

Department of Premier and Cabinet

Executive Building 15 Murray Street HOBART TAS 7000 Australia
GPO Box 123 HOBART TAS 7001 Australia
Ph: 1300 135 513 Fax: (03) 6233 5685
Web: www.dpac.tas.gov.au



Dept ref: 26/53310/1

Hon Ruth Forrest MLC
Chair
Parliamentary Standing Committee of Public Accounts
pac@parliament.tas.gov.au & Simon.Scott@parliament.tas.gov.au

Dear Ruth

Sale of Wilkinsons Point – Public Hearing QONs – DPAC response

In response to the Question on Notice from the hearing held on Tuesday 31 March 2026, advised to DPAC in writing on 23 April 2026, please find attached a copy of the document headed "Establishment of a Tasmanian NBL Team – Assessment against Unsolicited Proposals Guidelines" from February 2020.

Searches of DPAC records to date have not uncovered any further information relating to this assessment.

Yours sincerely

A handwritten signature in black ink, appearing to read "Kathrine Morgan-Wicks".

Kathrine Morgan-Wicks PSM
Secretary

31st May 2026

Attachment: Unsolicited Proposals Assessment – NBL – February 2020

Establishment of a Tasmanian NBL Team – Assessment against Unsolicited Proposals Guidelines

In mid-2019, the owner of the Australian NBL and LK Group, Mr Larry Kestelman, presented a proposal to the Tasmanian Government for the establishment of a Tasmanian-based NBL team. Under the Treasurer's Instruction PP2: Procurement Processes - Market Approaches, the Government is permitted to approve the use of a direct sourcing or limited submission sourcing approach where there are exceptionally advantageous conditions that only arise in the very short term, such as from unsolicited innovative proposals. The Tasmanian Government considers that the proposal from LK Group meets this criteria. To ensure that this proposal aligns with the Government's priorities, the Government considers the proposal should undergo an open, transparent, and fair process, involving a high standard of probity and accountability,

Accordingly, the Government has decided that the LK Group (LKG)'s proposal to establish a Tasmanian based NBL team be assessed against the evaluation criteria set out in the Tasmanian Government's *Unsolicited Proposals Policy and Guidelines*.

Background

An unsolicited proposal is a unique or innovative proposal initiated by the private sector and made to government to deliver outcomes that are desirable to government and which are not suitable to progress through standard competitive procurement processes. It involves private sector businesses approaching government for approval and support for the project, which could take the form of financial support, or other forms of support such as regulatory or social support, or the provision of government assets.

The Unsolicited Proposals: Policy and Guidelines applies to the General Government Sector and applies to unsolicited proposals that have a minimum private investment contribution of \$10 million or the creation of a minimum of 100 direct jobs in Tasmania.

The Government has adopted principles to guide its consideration of unsolicited proposals in Tasmania, being -

1. the proposal is unique and innovative and cannot be reasonably delivered by another proponent or achieve the same (or greater) value for money outcome through a competitive process within acceptable timeframes;
2. the proposal aligns with the Government's policies and strategic objectives;
3. the proposal represents value for money for the investment required by Government and provides benefits to the Government and the broader Tasmanian community;
4. there is a demonstrated need and appetite for the project from the perspective of both the Government and the broader public interest; and
5. the proposal is financially, economically, socially and technically feasible. These principles are used to assess proposals throughout the process to ensure net benefits are delivered to the Tasmanian communities

An Assessment Panel was formed with representatives from the Department of Premier and Cabinet to consider the proposal. The Panel consisted of the Deputy Secretary – Policy and Intergovernmental, Director – Policy and Climate Change and the Assistant Director – Policy.

Assessment against Guiding Principles

The Assessment Panel has considered the proposal against the guiding principles outlined in the table below.

