability of the Club.

The Government’s submission²⁹ to the Inquiry stated:

... at the heart of the design is the need to provide a contemporary experience expected by fans and players, but also broaden Tasmania’s capacity to host world-class cultural, entertainment, business and sporting events, including conventions – a roofed stadium is crucial to achieving this objective, meaning events can proceed regardless of all weather conditions ...

With respect to the roofing component of the proposed stadium, the Committee heard from Minister Barnett and DSG at the public hearings that whilst the Government has committed to a fixed-roof stadium, this was not a precondition by the AFL:

Mr WILLIE - ... I am interested in whether it was the AFL's demand that the stadium have a roof or was that something the Government threw in. Whose decision was it to make sure the stadium has a roof?

...

²⁸ See QON response, p1.

²⁹ See Tasmanian Government Submission, p.7.

Mr EVANS - I think it is something that has emerged over time. Former Premier Gutwein first floated the concept of a roofed stadium. We saw that as a particularly important differentiator of our stadium from other stadiums in the country, particularly when you start to think about it in the broader context in terms of the broader uses, including concerts and including the sorts of conference and other events. It makes sense that we have a stadium so, we have deliberately focused on a stadium with a roof.

It is fair to say that part of the driver of that is the fan experience; certainly, for football games it would be an enormous value. But also for all of the other uses that we have talked about, a roof will enhance the fan experience. Part of the work we have done in terms the business case work is to take a fan-first approach to specifying the requirements for this stadium. It is through that process that we have arrived at a decision that this unique boutique stadium should have a roof.

Mr WILLIE - What I am hearing there is that former Premier Gutwein and the State Government decided to include a roof?

Mr EVANS - Certainly, it was part of his Regatta Point proposal. We have been through a lot of work internally looking at the requirements around a stadium. That has reinforced the value of having a roofed stadium.

Mr WILLIE - Is it now a condition from the AFL that the stadium has a roof? Or is it a condition that a new stadium is built?

Mr EVANS - ... I can say that in June 2022, following the development of the business case by the taskforce - the Carter review, off the back of COVID-19, when we seriously started to engage with the AFL in June 2022 - we set up a working group between taskforce members, departmental members, and with the AFL itself. As part of that process, after June 2022, we embarked on a work program. A lot of that is in this document - the Aurecon work, for example, around site selection, and the specifications of a stadium. That was all around us committing to look at it, not to do it. We are still working through. We have a whole heap of pre-feasibility work ourselves to do.

Mr WILLIE - The roof isn't part of the condition?

Mr EVANS - We have committed to a roof stadium.

Mr WILLIE - The State Government has made a decision to include a roof in the stadium?

Mr EVANS - We see that as integral to the business case around the broader arts, culture, sporting facility. The broader business case makes sense if the facility has a roof.³⁰

³⁰ Transcript of evidence [Public Hearings \(24 March 2023\) – \(Minister Barnett\)](#), p.27-28.

Of note, Mr Dominic Baker (Chief Executive Officer, Cricket Tasmania) informed the Committee that contrary to the PwC Report assumptions³¹, current International Cricket Council (ICC) rules do not allow for the more prestigious cricket matches to be played under a roof:

CHAIR - Can you provide any information from the ICC about this? What the requirements would be under a roof with lights, in terms of the height, that the ICC would deem to be suitable?

Mr BAKER - The current ICC conditions are that you cannot play test cricket under a roof. Those are the current conditions. That is pretty clearly outlined.

CHAIR - This is under a fixed roof?

Mr BAKER - Yes.

CHAIR - Or one that could close, but you would open it if that was the rules. So, here we are, where the Government proposed a fixed-roof stadium and, currently, the ICC requirements to enable an Ashes game –

Mr BAKER - Or test match cricket

CHAIR - Test match, or even BBL³² –

Mr BAKER - No, BBL isn't the same.

CHAIR - Okay; so a test match can't be played in it?

Mr BAKER - That's right.

Dr BROAD - Unless the ICC come up with different –

Mr BAKER - Yes, unless they change those conditions - which they are always reviewing - but, at this stage, you cannot play test cricket with a roof on.

Dr BROAD - What about one day cricket?

Mr BAKER - You can't play official one day cricket games under a roof at this stage, either.

Dr BROAD - So, the two international drawcards that we have been talking about bringing to a new stadium, as it currently stands, cannot be played under a roof.

³¹ See Attachment 5 to QON Response, Hobart Stadium Economic Impact of new Arts, Entertainment and Sports Precinct – PwC (https://www.parliament.tas.gov.au/_data/assets/pdf_file/0022/70726/Attachment-5.-Appendicies-4-Hobart-Stadium-Economic-Impact-of-new-Arts,-Entertainment-and-Sports-Precinct-PwC.PDF)

³² Big Bash League

*Mr BAKER - Under a fixed roof ...*³³

The Committee was informed by Cricket Tasmania that there are no examples around the world of Test cricket being played under a roof.³⁴ The publicly available ICC rules appear to be silent on the matter.³⁵

The Committee noted that MI Global Partners Report indicated that the proposed stadium might benefit from having a retractable roof.³⁶ The Committee also noted that whilst the AFL Licence Taskforce Report³⁷ narrative spoke to the benefits of a new stadium, it did not state a new stadium was essential to, nor should be a condition of, a Tasmanian AFL team:

The Taskforce is largely concerned with a business case that leads to an AFL licence and our work is not determined nor dependent upon a major upgrade or new stadium requirement. We do, however, raise quality of infrastructure as an opportunity to maximise the economics of the business case.

In simplistic terms: a better product will attract a premium of more and higher paying supporters.

Committee Findings

- F2. The determination that the proposed stadium should have a fixed roof was initiated by the Government and not the AFL.
- F3. The PWC Report did not account for the fact that Test cricket has not been played under a roofed stadium.
- F4. The MI Global Partners Report indicated that the proposed stadium might benefit from having a retractable roof.
- F5. The AFL Licence Taskforce Report does not state a new stadium was essential to, nor should be a condition of, a Tasmanian AFL team.

³³ Transcript of evidence [Public Hearings \(31 March 2023\) – \(Cricket Tasmania\)](#), p.5-6.

³⁴ Letter to Committee from Cricket Tasmania dated 11 May 2023 (not published)

³⁵ See ICC Rules and Regulations (<https://www.icc-cricket.com/about/cricket/rules-and-regulations/playing-conditions>) [Accessed 25 May 2023]

³⁶ See Attachment 6 to QON Response, Hobart Stadium Capacity Optimisation Analysis – MI Global Partners (https://www.parliament.tas.gov.au/data/assets/pdf_file/0023/70727/b47e97d6a438d2bf7c1e13019e8ab375252afee0.pdf), p.4 and p.13

³⁷ See AFL Licence Taskforce Business Plan 2019 (https://tasmaniantimes.com/wp-content/uploads/2020/02/AFL_Taskforce_Report_Tasmania.pdf) [Accessed 27 June 2023], p.52

ToR 3 – The figures and assumptions contained within any State Government commissioned reports and economic impact assessments of the proposed Macquarie Point stadium, including any subsidies required and assessments of ongoing operating costs

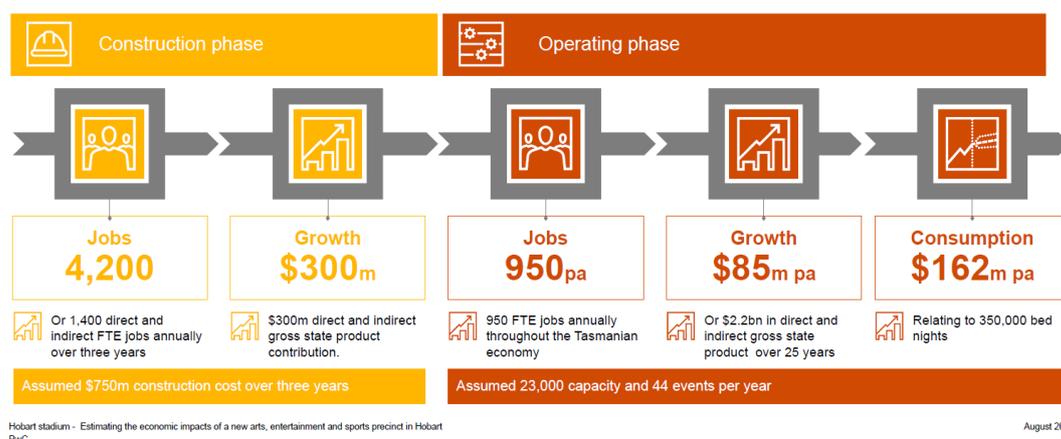
The Government submission indicated that the Strategic Business Case³⁸ included all of the relevant material and in summary:

- it was expected that at least 44 events (28 new to Tasmania) could be hosted at the new stadium, seeing 587,000 attend per year, including 123,500 overseas and interstate visitors;
- during construction of the stadium \$300 million in additional economic activity and 4,200 jobs will be created whilst \$85 million in additional economic activity and 950 jobs per year will be created during stadium operations. Opportunities in the precinct around the stadium will create up to 6,720 jobs;
- it would strengthen Tasmania’s economy, delivering \$2.2 billion in economic activity over 25 years providing more opportunity to invest in schools, hospitals, roads, social housing and future critical infrastructure projects;
- activating Macquarie Point would catalyse the urban renewal of the wider precinct, and Greater Hobart, by unlocking transport corridors to Transport corridors will better connect communities and open further housing and development opportunities; and
- it was estimated that the stadium at Macquarie Point could operate at break-even or generate a small profit annually and therefore no ongoing funding or subsidy was sought.³⁹

The PwC Report⁴⁰ summarised the benefits of a Hobart stadium as follows:

Executive summary

A new 23,000 capacity stadium in Hobart could generate \$300m in additional economic activity and 4,200 jobs during construction, and \$85m in additional economic activity and 950 jobs in each year of operations



³⁸ See Attachment 4 to QON Response, Strategic Business Case

(https://www.parliament.tas.gov.au/_data/assets/pdf_file/0021/70725/Attachment-4.-Strategic-Business-Case.PDF)

³⁹ See Tasmanian Government Submission, p.6

⁴⁰ See Attachment 7 to QON response, Hobart Stadium Economic Impact of new Arts, Entertainment and Sports Precinct – PwC (https://www.parliament.tas.gov.au/_data/assets/pdf_file/0022/70726/Attachment-5.-Appendices-4-Hobart-Stadium-Economic-Impact-of-new-Arts,-Entertainment-and-Sports-Precinct-PwC.PDF), p.3

The PwC Report also noted that among the 28 new events that the proposed stadium would bring on an annual basis 7 National Rugby League matches played. No competitive rugby league matches have been played in Tasmania since 2014.⁴¹

The MI Global Partners Report⁴² suggested with respect to the proposed stadium it could be expected that:

- a dedicated Tasmanian AFL team would play in the AFL Final matches every four years, and
- some events would exceed the capacity of the stadium of 23,500 (i.e. AFL Final matches, Cricket Test Matches, Tier 1 concerts and Tier 3 World Cup matches).

The Committee heard from Mr Graeme Wells (Independent Economist – Wells Economic Analysis) who highlighted a number of serious deficiencies in both the PwC Report (computable general equilibrium analysis) and the MI Partners Report (cost benefits study).

Mr WELLS - ... By way of background, I am now an independent economist. I have had a long career as an academic economist in various countries. I have done a lot of consulting to Treasuries and reserve banks in Australia and New Zealand. I have done a lot of consulting here in Tasmania to the Treasury and various Government departments and private institutions.

Although I have my private views about the merits of the stadium, I am here today because I think it is important for the Tasmanian electorates to be able to make up their mind about the merits of the stadium based on reports and facts which are accurate. My problem is I do not think they are. So, I made a submission to you which points out some of the deficiencies in a number of the reports that have been commissioned. Some of them were commissioned by the AFL, surprisingly and some by the State Government.

What I thought might be useful for the committee is if I started off making some general remarks and then we could get into the two reports on that I focused on in my submission. As far as general remarks go, this is a complicated project to evaluate. It's subject to a very high degree of uncertainty, for several reasons. One is that the plans for the Macquarie Point district are in a high state of flux. Apart from the stadium, which is probably likely to end up being a billion-dollar project, there is an arts and entertainment precinct which is mooted to employ about 3,000 people on site. It involves a ten-storey hotel; it involves retail and various other buildings. There is the Antarctic Precinct, which was mooted to be about a \$595 million project three or four years ago, and there is the straightening of berths four, five and six by TasPorts which is another \$300 million project.

All these projects are slated to be completed in the next decade. So really, we are looking at a major construction site from a Tasmanian perspective and, in the business case, the State Government draws on all these other projects as though adding to the value of the stadium.

⁴¹ See https://en.wikipedia.org/wiki/Rugby_league_in_Tasmania [Accessed 27 June 2023]

⁴² See Attachment 8 to QON Response, Hobart Stadium Capacity Analysis – MI Global Partners (https://www.parliament.tas.gov.au/data/assets/pdf_file/0023/70727/b47e97d6a438d2bf7c1e13019e8ab375252afee0.pdf)

For instance, they talk about the interaction for convention facilities with the Antarctic Precinct. They talk about the way in which the arts and entertainment precinct will add to the value of the stadium. All these things are just artist's impressions at this point, and so what we are asked to do is to invite ourselves to evaluate the stadium as though it is a standalone thing when it really isn't. It is a major project in the middle of a whole lot of other major projects, which ultimately, are designed to interact.

I briefly comment on this in my submission, but it makes it very hard to form a judgment about what the role of the stadium ultimately will be. So, the various consultants' reports have had to put all that aside and say, 'Let's just evaluate the stadium'. The initial report by PricewaterhouseCoopers just evaluated the stadium without really knowing exactly whether it is going to be on Regatta Point or on its now-favoured site, Macquarie Point. I regard that as a serious deficiency. I don't think it's really plausible to evaluate the stadium as some standalone thing that's going to reap all these other benefits without knowing exactly how all that's going to pan out, and importantly, it won't pan out immediately; most likely, in 10 years' time, we might see it nearing completion, but not by 2028 as is assumed by the evaluation of the stadium.⁴³

The Committee received no evidence identifying the basis of assumptions provided by Government to consultants to inform the business case modelling: in particular, number and nature of expected events and attendance at events of the proposed stadium.

Mr Wells highlighted a number of deficiencies in the PwC Report:

Mr Wells - ... I think that's deficient in a couple of ways. It is surprising that they were given data and parameters by the State Government to evaluate this. They didn't do any estimates of the costs of building the stadium or anything like that, they just said, 'here's a \$750 million capital works project that happens to be a stadium, you evaluate what that's going to be.' The only thing they appear to have done themselves in that regard - I'm not sure who did this, whether it was Pricewaterhouse or the State Government - but they came up with a list of events.

You will be very surprised to know that the list of events includes seven Rugby League games a year - surprise - and seven AFL games which will be played in Tasmania, but only four of those are actually additional AFL games. So, they came up with a list of events per annum, which includes these Rugby League games and an inflated number of AFL games, and that, in the post-construction phase, is how they work out what the operational benefits of the stadium are going to be. Now, I think you would have to agree that's a rather odd list of annual events to be held in this stadium. Where they got this list from, I don't know, but it's obviously not a realistic list.

The other major problem I have with the report is that they use a 'computable general equilibrium' model, which is fine. I've worked in that area a little bit myself so I know how they work, but when they present the results, they just seem implausible. It is a major construction project, so if you looked at the direct employment and all the employment that's induced by the stadium - and there will be quite a lot of that -

⁴³ See Transcript of evidence [Public Hearings \(31 March 2023\) – \(Graeme Wells\)](#). p.1

surprisingly, the largest number of indirect employees is in the arts, sports and recreation sector.

Now, I just don't believe that. You would've thought that apart from the people involved in construction, there are going to be people involved in transport, design and a whole lot of things that are normally related to building a construction centre, not people doing murals on walls and kicking a football around. But they would have you believe that of the 1,400 jobs per year, most of them are going to be in the arts, sports and recreation sector. Well, I just think that is unbelievable. It is likely that there will be a large number of induced jobs around Tasmania, but not in that sector...

CHAIR - And this is during the construction?

Mr Wells - Yes, this is while it's being built. It's just very odd, and I don't know where they got that from –

...

Mr WELLS - ... There are two other points I'd make about the PricewaterhouseCoopers report. It doesn't ever really make clear as to the funding assumptions that underlie the construction cost. We are only ever told that it is going to be a \$750 million build, and I guess they did this report before the State Government revised the build cost, but that's okay. But we don't know whether they assumed the Federal Government is going to come to the party, or on what terms they might come to the party, or whether the entire funding is going to come from the State Government. There is no detail on that at all, and so one would expect that different assumptions that you might make in that regard would have a material impact on the cost impact that the project has on the State. And neither do we know any detail about what the budgetary implications of this project are.

CHAIR - In terms of increasing the debt?

Mr WELLS – Yeah: and so all this activity and induced activity will no doubt increase payroll tax collections and so on.

...

Mr WELLS - And the borrowing costs will depend on what the funding assumptions are, but we don't know what they are, and so it's impossible to tell from this report what the budgetary implications are: except to rely on a general sort of notion that increased activity will increase tax collections via the Commonwealth Grants Commission distribution and so on. The claim that it is going to provide more funding for roads and hospitals and so on, is something that you really can't evaluate on the basis of -

CHAIR - Well, particularly if the stadium - and they weren't able to confirm this - whether it'll be quarantined from the GST calculations, too. We did ask the Government about that, and whilst they said while they would expect that to be the case, when pressed on whether they would still proceed if it wasn't, there was no answer to that.

Mr WELLS - No. So, although this report is often quoted, I think it's got a lot of deficiencies. I wouldn't rely too much on it.

CHAIR - Could we just go a bit more in depth into the assumptions here? Obviously, it talks about, is it 3,000 workers, from memory?

Mr WELLS – 4,200.

CHAIR - ... assuming some of those people would already be in Tasmania, but some of them won't be, and have to come in - we know how tight the housing market is, particularly around Hobart, but all around the State. Is there any indication that the assumptions in this include the need to house people, and the cost associated with that, as well as, that you can't build a facility like this without significant upgrades to your road network and your transport connections, and potentially other accommodation, like hotel accommodation. Is that factored in at all - the assumptions around that?

Mr WELLS - No, it's not.

CHAIR - Should they be?

Mr WELLS - Well, it would be hard to do in this sort of model. Basically, this model has thousands of equations which model the way in which households and firms will respond to changes in economic activity, and things like publicly funded roads. You would not have a behavioural response to that in a model like this, so unless you specifically included it as part of the cost of the stadium, then that cost would rise as a result of your assumed required increase in investment in road transport. There is no detail that they have done that and I doubt whether they have.

Similarly, if you wanted to somehow have a policy to increase the stock of housing, you would specifically have to change one of these equations to handle that, and I do not think they have.

Dr BROAD - Are you going to talk about the MI Partners cost benefit analysis?

Mr WELLS - Yes, that is the next one.

CHAIR - Do you want to say anything else about the PricewaterhouseCooper one?

Mr WELLS - Yes.