Guiding Principle Definition	Guiding Principle Assessment
I. Unique and Innovative	
<p><i>The assessment of uniqueness will consider whether unique characteristics are present, the potential value for money and benefits that could be achieved as a result of these unique characteristics, and whether the proponent is in a unique position to provide these benefits. Unique characteristics include:</i></p> <ul style="list-style-type: none"> • <i>A unique idea</i> • <i>Being in a unique position or having ownership of strategic assets to deliver the desired outcome. This might include:</i> <ul style="list-style-type: none"> ○ <i>Rights under an existing contract;</i> ○ <i>Ownership of intellectual property, licences, patent, or ownership of a broader concept;</i> ○ <i>Ownership of land,</i> ○ <i>Ownership of technology or software;</i> or ○ <i>Exclusive access to, or control over, strategic assets integral to delivering the proposal or improved outcomes for Government.</i> <p><i>It is not sufficient to only demonstrate the presence of unique characteristics, a proposal must also demonstrate that these characteristics provide value for money and other advantages for Government that would not be achieved through a standard competitive process within desired timeframes.</i></p> <p><i>Factors that should be considered include whether:</i></p> <ul style="list-style-type: none"> • <i>the proposal can be readily delivered by competitors;</i> 	<p>Tasmania does not currently participate in the National Basketball League (NBL). In order for Tasmania to obtain a NBL team the State either needs to 1) enter into a direct deal with the owner of the NBL who has control of the intellectual property and licenses or 2) an independent consortium has to enter the market and provide the service.</p> <p>In 2018, an independent consortium was unable to generate a successful proposal to bring a Tasmanian NBL to the State. Since this time the council has progressed discussions with LK Group to achieve the outcome.</p> <p>The NBL is owned and controlled by Larry Kestelman, the founder and CEO of LK Group. In mid-2019, Larry Kestelman presented a proposal to the Tasmanian Government for the establishment of a Tasmanian-based NBL team.</p> <p>Given his ownership and control of the NBL, Mr Kestelman is in a unique position to make such a proposal due to his ownership of the intellectual property, licences, patent and broader concept. No other organisation would be able to deliver a Tasmanian NBL team.</p> <p>The current proposal being negotiated with LK Group directly by the Department of State Growth will provide a unique and innovative opportunity for Tasmania to participate in a national sporting league. This will provide numerous social and economic benefits for Tasmania.</p>

<ul style="list-style-type: none"> • the proponent owns something that would limit the Government from contracting with other parties; • there are other attributes which may not necessarily stand alone as unique but, when combined, create a 'unique' proposal; and • the proponent has a unique ability to deliver a strategic outcome or financial arrangement. 	<p>On this basis, the Panel considers that the proposal meets the requirements of the 'Unique and Innovative' Guiding Principle.</p>
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2. Strategic objectives and Government policy

<p><i>The proposal will be assessed against its ability to support or deliver on strategic objectives and whether it is consistent with Government's plans, priorities and policies (reference policies where applicable).</i></p> <p><i>Importantly, this includes whether it upholds the public interest and delivers a public benefit such as facilitating economic and state growth, what level (if any) of sustained impact it will have on the community and whether it has a positive and significant impact on local jobs.</i></p>	<p>The Government has endorsed the establishment of a Tasmanian NBL team for the 2021-22 NBL season and confirmed that realising a Tasmanian NBL team was a key objective for the Government. This commitment would support economically and social policy outcomes of the Government.</p> <p>To support the establishment and operation of the Tasmanian NBL team, a number of key elements must be met, including the Tasmanian Government purchasing and upgrading the Derwent Entertainment Centre (DEC), the development of the Wilkinsons Point Precinct, and the establishment of a complementary multisport facility.</p> <p>As a result, pursuing the establishment of a Tasmanian NBL team will also allow the Government's 2018 election commitment to develop a community multisport facility in the Glenorchy municipality to be delivered.</p> <p>The upgrades and new construction required will allow delivery of key Tasmanian and Australian Government initiatives to encourage investment and spur job-creation.</p> <p>Based on consideration of the above factors, the Panel considers that the proposal to establish a Tasmanian NBL team meets the guiding principle of 'Strategic Objectives and Government Policy'.</p>
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3. Value for money

Consider whether the proposal delivers value for money to the Tasmanian community. Consider the net economic benefits, whole of life costs and revenue, quality, risk borne by Government, benefits gained and other advantages and outcomes that provide value to the Government that would not otherwise be achieved.

This proposal requires the major upgrade of the DEC into a premier contemporary sport and entertainment venue for commercial and community use. The DEC is the only multi-use, large scale venue of its kind in southern Tasmania, however, for it to continuing operating upgrades are required to address significant compliance issues. Further upgrades are needed for the facility to increase venue capacity and improve functionality for sporting events and other uses including conventions and exhibitions, sporting tournaments, large-scale dinners and concerts that will benefit the residents of Glenorchy and the broader Tasmanian community as well as enable NBL games to be played at the venue.

The proposal also requires that land be secured to construct an indoor community multisport facility, and further development of surrounding Wilkinsons Point land.

The Tasmanian Government's funding contribution to realise the proposal includes:

- \$8 million to purchase the DEC and Wilkinsons Point site from Glenorchy City Council;
- \$20.5 million contribution toward the upgrade of the DEC;
- \$10 million contribution to the construction of the multisport facility; and
- \$2 million per annum for five years to support the sponsorship of the Tasmanian NBL team.

LK Group and the Australian Government will also contribute funding toward the upgrade of the DEC, and construction of the multisport facility.

The Tasmanian Government will issue an operating lease for the DEC to LKG for a period of up to 50 years, with a percentage based rental linked to turnover (net of outgoings), and which provides for ongoing community access. This will help manage the risk borne by the Government arising from this proposal, and ensure ongoing benefits to the broader community are realised.