Dr BROAD - One of the figures that the Premier is keen to quote as often as he can, is that the project will deliver \$2.2 billion dollars in economic activity over 25 years. Obviously that sounds like a big number, but it is not discounted in any way. Can you comment on that particular figure?

Mr WELLS - It is \$85 million per year, I think.

Dr BROAD - Is that at the present value of –

Mr WELLS - No, \$2,400 is the discounted value of \$85 million a year, I guess. But the better way to think of it is on a per annum basis. It is \$85 million a year, if that is okay.

Dr BROAD - Yes, it is okay.

Mr WELLS - The other thing that the PriceWaterhouseCoopers people do is to add on a lot of supposed benefits that flow from the things, which they do not quantify. That is on page 8 of their submission. These are socio-economic benefits. To come back to your point, Chair, they claim it is a benefit that it is probably going to increase house prices in the surrounding area by 3 to 4 per cent. Given that most of the health workers, for instance, in the middle of the city cannot afford to live in the city now, I would have thought that further cranking up house prices is hardly a benefit.

In any case, I looked up the academic papers which they cite. Both of those papers refer to stadia in the United States that were built in low-income areas as part of an urban development project. One is near the University of Southern California, for instance, which is hardly the best part of LA. Another one was in a town, I forget which state it was, but it was in an area where house prices were already quite low. So you can imagine that they would have had an impact on urban renewal and improvement, but I wouldn't have thought the centre of Hobart was really a site ripe for urban renewal.

CHAIR - Or a rise in house prices.

Mr WELLS - No. So that is one of them. Then they quote a paper that says that attendance positively correlated with self-graded health as though what they want to imply is that the stadium is going to improve peoples' health. When you read the paper, it explicitly says that you cannot interpret this result that way, and yet they quote that in support.

Then they have, 'Tasmania is highly vulnerable to shocks because the top four industries employ a high proportion of the workforce', so I thought, why not compare Tasmania with Victoria? That's on page 4 of my submission. It turns out that the top four industries in Tasmania employ 44.48 per cent of the workforce, and in Victoria it's 44.65 per cent, so I could hardly claim that there is any significant difference between the degree of concentration of the workforce in these two states. I don't know where Pricewaterhouse came up with this idea that employment in Tasmania is significantly more concentrated than in other places. In any case, most of their employment during the operation is going to be in arts and entertainment, which are relatively low wage sort of sectors.

CHAIR - Except if you're an AFL football player.

Mr WELLS - Yeah, there are 22 of those.

I think that firstly, the Pricewaterhouse report's outcomes are not very plausible. Secondly, it's been done in a vacuum as though all the other bits around it are complete, which they won't be, and a lot of the community benefits they claim I think are inaccurately reported.⁴⁴

⁴⁴ See Transcript of evidence [Public Hearings \(31 March 2023\) – \(Graeme Wells\)](#). p.1 - 6

The Committee heard from Mr Wells with respect to apparent understating within the PwC Report around State Government support needed to attract major events to the proposed stadium:

CHAIR - ...You made the comment towards the end of your submission ... about ticket prices. I did raise this with a previous witness that if you have a really big concert, like an Ed Sheeran concert - we used that because I'm pretty sure there was hundreds of thousands of people at the MCG for that event, and you couldn't fit that many in this sized stadium, even using the ground, potentially, because you can seat 90,000 in the G for a grand final;

...

Mr WELLS - Yes, they probably wouldn't be behind the stage, would they?

CHAIR – No: but they had them all on the oval, and the stage on the oval. So, in order for that concert to be economical, counting all the costs of getting across the Strait, and the bumping in, bumping out and all the other services you have got to pay for, you would assume the ticket prices would have to be fairly high. If you kept them the same in order to attract people to come here rather than just go Melbourne and see it, then it seems that the likely chance of that turning the profit that the promoters expect, is less. So, when you talk about the tourism benefit here, and you say it's overstated, can you go through that in more detail as to that statement you make? The tourism benefit, you know, visitor expenditure –

Mr WELLS - Well, I was uncertain when I read the report, and I raised it in a supplementary submission –

...

Mr WELLS - which was that Events Tasmania gives you a yield for visitation to events, and that is based on a survey conducted when you arrive at the airport. If you look at the survey questionnaire, it appears to include how much you spend on tickets. So, if that's the case, then it seems to me that the cost-benefit study assumed that the event yield excluded the tickets, and I don't know what the answer to that question is. I was merely raising it as an issue that perhaps the Committee might get to the bottom of.

CHAIR - So the question we need to ask the Government is?

Mr WELLS - Does the event yield that Events Tasmania supplied to the consultants include ticket prices, or doesn't it? The cost-benefit analysis seemed to assume that the yield was just what they spend outside going to the concert, but the way I read the questionnaire that's given to people at the airport, it seemed to include it - so all I was doing really was raising that question. That's what I was trying to get at there, and I don't know the answer to that.

CHAIR - ... Events Tasmania has a bucket of money for supporting a range of events around the State. They also have an event attraction fund, and a section in the department for that. If, to make this economical, or at least to make some sort of return - not on the facility overall perhaps, but on the event - do you think it's likely that promoters are going to be putting their hands out to Government to say 'well, we'll bring this event', whatever it is, a concert, some conference or some other major event the

requires that size facility 'but we need you to pump in \$20 million to make it worth our while' Do you think that is likely or not?

Mr WELLS - I think it happens now. ... I think the promoters would approach them, whether Events Tasmania would give them what they want is another matter.

CHAIR - Well that is the thing, because they already support a number of events around the State including one that I am involved with, just declaring that. But there are many events, some get quite decent amounts of money, others get smaller. Dark Mofo gets quite a lot. We know the events that get supported. But one would assume there is a limited bucket of money: they could always put more into it. But if you are going to attract, notionally let's say, 44 new events - arguably they are not all new events; let's say 40, even - it's not an unreasonable expectation to say they will also be asking for financial support to be able to put on their event at the facility.

Mr WELLS - I think the consultants did have a number for what they thought that would be.

Dr BROAD - \$110 million over the 20 years.

Mr WELLS - Yes, it is about \$5.86 million I think. So, whether that would be sufficient is another matter.

CHAIR - Yes, that's the question, because I am not sure how much Falls got, but if it wasn't enough for them to sustain that festival, then are we looking at –

Mr WELLS - That did seem like a small amount, I must say that \$5.8 million - take Ed Sheeran or somebody - I can't imagine that just for that one concert would be enough. But, I'm not a promoter so I don't know.

CHAIR - No.

Mr WELLS - But it did seem like a small amount to attract a lot of these events that otherwise would not be here.

CHAIR - So do you think that is probably understated? That is the question I am asking, is likely to be understated –

Mr WELLS - I would think so but I am not really in a position to be authoritative on that.

Mr Wells also highlighted that MI Partners Report did not take into account the opportunity costs associated with the land at Macquarie Point:

Mr WELLS – ...When you do a cost benefits study, you are trying to look at a different kind of economic analysis to the computable general equilibrium model. What you're trying to do there is trying to work out the social costs and the social benefits, rather than just the contributions to gross domestic product and so on.

The first problem with this is that they haven't really followed the Government guidelines on how to do a cost benefits study. If you look up the Commonwealth handbook on cost benefit analysis, when we are working out the costs of the stadium, what you're trying to work out is the opportunity cost of the resources that are going into the stadium. By opportunity costs we mean how would those resources have been able to be used in some other project. When you look at, say, construction costs, it's pretty easy to do - if you pay a plumber \$100 per hour to work on your project, that is the opportunity cost because they could've got \$100 per hour somewhere else. But when it comes to the land on which the stadium is built, the cost benefit analysis assumes that it didn't have any other alternative use when obviously it does. So the costs of the stadium are understated by quite a significant amount, and some of those alternative uses could be readily evaluated.

For instance, Macquarie Point people had a lease I think - I'm not sure exactly - to the escarpment project, and in the Mercury it was reported - and I'm not sure what the \$100 million referred to, whether that was the sale value of the units, or what - but it would be relatively easy to establish what the value of that land was. That is an opportunity cost of the land for the stadium, and it had an alternative use and it's a cost. There are various other commercial enterprises on the stadium which won't now go ahead. That should be included in the cost because that land had alternative use, it's not free.

Dr BROAD - Also the existing commercial enterprises on that site; there are a whole bunch of activities on that site.

CHAIR - Those in the Goods Shed, and other facilities.

Mr WELLS - Even the land that is not presently occupied has alternative uses, so to completely omit that as part of the costs seriously underestimates the cost that should be taken into account in a cost benefit analysis.

CHAIR - Graeme, do you have any idea of a ballpark figure you're talking about? I know that there is the escarpment, there are the businesses in the Goods Shed, which seems to move in the artist's impression we have –

Mr WELLS - Does it?

CHAIR - That's how it looks, I'm not really sure - it's only artist's impression-type stuff at the moment. The Truth and Reconciliation Art Park, which can't be delivered in the same way. Do you have any idea how we would work that out or how someone could work that out for us?

Mr WELLS - I haven't really ever seen a revised plan. But for example, the arts and entertainment precinct, if it were built on in the way it was proposed would be very valuable land, so if the stadium had not gone ahead, would that have been larger? I don't know. How much land is the proposed Antarctic precinct going to occupy? That's valuable. I don't know how you would work it out, but it is clear that the \$750 million is quite a significant underestimate because it excludes that the value of that land. I presume as a base case, someone would have to go back to the original planning document, prior to the stadium -

CHAIR - The reset plan, the most recent one that they signed off on.

Mr WELLS - And then see how much land has been taken up by the stadium, and somehow get an evaluation of like projects, like the reconciliation park in other places-

CHAIR - And build houses on the escarpment.

Mr WELLS - And add all that together. I wouldn't be able to do that. You would probably need to get urban planners to do that kind of evaluation.⁴⁵

...

CHAIR - ... you said with regard to the development of the cost-benefit analysis, it appears that the Government guidelines have not been followed. Did you directly ask the Government whether they had followed the guidelines, or you made that assessment based on your consideration of the information before you?

Mr WELLS - I know they haven't, because they haven't got any value of the opportunity cost of the land. If you look at the Commonwealth Government guidelines, it explicitly says that you should. It seems to be pretty clear gap.⁴⁶

The Committee also heard from Mr Wells his misgivings around the assumed events that utilise the proposed stadium under the MI Global Partners Report:

Dr BROAD - So it seems like the MI [Global] Partners have also used the same data as PricewaterhouseCoopers when it comes to the number of events. They have just taken as read that there will be 44 events.

Mr WELLS - But there's an entirely different list. If you look at the list, it's quite a coincidence that they come up with the same number of events, but the list is totally different. The Rugby League matches have disappeared, and instead we have various concerts and so on. I was a bit bemused by the entry at the top of the list, which is an AFL home final every four years.

CHAIR - It assumes we're in the finals, doesn't it?

Mr WELLS - I'm an AFL fan, and I happen to know that Geelong, which play in finals very often, and the AFL have allowed them to play a home final once. That was in 2013, I think. That was when their stadium was at least as large as this one. So, it's optimistic that we are going to make the finals once every four years. Not only that, we are going to do so well that we're entitled to a home game. The AFL aren't going to have any home games here in finals. I think that some of the other items on this list are pretty optimistic, too.

CHAIR - If you were here earlier today Graeme, according to Cricket Tasmania, the ICC rules prevent international cricket from being played in a roofed stadium. You can't do it.

⁴⁵ See Transcript of evidence [Public Hearings \(31 March 2023\) – \(Graeme Wells\)](#), p.6-7

⁴⁶ See Transcript of evidence [Public Hearings \(31 March 2023\) – \(Graeme Wells\)](#), p.11-12

Mr WELLS - Quite possibly: they never play at Marvel.

The other problem with the cost benefits analysis is if you look at the contents projections on page 12 of Appendix 7, they have an attendance and visitation based on that. We might have differences with the authors of the report as to how likely that is, but even if it were likely, it is an average in the long term. Can you imagine in the year after the completion of the stadium that all these things will be lined up on average? More likely it is going to be the case that as people realise the stadium is finished and line up, for instance, tier one concerts, that is going to be a few years away.

CHAIR - They plan years in advance.

Mr WELLS - They do, but they do not know when this stadium is going to be finished. Most likely, even if these events occurred once every six years or twice every three years or whatever, that is going to be an outcome that levels off after quite a number of years. Why does that matter? It matters because when we are getting the benefits on the cost benefit study, we are discounting this back to the present, and the further they are out to the future, the less the present value is.

My guess is, that apart from the fact that some of these proposed events are pretty optimistic, not all of them will occur in the time horizon at the frequency at which you would assume. For every year they are delayed, their present value is less by 7 per cent. In a cost benefit study the present value to benefits, in my opinion, is overstated by quite a lot. On the cost side, the costs are understated by quite a lot. So, in that study too, I think it is quite misleading.

Dr BROAD - But even despite all that, it is saying the total benefit this time is \$1 billion, discounted back to \$312 million. So, with all the issues you have raised with the report, a minus \$300 million is the net benefit. Or a cost benefit ratio of 50 per cent. 0.5.

Mr WELLS - It is not high.

Dr BROAD - It is likely to be even less, isn't it?

Mr WELLS - Yes. I would think if you added in the costs correctly and allowed for the fact that these events aren't all going to occur with the frequency that this table suggests, straight away at any rate, then you could get a number like 0.3.

Dr BROAD - But then, what happens when you take into account the opportunity cost, as you have suggested?

Mr WELLS - I think if you did both those things, you could easily end up with a number like 0.3 or something. I think it is incorrect to argue as some people have that capital intensive events are a disadvantage because of discounting. Why do we discount? Because we would rather have things today than tomorrow. If we don't like discounting, we don't like paying interest on bank deposits. It's a silly argument. You might ask why that 7 per cent discount rate rather than some other discount rate? But I don't think you

*can argue against that you need to discount future benefits. We need to compare things in today's values, and in order to do that you need to discount them.*⁴⁷

Minister Barnett was questioned by the Committee regarding modelling undertaken by Government to illustrate the statement made publicly by Government members of an increase in funding for health, education and other government services as a result of building a new facility.

CHAIR - The question is very simple, Minister. I will repeat it for the benefit of all members on your side of the table. Do you have modelling to back the statement that it will deliver funds to deliver health and education services?

Mr BARNETT - Thank you for the question. Gary.

Mr SWAIN - I can only give the answer that I gave before. We have modelling that demonstrates there will be a significant uplift in GSP.⁴⁸ GSP has a relationship to State revenue. It is not a one-for-one, or as strong a relationship as we might like, but there is a positive relationship. Also a strong economy and stronger jobs positions removes the requirements of funding from the Government into a variety of programs and activities which makes it available for core activities like health.

CHAIR - There is no modelling that demonstrates it?

Mr SWAIN - The modelling demonstrates the employment and the GSP outcomes.

CHAIR - Can you provide any documentation that does that, particularly for this proposal?

Mr WILLIE - We are talking about revenues here that the State Government will have available. You have made the statement in documents.

CHAIR - Is there modelling that you can provide to the Committee that backs up that statement that you have just made publicly, and now here for the Committee?

Mr SWAIN - What I have just talked about is in the business case and its attachments which are in front of the Committee.

CHAIR - There is no more modelling that would show that?

Mr SWAIN - No, not that I am aware of.

Mr WILLIE - Three hundred thousand dollars in payroll tax in cost benefit analysis.

Mr SWAIN - That is ignoring the indirect part of the cost general equilibrium modelling. If you have wealthier households in Tasmania, they can buy housing, they can spend in a

⁴⁷ See Transcript of evidence [Public Hearings \(31 March 2023\) – \(Graeme Wells\)](#), p.7-8

⁴⁸ Gross State Product

whole variety of ways, some of which will come back to the Government. We have not pulled that out of the GSP uplift.

...

Ms WEBB: ... is there, as part of the modelling, a breakdown of the expectation about whether it is interstate visitors or local visitors who are attending these events and providing the economic benefit? I presume that's what an acquisitions budget is going to be there for - to help underwrite the 28 new events that we're expecting to come. Can you explain that a bit more?

...

Mr SWAIN - On the first comment around Government projects stimulating the economy generally, that is definitely true. But, the extent of stimulus will vary a fair bit. You can take a project like the cameras that are being rolled out for road safety at the moment, which will have a very high BCR⁴⁹ because the capital cost is quite low but the benefit attributed to a saving of life on the road is very high and you will have a very high BCR. When a serious casualty or life is saved, that person goes back to their normal activities so you don't have a transformative economic effect. The BCR might be higher but the socioeconomic indirect benefits might be a lot lower.

...

Mr SWAIN - I was going to make the point that the reason governments around the country and the world back some projects that have a BCR less than 1 but a good socioeconomic benefit associated with a separate study methodology is that they form a view that those projects have more transformative benefits than others. That's the only point I was trying to make.⁵⁰

Committee Findings

- F6. No evidence was received that identified the basis of assumptions provided by Government to consultants to inform the business case modelling: in particular, number and nature of expected events and attendance at events of the proposed stadium.
- F7. Assumptions in both the PwC and MI Global Partners Reports include events that arguably could not be held in a fixed roof stadium.
- F8. The MI Global Partners report in its cost benefits analysis does not take into account the opportunity costs associated with the land at Macquarie Point.
- F9. The Government has been unable to provide detailed modelling to support the public claims of the increase in State revenue.

⁴⁹ Benefit Cost Ratio

⁵⁰ Transcript of Evidence, [Public Hearings \(24 March 2023\) – \(Minister Barnett\)](#), p.22-24

ToR 4 – The Tasmanian Government’s expectation regarding financial contributions from the Australian Government, AFL and third parties

From the Government submission, the following was quoted:

The net capital funding required for the stadium is \$715 million, based on the latest pre-feasibility estimate of \$741 million, less \$26 million of existing Tasmanian Government commitments to works at Macquarie Point that were included in the capital cost estimate.

The Tasmanian Government has announced a commitment of \$375 million (in addition to existing funding for works at Macquarie Point and the value of the land). The AFL will contribute \$15 million towards construction costs.

A further \$85 million is proposed to be funded through borrowings against land sale or lease for commercial uses. The remaining capital funding request to the Australian Government is \$240 million. This represents one-third of the total cost. No ongoing funding or subsidy is sought.⁵¹

Minister Barnett was asked about the treatment of the proposed Australian Government funding and its treatment:

CHAIR - Another question in relation to the proposed funding of this ...the contribution you are seeking from the Federal Government. Are you intending to ask that be quarantined from the GST calculation?

Mr BARNETT - That's not unusual, in terms of those negotiations –

CHAIR - I am asking you if that is the intention.

Mr BARNETT - My understanding is it is the intention. It is certainly not unusual. We certainly try to ensure that we get best deal possible for Tasmania. I know that the Premier, Jeremy Rockliff, is having positive collaboration and consultation with the Prime Minister and his Government, and we are doing the same.

...

CHAIR - But the question is, if the Prime Minister says, 'We will only pay if it is not quarantined', and thus we pay it back over clawback through GST, would the Government accept that?

Mr SWAIN - I was just going to say in relation to the Brisbane commitment by the Federal Government, I would expect that that would be articulated in the federal Budget that is yet to come, so –

CHAIR - So we don't know whether it is quarantined or not.

...

CHAIR - My question still is, will you still accept this?