	<p>However, the total potential investment associated with the broader project has been discussed as being in the order of \$200 million and will create a sports and entertainment precinct in a currently underutilised parcel of riverfront land in Hobart's northern suburbs.</p> <p>An initial <i>Retail and Economic Impact and Community Benefit Appraisal</i> has been conducted by SGS Economics and Planning. The appraisal assesses the Wilkinson's Point Precinct investments that have been proposed by LK Group that would occur following the upgrades to the DEC. SGS estimates that the 10 year construction period for the various elements of the full project will generate \$6.7 million in direct value added to GSP and support up to 42 full-time equivalent jobs per annum over the construction period. Total direct and indirect impacts are estimated to be about \$18.0 million of value added to GSP per annum and create up to 129 full time equivalent positions over the 10 year construction period. SGS estimates that the combined direct and indirect impact of the DEC upgrade once operational would provide a total value added to GSP of \$97.8 million (\$51.2 million direct) per annum and support an additional 1 145 (809 direct) full time equivalent positions.</p> <p>The Panel considers that taking into account the SGS appraisal, the proposal has the potential to provide 'value for money' to the Tasmanian community.</p>
<p>4. Need and appetite from both Government and the broader public interest</p>	
<p><i>Consider whether the proposal demonstrates a need and appetite from the Government and the broader public. It will consider whether the proposal is consistent with Government's plans and priorities and whether the proposal would require Government to re-prioritise and/or re-allocate funding (and whether any such re-allocation is appropriate).</i></p>	<p>The DEC is a key community facility and has always been held in public ownership. However, as a standalone facility, its economic and recreational potential has not yet been realised. This proposal represents an opportunity to reinvest in the facility to bring it up to standard and to maintain this key regional facility for Southern Tasmania with both public and private investment that will allow for activation of the surrounding precinct.</p> <p>The completion of the DEC upgrade will provide a quality asset for sport and recreational users.</p>

The completed facility will be capable of hosting multiple sporting games simultaneously to encourage participation by local residents in organised leagues, as well as being able to provide a focus point for major sporting and entertainment events, including the NBL, in the Greater Hobart region and beyond.

Provision for NBL games in Tasmania is anticipated to provide numerous economic and social benefits. Under the current proposal, the new Tasmanian NBL team must feature 'Tasmania' or 'Tasmanian' in its name, with this and logo and branding details to be approved in consultation with the Crown. This will provide for significant promotion and publicity for the Tasmanian brand. Additionally, the team must play at least 14 home games in Tasmania, with 11 of these to be played at the DEC, which provides social benefits in terms of exposure to this sport for the Tasmanian community, and economic benefits to the extent interstate fans attend the games and contribute to the Tasmanian visitor economy.

Additional stimulus to the economy will be provided by the retail and food and beverage options upon completion. The project will provide a location for job opportunities for Tasmanians living in the northern suburbs of Hobart.

Under the proposed arrangements, community groups and not-for-profit organisations will have access to the DEC at lower hiring charges compared to commercial hirers. On at least two days per year, the DEC will also be available to not-for-profit organisations free of hiring charges and outgoings.

While significant public funds will be required to realise the proposal, the proposal will allow the Government will meet its 2018 election commitment to develop a community multisport facility in the Glenorchy municipality. The Government has also indicated that establishment of a Tasmanian NBL team is a Government priority.

Based on consideration of the above factors, the Panel considers that establishing a Tasmanian NBL team under the current proposal meets the

	guiding principle of 'need and appetite from both Government and the broader public interest'.
5. Financially, economically, socially and technically feasible	
<i>Consider whether the proposal can be appropriately funded and from which source this funding would be available</i>	<p>The Tasmanian Government's funding contribution to realise the proposal includes:</p> <ul style="list-style-type: none"> - \$8 million to purchase the DEC and Wilkinsons Point site from Glenorchy City Council; - \$20.5 million contribution toward the upgrade of the DEC; - \$10 million contribution to the construction of the multisport facility; and - \$2 million per annum for five years to support the sponsorship of the Tasmanian NBL team. <p>While these funds will need to be allocated as part of the 2020-21 Budget process the Panel notes that establishing a Tasmanian NBL team is a Government priority, and as such, funds can be prioritised in order to ensure the proposal is delivered. The Panel also notes that a written request has been made to the Minister for Population, Cities and Urban Infrastructure to match the Tasmanian Government's contribution of \$20.5 million towards an upgrade of the DEC. As part of the written request for funding the Premier also foreshadowed that at a later time another request would be made seeking support for assistance with the development of a community indoor multisport facility.</p>

Assessment Panel Recommendation

The Assessment Panel has undertaken a preliminary assessment of the proposal to establish a Tasmanian NBL team against the Unsolicited Proposal Guiding Principles and found that the guiding principles have been met. The Panel recommends this assessment be provided to Cabinet as part of their consideration of the key terms on which the Tasmanian Government will enter into an agreement with the LK Group (LKG) to upgrade and operate the Derwent Entertainment Centre (DEC), establish and operate a Tasmanian National Basketball League (NBL) team and develop the Wilkinsons Point precinct.