⁵¹ See Tasmanian Government Submission, p.8

Mr BARNETT - I am hearing your question, and I thank you for the question. I note and draw to your attention and to that of the Committee, that these negotiations are still under way. The Premier's having ongoing discussions with the Prime Minister, and the Premier is fighting for Tasmania, he is like a dog with a bone, he won't give up, and we want to make sure we get the best deal possible for Tasmania.

CHAIR - So, if the Prime Minister commits to the funding but not to quarantined, is that still a fair deal for Tasmania?

Mr BARNETT - Well the Premier will fight to the last to get the best deal -⁵²

The Committee was of the understanding that the \$240 million capital funding request from the Australian Government was not that straight-forward. In the lead up to the 2023-24 Federal Budget, the Hon Catherine King MP (Federal Minister for Infrastructure, Transport, Regional Development and Local Government) had a radio interview with Leon Compton (ABC Hobart) where she summarised the following:

- \$240 million Federal Budget commitment was not just for the proposed stadium: ... the Tasmanian Government needs to come back to the Commonwealth with a precinct plan that includes the housing development, social and affordable housing, the transport corridor; they've also agreed to the upgrade of Macquarie Wharf 6, and also then the stadium, and they've also agreed to consult as they develop that plan with the RSL, with Hobart City Council and with First Nations communities as they go through that.
- no money had been set aside for the mooted Antarctic Division move in the Budget; and
- \$35 million had been set aside for Northern Suburbs Rail Corridor under the Hobart City deal.⁵³

On 9 May 2023, Minister King released Budget 2023-24: Strengthening Australia's \$120 billion infrastructure pipeline media statement⁵⁴. Under the National Urban Policy (emphasis added):

The 2023-24 Budget will also:

...

- ***Deliver \$240 million to support development at Macquarie Point in Hobart. This investment is a broader urban renewal precinct, including construction of affordable housing and Macquarie Point Stadium.***
- *Match Tasmanian Government funding of \$65 million, for upgrades to the UTAS Stadium in Launceston.*

Of particular note, in the Federal Financial Relation Budget Paper No.3, these investments are described as '*Hobart and Launceston – place based co-investments*' and stated:

⁵² Transcript of Evidence, [Public Hearings \(24 March 2023\) – \(Minister Barnett\)](#), p.16-17

⁵³ See Transcript - Radio interview, ABC Hobart (The Hon Catherine King MP), Tuesday, 2 May 2023 (<https://minister.infrastructure.gov.au/c-king/interview/transcript-radio-interview-abc-hobart>) [Accessed 30 May 2023]

⁵⁴ See https://minister.infrastructure.gov.au/c-king/media-release/budget-2023-24-strengthening-australias-120-billion-infrastructure-pipeline?_ga=2.129322443.676904556.1685327054-445512502.1685327054 [Accessed 30 May 2023]

*The [Australian] Government is providing \$305.0 million from 2023–24 to 2027–28 to deliver urban renewal projects in Hobart and Launceston, with \$240.0 million to help unlock the potential of the Macquarie Point precinct in Hobart and \$65.0 million for a stadium redevelopment in Launceston.*⁵⁵

Financial Year	Capital Contribution
2023-24	\$20 million
2024-25	\$45 million
2025-26	\$80 million
2026-27	\$100 million
2027-28	\$60 million (projected)

The Commonwealth Grants Commission (CGC) provides guidance on the treatment of grants to the States where the expenditure needed to provide the service is assessed.

*Payments that support a state service where the expenditure needed to provide the service is assessed are included in the GST calculations and impact recommended GST distribution. Examples of such payments include National Health Reform funding: Hospital services, Quality Schools funding for government schools and the National water infrastructure development fund.*⁵⁶

The Committee found that at this stage it was undeterminable the actual Australian Government funding that would be used for the proposed stadium.

Committee Findings

- F10. It is not clear whether the Commonwealth Government funding to support the Hobart and Launceston ‘place-based co-investments’ will be quarantined from the Commonwealth Grants Commission GST assessments.
- F11. According to information available on the Commonwealth Grants Commission website, it is unlikely such funding would be quarantined in part or in full from GST assessment.

⁵⁵ See Federal Financial Relation Budget Paper No.3 (https://budget.gov.au/content/bp3/download/bp3_2023-24.pdf) p.68

⁵⁶ See Research Paper No 5 - The framework for the treatment of Commonwealth payments in GST distribution.pdf (cgc.gov.au) p. 4

ToR 5 – The level of borrowing and costs on the assumed \$375 million Tasmanian Government contribution to the construction of the proposed new stadium

The Committee sought information related to State funding for the proposed new stadium:

CHAIR - ... What I understand to be another characteristic of the base case is the General Government's contribution will need to be debt funded. That is the reality facing the State Government. There must be costs associated making this contribution. Can you confirm what this contribution will be?

Mr BARNETT - First of all, through you, Chair, the Government's funded studies obviously into the site selection, engineering, cost planning, project scaping, resource planning capacity optimisation, economic analysis. We have done all of that, hundreds of pages as I said earlier. So, the investigations I have identified. Capital cost required: \$741 million; net of \$26 million of existing committed works at Macquarie Point; the funding requirement \$715 million. So, the Government has made it clear and the Premier has made it clear many times that a commitment of \$375 million - AFL contributing \$15 million for construction costs, a further \$85 million proposed funded through borrowings against land sale or lease for commercial uses - and the Australian Government has been requested to provide \$240 million which represents about one-third of the total cost. No ongoing funding or subsidy is sought. We have also got \$1.25 million in our budget for the AFL Taskforce and for the stadium feasibility work. I think that's what I would like to share with the Committee. I think Gary or Kim could add to that, but I think that's –

CHAIR - I'm talking about the cost of the debt funding particularly. I understand some of that information provided.

Mr BARNETT - In terms of the debt funding?

CHAIR - Yes.

Mr BARNETT - That would clearly be primarily a Treasury matter. We can assist, I think, if you wanted us to take it on notice but I am sure Gary might be able to add to that. Let's see if Gary can assist the Committee.

Mr SWAIN - I believe the working assumption is that those funds will be borrowed. That the interest rate will be the 10-year bond rate and that the total or aggregated interest on that through to project completion is around \$50 million.

...

Mr SWAIN - ... the aggravated accrued interest until completion is \$50 million.

...

Mr WILLIE - In the final year before completion, the interest repayment on the debt will be \$21.52 million? Can you confirm if there isn't Budget repair that will continue indefinitely?

Mr BARNETT - Can you repeat the second part of your question?

Mr WILLIE - The interest repayments per annum will be \$21.52 million, and that will continue indefinitely until there is Budget repair?

Mr SWAIN - It is a decision for the Government of the day on a year-by-year basis under the Budget, how much debt it pays back. This will go into the total debt pool and the Government of the day will make a decision about debt repayments globally in the Budget contents, so, it will not look at this little bit, or that little bit.

Mr WILLIE - But it will contribute to that interest repayment?

Mr BARNETT - It will depend on the circumstances at the time. We want to be responsible with our budgets, which we are. The Treasurer has made that very clear just yesterday in the Parliament. So, it's a very important matter, we take it very seriously.⁵⁷

Committee Findings

F12. The proposed new stadium is expected to be debt funded by the State Government with ongoing interest costs.

⁵⁷ Transcript of Evidence [Public Hearings \(24 March 2023\) – \(Minister Barnett\)](#), p.15-16

ToR 6 – The future of Blundstone Arena and UTAS Stadium, including State Government ownership and future capital and operational expenditure

From the Government submission, the Committee was informed of the intention that Stadiums Tasmania would manage both of these stadia, should they be transferred by their current owners being Clarence City Council and Launceston City Council respectively.

The 2021 State Election commitment to establish Stadiums Tasmania included plans to transfer the ownership and management of Blundstone Arena and University of Tasmania (UTAS) Stadium to Stadiums Tasmania, if able to be negotiated with their current owners. These plans are now being implemented following the passage of the Stadiums Tasmania Act 2022 (the Act). The Board of Stadiums Tasmania has also recently been appointed.

The Act has provisions that will enable stadium assets to transfer to and from the new statutory authority, Stadiums Tasmania. These two stadium assets are being profiled, as part of a due diligence process, but formal negotiations on their transfer are yet to occur. On transfer, Stadiums Tasmania would own and manage them on behalf of the Crown.

Cricket Tasmania and the City of Clarence have been briefed on these plans. Cricket Tasmania has asked the Tasmanian Government to give it some time and support to consider its future and views on transferring Blundstone Arena to Stadiums Tasmania. This work is continuing, and no decision has been made or sought on Blundstone's potential transfer to the authority.

The City of Launceston has also been briefed on these plans and several tasks have been progressed anticipating the future transfer of UTAS Stadium, including an industrial consultation process on how current employees would transfer. On 15 December 2022, the City of Launceston endorsed a proposal to form an intention to transfer York Park (UTAS Stadium), but the terms and conditions and basis of this stadium's proposed transfer are yet to be negotiated and agreed.

If the transfer of these two stadiums or any other stadium assets are agreed, a transfer agreement or transfer notice will be used to formalise the transfer on a mutually agreed date. These provisions are contained in Part 4B of the Stadiums Tasmania Act 2022, which has been amended following the passage of the Stadiums Tasmania Amendment (Transfers) Act 2022.

Ownership of the stadiums would place an onus on the authority to manage them in an effective and efficient manner. Stadiums Tasmania would be expected to work to maximise the income it generates, continue to meet its community service obligations, and manages its expenses. The annual appropriation will help cover the operating expenses and operational deficits.

Stadiums Tasmania will be expected to cover the cost of stadium maintenance and any minor to moderate capital works or projects, as well as work in partnership with the Major Stadiums team within the Department of State Growth on major stadium capital development projects. Major capital development projects and operating expenditure

(including events attraction funding) will continue to be subject to the standard State Budget appropriation process and associated parliamentary scrutiny.

Following the 2021 State Election, the Tasmanian Government committed to pursuing a major \$200 million upgrade of the UTAS Stadium in Launceston. The government has committed \$65 million to undertake the first stage of the redevelopment which will deliver new and enhanced spectator amenities through the construction of a new eastern stand, replacing the existing older eastern terrace seating. The redevelopment will provide an increase in seating capacity, in excess of an additional 1,000 seats as well as consideration for additional seating on the western side boundary. The redevelopment of UTAS stadium was publicly announced on 31 January 2023.

The new eastern stand will include permanent hospitality provisions, including new food and beverage outlets and new toilet amenities servicing the eastern side of the stadium. The redevelopment will also deliver a new south-east entry plaza, creating connections with the University of Tasmania (UTAS)/QVMAG⁵⁸ precinct, and enhance ground arrival access options and pre-match entertainment opportunities.

Refurbishments to facilities on the western side of the stadium will also be undertaken, in line with sporting code Tier 2 requirements. These works will include refurbishment of the home and away playing team change rooms and facilities and a refurbished umpire change room. New AFL interchange benches will be delivered, including permanent communications infrastructure to upgraded coach boxes.

The redevelopment will also provide future development opportunities for corporate hospitality spaces within the new eastern stand. The Tasmanian Government will continue to seek the additional investment required from the Australian Government to undertake future stages of the redevelopment.

Project architects Populous and Philp Lighton Architects will continue to work with key stakeholders and users to develop the full schematic design for stage 1 of the project with the anticipation of lodging development approvals in the second quarter of 2023. The new facilities are currently planned to be ready in early 2025.⁵⁹

At the public hearings, Mr Dominic Baker (Chief Executive Officer – Cricket Tasmania) was questioned about the future of Blundstone Arena:

CHAIR -... How do you see the future of Bellerive Oval, should a new stadium be built? Is it still going to have a role in delivering some of these events, or are these events counted in the 44 events a year the Government talks about?

Mr BAKER - The 30 events are, importantly, on grass. There is a whole heap of other events that go at the stadium and in the precinct using the other facilities, but on the grass there are 30 events. We have been looking at the opportunity presented by the stadium for fan-facing cricket - what we called fan-facing cricket in a national cricket

⁵⁸ Queen Victoria Museum and Art Gallery

⁵⁹ See Tasmanian Government Submission, p.10-11

and/or Big Bash cricket, where you get significant numbers of crowds. For WNCL⁶⁰, for Sheffield Shield, we are only talking about catering for about 100 people at a time, or maybe 200 or 300, except for when we are fortunate enough to play in finals, where, of course, you would get a few more. When we have looked at what the stadium has to offer for cricket, we are really looking at that fan-facing opportunity. What happens to Blundstone Arena if the fan-facing cricket is taken away is a very good question. We have been working on it over the last 12 months. In the submission, we outline we were provided with a Government grant to have a look at what effect a new stadium might have on the business of cricket. It is unashamedly a very 'cricket' view, too. It is very much what our organisation might have to cope with. We have not completed that process yet, but we are a long way through. That is going to tell us what our future would be and plays into what is the future of the ground.

There is no doubt that the ground is an excellent cricket surface. That is highlighted by the fact we play international cricket on it today. It is certified by the ICC as a ground that can host international cricket.

CHAIR - That being the case, if the stadium wasn't to go ahead, for example, you are still confident you could attract ICC events and the fan-facing events, as you call them?

Mr BAKER - We could. One of the issues we have, though, is that we are restricted in crowd numbers - as we saw through the Ashes, we could have sold out three Ashes games in a row. The right content, and the stadium is not big enough. We probably do suffer and don't get the level of content we could get through international cricket, because they choose to go to venues either better equipped or that can hold more people and have a more profitable outcome for cricket in general. We will always be restricted to the quality of the event we can have; however, the ground is certified by the ICC to play international cricket.

...

Dr BROAD - What is the absolute maximum capacity at Bellerive at the moment?

Mr BAKER - Seated, it's 11,000. Standing, is up to 16,000. For 16,000, you would use the hill - for example, one person per every 3 square metres during COVID-19, and it's one person every 1 square metre outside COVID-19.

Dr BROAD - What's the biggest crowd you've ever had into Bellerive?

Mr BAKER - Through the Ashes we got 16,000. We filled it to capacity.

Dr BROAD - What you're saying is, those 4,000 extra seats, and 23,000 is the proposal for the new stadium. How difficult would it be to upgrade 7,000 seat into Bellerive, if that's what you want, rather than having to have an entirely new stadium?

Mr BAKER - It is probably impossible to do it at Bellerive without disturbing the housing around the outside of the ground. That is probably the biggest restriction with Bellerive.

...

⁶⁰ Women's National Cricket League

Mr WILLIE - There's a performance centre that's part of the proposal; it's not directly in the terms of reference but it could possibly have Bellerive's involvement. You've got a performance centre in there for cricket. Has there been any discussion about an AFL performance centre going into Bellerive, as part of its future?

Mr BAKER - Not directly with us. We've got our own plans for a performance centre, as highlighted in the document. We're currently the only state that doesn't have a single use access to their facility. Obviously, we share with football, which is not ideal. When Blundstone Arena was designed, we had 20 male players. We now have 59 players of both genders, and we have pathways with over 100 boys and girls in them. The facility, even for us, is stretched. So, we are looking at that whole environment on whether Blundstone's going to be fit for our purposes into the future as well.

Mr WILLIE - There're expansion opportunities there for you, potentially, in terms of your performance needs?

Mr BAKER - At Blundstone? That work's not completed, but not without huge works having to take place.

Dr BROAD - In terms of logistics - let's say the stadium gets built and you want to play cricket there. Would you be envisaging that BBL, WBBL61 and Sheffield Shield for both genders, would be played at that stadium?

Mr BAKER - No.

Dr BROAD - You'd only see drop-in pitches for BBL?

Mr BAKER - Fan-facing cricket.

Dr BROAD - They would have to be drop-in pitches and the like?

Mr BAKER - Correct. Unless, through the design, they decide to put a wicket block in the ground. ...

Mr BAKER - And that is really a design issue, I think.⁶²

Committee Findings

- F13. The future of Blundstone Arena at Bellerive and UTAS Stadium at York Park, Launceston remain unclear in terms of events and games that will be played at these venues should a new stadium be built at Macquarie Point.
- F14. Tasmanian and Australian Government Grants continue to be provided to upgrade York Park.

⁶¹ Women's Big Bash League

⁶² Transcript of Evidence [Public Hearings \(31 March 2023\) – \(Cricket Tasmania\)](#), p.1-3

F15. The Tasmanian Government has provided grant funding to Cricket Tasmania to assess the effect of a new stadium on ‘the business of cricket’: this work is not yet complete.

ToR 7 – The role of the Major Stadiums business unit within State Growth and the newly established statutory authority Stadiums Tasmania in relation to the proposed new stadium

The Government Submission summarised the roles of the Major Stadiums Business Unit (Major Stadiums) and the Stadiums Tasmania Statutory authority: Major Stadiums is an infrastructure development unit that oversees the redevelopment of existing stadium infrastructure or the building of new stadium infrastructure, whereas Stadiums Tasmania is a statutory authority established to own, manage and facilitate the development of Tasmania's stadium infrastructure as part of an ongoing basis.⁶³

Major Stadiums

Major Stadiums resides within DSG with the function of planning and delivering major stadium developments for Tasmania. This includes the overall planning, design and contracting for construction or upgrade of major venues. Major Stadiums also provides advice to the Tasmanian Government on the development of major sporting and events infrastructure as well as recommendations on delivery priorities.

Major Stadiums works closely with Infrastructure Tasmania to ensure the major venues work program aligns with the state's broader infrastructure and stadia strategies and will also work with Stadiums Tasmania as the major public stadium owner/operator to ensure stadium developments meet the operational requirements of these major public assets.

The current projects being managed by the Major Stadiums business unit are:

- \$125 million into the redeveloped MyState Bank Arena and the Wilkinsons Point precinct including the establishment of an Indoor Multi-Sport Facility and JackJumpers High Performance Facilities;
- \$65 million to progress a major upgrade of the University of Tasmania (UTAS) Stadium in Launceston to improve the fan experience and improve player amenity.
- \$25 million for infrastructure upgrades to Dial Park, as part of the Dial Regional Sports Complex in Penguin to enhance spectator and participant infrastructure and enable state-wide and national sporting events to be hosted in the future
- a \$715 million new Arts, Entertainment, and Sports Precinct at Macquarie Point.⁶⁴

Further details asked by the Committee around the structure and governance of Major Stadiums was provided by Minister Barnett:

Major Stadiums is a business unit within the Transport and Infrastructure Division of the Department of State Growth reporting to the Deputy Secretary Transport and Infrastructure, who in turn reports to the Secretary of State Growth. It therefore operates in much the same way as other infrastructure delivery units in the department as well as infrastructure delivery units in other departments. Normal departmental policies and procedures, including those relating to potential conflicts, apply.

⁶³ See Tasmanian Government Submission, p.11-12

⁶⁴ See Tasmanian Government Submission, p.11

*Now that project funding has been secured, the Government's approach to delivery of the precinct will be formalised.*⁶⁵

Stadiums Tasmania

From the Government's submission,⁶⁶ in April 2021, the Tasmanian Government announced plans to establish Stadiums Tasmania, as a new statutory authority to own, manage and work with government to facilitate the future capital development of Tasmania's stadium assets and infrastructure.

These plans are designed to position Tasmania's stadium infrastructure to increase Tasmania's ability to participate in and host major national and international entertainment, sporting, and community events, and maximise representation in sporting codes and competitions.

The Government's commitment was enacted through the passage of the *Stadiums Tasmania Act 2022*. It has established the authority and its Board has been appointed, led by Mr Michael Malouf AM. The functions of this new authority are broad and outlined in Part 2 of the Act. The Chairperson and Board of Stadiums Tasmania bring essential skills in the capital investment into stadiums, stadiums management, and specialised legal and business acumen.

Stadiums Tasmania's establishment will centralise the ownership, management, and future development of stadiums under a single entity with a statewide perspective. Its role and function include ensuring the effective and efficient operation of these assets, that they are fit for purpose, and they meet the needs of their various sporting codes, user groups, and audiences.

The Chair and Board are likely to be invited to participate in discussions around an AFL team for Tasmania, potentially including stadium agreements with the AFL, as well as participating in stadium design and delivery, and commercialisation of the stadium at Macquarie Point, should it proceed.

Stadiums Tasmania is expected to play a critical role in supporting the Tasmanian Government to develop the proposed Arts, Entertainment, and Sports Precinct at Macquarie Point. It will have the skills and expertise available for it to be a key collaborator and advisor, assisting government to develop an engaging, fit-for-purpose, user friendly and contemporary multi-purpose precinct.

It is also anticipated the Authority will be asked to own and manage the stadium component of the precinct on behalf of the Crown.

⁶⁵ See QON response, p.8

⁶⁶ See Tasmanian Government Submission, p.12

Committee Findings

- F16. Major Stadiums is an infrastructure development unit that oversees the redevelopment of existing stadium infrastructure or the building of new stadium infrastructure.
 - F17. Stadiums Tasmania is a statutory authority established to own, manage and facilitate the development of Tasmania's stadium infrastructure as part of an ongoing basis.
-

ToR 8 – Other matters

The Committee heard from Mr Richard Welsh (Managing Director, Epic Events and Marketing Pty Ltd) who suggested an inequality of State sports funding already in favour of the AFL:

Mr WELSH - ... First of all, you might be surprised to have someone who runs a sport event management company in Hobart sitting in front of you, suggesting a massive investment in a sports venue in Hobart is a bad idea; but here I am.

...

Let me add some figures to support my submission. First of all, the inequality towards funding for the AFL. When I refer to the AFL, I mean the national league, not necessarily the local competition. Obviously, it's a sport and a league, so my references are mostly to it as a league. My figures that I found on the existing expenditure on the AFL by the Tasmanian Government are that Hawthorn and North Melbourne deals have a combined worth of around \$8 million a year; the Task Force for AFL, looking into an AFL team for Tasmania: \$1.25 million; and the funding for AFL Tasmania at \$500,000.

In contrast, the Tasmanian Institute of Sport receives \$2.9 million. I speak specifically on athletics, because I'm familiar that, and manage a couple of athletes who had TIS contracts. The current athletics contract is budgeted for \$45,000; it blew out to \$75,000 this year to cover 10 athletes. The \$75,000 includes the staff cost for travel, car, mobile phone, etcetera. It does not include the wages of that staff member. By the time you take all of that, about \$25,000 is shared by 10 athletes and these are the best Tasmanian athletes: Stewart McSweyn, Jack Hale, Milly Clark, Hamish Peacock. That is to support them for medical and travel - \$2,500 per athlete.

Further, 34 sporting organisations across Tasmania share \$1.195 million. Those sports include: athletics; cycling; badminton; bowls; canoe; equestrian; golf; gymnastics; hockey; orienteering; rowing; surf lifesaving; rugby; sailing; softball; surfing; swimming; table tennis; tennis; tenpin bowling; touch football; triathlon; volley ball; and others, share \$1.195 million. AFL gets nearly \$10 million.

The participation data from AusPlay in 2022 shows that for 15-year-olds and over in Tasmania, the most popular sports are swimming, running or athletics, and cycling. However, there are only three athletics tracks in Tasmania and trying to book the Domain Athletic Centre for Term 1 next year is near impossible. It is booked out, and I am trying to get it for a couple of carnivals. Earlier this week, the Northern Sports Association of Tasmanian Independent Schools Carnival was cancelled in Launceston because there was no shelter for the official spectators or athletes there.

There is one indoor cycling velodrome and there is no outdoor velodrome suitable for UCI standards. There is a number of swimming pools; however, swimming pools are too expensive for most schools to hire and Government schools get two weeks a year in Grades 3, 4, 5 and 6 to teach kids how to swim. It's not until you are nine that you get any training to learn to swim. I have a five-year-old girl, and she goes to Learn to Swim; and it's only because we have the means to do that. How many Tasmanian school children don't learn to swim?

In contrast AFL already has a massive footprint in Tasmania. According to their own AFL Tasmania facilities audit in 2019, they have 92 venues with 105 playing fields. There are already AFL quality playing surfaces. I admit these would not include broadcast or change room facilities in all of them, but the playing surfaces are bragged about - Blundstone, UTAS, Penguin, West Park, Twin Ovals, Glenorchy, Brighton, North Hobart and possibly others that I am unaware of.

CHAIR - The gravel oval in Queenstown would be one!

Mr WELSH - Sure, indeed. One of the 105. Tourism is spruiked as a major benefit of the AFL stadium at Macquarie Point, but AFL is not a new market to Tasmania. Every AFL fan in Australia already knows about Tasmania and a stadium or Tasmanian team is not going to get any new fans into the sport. National matches have been played here for decades with plenty of opportunity for AFL fans around Australia to visit Tasmania should they want to. 2.96 million watched the AFL Grand Final last year live on TV. Based on this ratio, under 60,000 Tasmanians watched it - around 11 per cent - yet AFL receives an exorbitant sum of money and attention from our Government.

Yet, this continues, with money proposed for a new team and stadium. The Tasmanian Government committed up to \$375 million to the stadium plus \$50 million to start up a team and \$12 million per year. Remarkably, when the \$10 million was initially offered and the AFL said that is a good start, we were able to find another \$2 million somewhere which was almost double the budget of every other sport in Tasmania. Whereas, Tasmania produced nine Olympians for the Tokyo Olympics in seven different sports whose collective State Government funding was \$238,000. I challenge the Tasmanian Government to be more creative with the spending of infrastructure money in sport.

Australia is hosting the 2023 FIFA⁶⁷ Women's World Cup, the 2026 Commonwealth Games, the 2032 Olympic Games. There will be other lead-up competition opportunities for Australia, but none of these need a massive oval. We have two, and neither have been successful in hosting any nations pre-major championships in recent times, including the 2015 Asian Cup. When we were looking to have UTAS shortlisted for that, when I was a CEO there at the time. The venues weren't suitable because they weren't rectangle, not because we didn't have beautiful grandstands. If Tasmania wants to be considered on the world sporting stage, I believe we need to invest in indoor sports stadiums; rectangle sports stadiums; cycling courses; athletics tracks; multi-purpose sports grounds; swimming pools; community sporting centres; coaches; administrators to run competitions, and have much less reliance upon volunteers.

If that sort of money is available, imagine the type of events we could have. Aim for a variety of events, such as more Australian championships. The Australian Track and Field Championships started in Brisbane yesterday, and Tasmania would not be able to host that because our athletics facilities aren't good enough. The Pacific School Games - School Sport Australia no longer offers billeting so parents have to stay. It gives you a massive return on investment when you have the child and parents travelling as well, so

⁶⁷ Fédération Internationale De Football Association

the tourism dollars are double. The Australian Masters Games, Australian University Games, Commonwealth Youth Games, major golf tournaments, Summer Deaflympics, Gay Games, Invictus Games, International Sport Federation, Nitro Events, or create new events. There are hundreds of global events that we could have in Tasmania, if we had access to this hundreds of millions of dollars of money that we are proposing to spend on infrastructure.

As general manager for the World Cross Country Championships in Bathurst recently, we worked closely with Destination New South Wales, which is the equivalent of Events Tasmania. For a modest investment, to stage a world championships in the regional town of Bathurst, I can share with you the following figures: 3 million watched the global broadcast live - more than the AFL Grand Final, despite it not being in a friendly timeslot for international markets; 16.6 million digital impressions over the course of the weekend; 3,095 media clips; a combined reach of 5.77 billion as reported by media analytics company Meltwater; and, 5,394 people travelled from out-of-region to attend the event, spending an average of two nights. So, a significant return on investment and eyeballs on Bathurst. The crowd did not sit down in grandstands drinking beer, eating pies and chips either. There were 40 different events and 2 km of course they could freely move around to spectate from. It was a wonderful sight to see such an aerobic audience.

Some say that having professional sporting teams in Tasmania has been great. However, they have made the environment extremely tough for community sports and sports that I am directly involved with. Since the Hobart Hurricanes and Tasmanian JackJumpers came to Tasmania, there has been an increase in participant expectations at events. How community events can compete with the event presentation budgets and expertise at these events; it's simply not possible.

There has been a greater statutory and reporting requirement in recent times. Permits required, COVID-19 has hurt us, less police are available for public road closure events since the Dunalley Bushfires in 2013. There has been a significant drop in the media coverage for community sport. The Mercury used to have weekly columns in local sports like swimming, athletic, golf, touch football, bowls. I was the athletics guy for five years there and those roles no longer exist. You look in the paper today, there is five pages of AFL. There is a challenging sponsorship environment. For many, sponsors and corporate boxes sold at professional games used to be money spent in community sports.

A couple of summarising points. International broadcasts sell Tasmania for the events that I am talking about. AFL games, in my view, don't. Tasmania having an AFL team is not a dream of all Tasmanians - only some. AFL fans are likely to come for a night or two; internationals will come for a week or two. Relativity to economic gain: representative schools are strong yielding, as I pointed out, with no billeting allowed any more, and, investment in community sports helps curb national obesity, mental health, and social inclusion issues.

There is a massive inequality already in funding towards AFL at a national level. We need to build for more sports and venues for Tasmanians of all abilities to participate, not just the pointy end. If Tasmania does go ahead and build this stadium, it must also invest significantly in other sports in Tasmania to increase participation and limit

*dependency on already stretched resources. A building does not coach an athlete, and we need to invest in more people doing sport, not watching it.*⁶⁸

The Committee also heard from Mr Robert Richardson who proffered that the Macquarie Point site could be better used and celebrated, including opportunities such as:

- a memorial park to the Tasmanian Aboriginals, convicts, pioneers and veterans
- a form of accommodation similar to Ronald McDonald House for intensive care adult patients and their carers
- more extensive greening similar to other large cities around the world.⁶⁹

Committee Findings

F18. In Tasmania, Australian Rules football appears to receive significantly more funding and infrastructure investment than all other sports combined, especially when considered on a per participant basis.

⁶⁸ See Transcript of evidence [Public Hearings \(31 March 2023\) – \(Mr Richard Welsh\)](#), p.1-4.

⁶⁹ See in general Transcript of evidence [Public Hearings \(27 April 2023\) – \(Mr Robert Richardson\)](#), p.1-8.

Attachment A – Dissenting Statement

DISSENTING REPORT – TASMANIAN GOVERNMENT'S PROPOSED HOBART STADIUM FEASIBILITY PLANNING PROCESS – DEAN YOUNG MP

Introduction

It has become very apparent that this is a highly contested project, as evidenced by this inquiry. All members of the Committee, including myself, have made public comments regarding the project.

It should be noted while I do not believe any member has spoken about the inquiry itself, however, it has demonstrated all members have their own views.

For the reasons set out below, I believe there are some omissions which I feel should be noted to complete the report, and there a number of findings of the Committee with which I do not agree.

TOR 2 – How a new stadium became a condition of a Tasmanian License to enter the Australian Football League (AFL)

Finding 5

The argument that a new stadium was not part of the initial task force report is disingenuous at best. The report stated that there needed to be a rethink on existing stadia. (1)

Indeed, whilst the taskforce tried to prepare a business case where a new stadium was not required, they did recommend that it would be beneficial to have a new stadium obtain an AFL license:

As stated, we have sought to model what a new, central CBD roofed stadium would do the economics of a Tasmanian-based AFL team. In short, it would likely motivate the AFL to issue a provisional licence.

While we believe we can reveal a strong case for Tasmanian inclusion in the AFL, this would be a silver bullet (2)

As an aside, the taskforce also believed that the building of a new stadium in Hobart would provide benefits for the state as a whole.

Furthermore, we see an opportunity where both major regions of the State could benefit from economic stimulus associated with development of a joint Federal / Tasmania-funded Stadium in Hobart while ensuring Launceston secures enhanced facilities and positioning in this optimal north south proposal. (3)

So, in taking this approach, the Government has followed the taskforce recommendation.

The AFL, a license and a new stadium

In one sense a discussion around when and whether a new stadium became a condition of a license into the AFL, is irrelevant, the fact of the matter is that it is.

the AFL made clear the licence was granted after a binding commitment was signed by the Tasmanian Government to develop a 23,000-seat roofed stadium as part of a revitalised Macquarie Point precinct. (4)

If, as we have fought for, for over 30 years, we wanted an AFL team, then a new stadium is a must.

I think it's important that I reiterate today the clear position of the AFL Commission and our 18 clubs, which is that without the federal and state government commitment to a fully funded, new roofed stadium, the proposal for a team for Tasmania would not have been considered by the AFL Commission or the clubs. I know there are some who have said they support the team but not the stadium, but we have been and remain consistent in saying there cannot be one without the other. Without the stadium, there would be no team. (5)

The AFL Taskforce report recommends a new stadium to ensure the AFL grant a license.

The AFL and the taskforce

Which came first the license or the stadium?

As part of the taskforce's critical success factors there was a recommendation for a new stadium in Hobart.

A 'Clean Stadium' changes the game: Redeveloping UTAS Stadium as the initial primary football venue, but seeking a longer-term Hobart CBD-based, roofed stadium in an appropriate entertainment precinct, would mitigate much of the financial risk of Government. Modelling and precedent suggest the potential elimination of the need for any State support post implementation. (6)

As the AFL has repeatedly stated and the taskforce recommends, there is no license without a stadium, therefore, to get the 18 AFL Clubs and the AFL Commission to consider a license, a stadium is required, which was always the plan from the taskforce. So, which is first, the license or the stadium?

ToR 3 - The figures and assumptions contained within any State Government commissioned reports and economic impact assessments of the proposed Macquarie Point stadium, including any subsidies required and assessments of ongoing operating costs

Finding 8

Differences in opinion among economists are both natural and essential. These differences lead to robust discussions, peer reviews, and the evolution of economic thought. While these disagreements can sometimes create confusion for policymakers and the public, they also ensure that economic ideas are continuously challenged and refined.

Both reports have been done by extremely qualified organisations and have been accepted by both federal and state governments.

Opportunity cost, in economic terms, refers to the value of the next best alternative forgone when a decision is made. In the context of land use, if a private entity owns a parcel of land, they may have several potential uses for it: they could lease it, sell it, develop it, or use it for a variety of projects. Each option has a potential return, and by choosing one over the others, the entity incurs an opportunity cost – the return they could have received from the best alternative use.

However, the dynamic shifts when considering government-owned land:

- *Fixed Ownership:* Government-owned land is typically not bought or sold in the same fluid manner as private land. It often remains under government ownership for extended periods regardless of the specific use to which it's put. As a result, the conventional "market" dynamics that determine opportunity costs are not as applicable.
- *Public Good Over Profit:* Governments don't operate purely for profit in the same way private entities do. Instead, they often prioritize the public good. While a private entity might look at land and see potential for commercial development, a government might see a space for a public park, a school, or another public amenity. These projects don't necessarily have clear monetary returns, so their "value" can't be easily compared to commercial alternatives.
- *Broad Socio-Economic Benefits:* Projects initiated by the government often have wider socio-economic goals, such as job creation, community development, or environmental conservation. These goals can make it challenging to quantify the exact "cost" or "benefit" of using government land in conventional terms.
- *Budgeting and Funding Mechanisms:* Government projects are usually funded through budgets allocated for specific purposes. As such, the "cost" of using government land doesn't usually involve purchasing or leasing it as it might in the private sector. Instead, the costs to consider are those associated with developing and maintaining the project.

To summarize, when the government evaluates the cost of a project on its land, it doesn't need to factor in the opportunity cost of the land itself, as a private entity might. The land is already a fixed, owned asset, and its use is determined by broader goals and considerations than simple profit. Therefore, in assessing the feasibility and desirability of a project, the focus remains on the project's direct costs, benefits, and its alignment with broader public objectives.

Whilst it may be useful to look at the opportunity cost of the land, there could be many reasons why that has not been done.

ToR 4 - The Tasmanian Government's expectation regarding financial contributions from the Australian Government, AFL and third parties

Finding 11

It cannot be claimed that GST is unlikely to be quarantined as this is a decision that can be only made by the Federal Treasurer, Mr Chalmers.

Mr FERGUSON - The answer is as I've stated. In terms of GST, we certainly do take a view that it should be GST-exempt in terms of future GST assessments for our State. And for this particular project, we have put forward the case that it should be exempted by the federal Treasurer. I'm happy to say that much. But also, before you ask, no, I haven't had an answer yet from Dr Chalmers. I look forward to him finding it within the Government to support that because that would be a good thing and a good-faith action by the Australian Government to do that. I have written and requested that exemption and a decision has not yet been made. Noting that the Prime Minister and the Federal Minister for Infrastructure, Catherine King, who made the initial offer, are not under the relevant act, they're not the people that can provide that exemption. Only the Federal Treasurer can. (7)

ToR 8 – Other Matters

Finding 18

In Tasmania, the decision to allocate more funds to the Australian Rules as opposed to other sports is deeply rooted in its historical significance and the myriad benefits it delivers. Football is not merely a recreational pastime in the region. Rather, it symbolizes a cherished tradition woven into the very fabric of Tasmanian society. This reverence for the sport, combined with its economic and social impact, motivates the government to safeguard its legacy for the enjoyment and inspiration of forthcoming generations. It could be easily said, for example, that cricket and football were for many years the staple sports played in Tasmania and can be generally played on the same oval.

In more recent years, the explosion of female participation in Australian Rules has also meant that many grounds have had funds allocated to bring their facilities up to scratch for everyone.

We have also seen a rise in the awareness and ability to play many other sports. The Jack Jumpers basketball team has proven such a success that it has caused a rapid rise in popularity.

The benefits of playing sports are well known, especially amongst children and should be encouraged, no matter the sport.

Lastly, the Macquarie Point Precinct will include a multipurpose stadium, which will give many sports a chance to have events at the top level, hopefully encouraging people to go and have a try, as well as providing a pathway to the highest level.

Dare to dream.

References

1. **AFL Taskforce Report for Tasmania, Page 52.**
2. **AFL Taskforce Report for Tasmania, Page 54.**
3. **AFL Taskforce Report, Page 55.**
4. **Transcript of Evidence Public Hearings (16 June, 2023) page 18.**
5. **Transcript of Evidence Public Hearings (16 June, 2023) page 19.**
6. **AFL Taskforce Report for Tasmania, Page 14.**
7. **Transcript of Evidence Public Hearings (5th July, 2023) page 16.**