Macquarie Point Multipurpose Stadium – Enabling Legislation Consultation

To: The TPC Panel Members considering submissions for the report on the Draft Enabling Legislation.

Submission to consider the impact of:-

An understanding of intangible benefit and option for distributing benefit resulting from a stadium to the needy.

Based on facts presented in:-

Macquarie Point Multipurpose Stadium - Enabling Legislation Report May 2025 | CONSULTATION DRAFT

Careful consideration is needed to ensure the intangible measures are not ignored when considering the measurables, and how benefits can assist the needy.

This submission should be considered in the context as presented by:

- TPC Draft Integrated Assessment Report Macquarie Point Multipurpose Stadium Project of State Significance (the Draft Report);
- and specifically, Section 5.0 Economic development and social, cultural and community wellbeing (p46 to 57);
- and the Macquarie Point Multipurpose Stadium Summary of Observations.

As authored by the independent 5 member TPC panel.

Introduction

It is an unfortunate fact that often financial concepts are confusing and not fully understood by the majority of people. Combine this with complexities of funding required for a large project, the misrepresentations, half-truths and mistruths pedalled to aid political ideology, and many people will give up and stick with what they know. The status-quo. No stadium. No AFL/W teams. Everybody loses.

If a reputable multi-partisan approach free from political ambitions, retribution and ideology were to be adopted with a focus at advancing the State, how much better off we all would be. Instead, we now have a situation which is doing severe damage to our Tasmania Community Brand (see the TPC submission to consider ***Damage to the Tasmania Community Brand by not proceeding with the Stadium and urban renewal project).*** We are all losers from such a situation.

The Enabling Legislation Draft Report at page 47 states "*The supplementary social and cultural analysis describes a range of qualitative benefits that are partially or not quantified in the CBA* [Cost Benefit Analysis]*."* Nothing could be closer to the truth and somehow the intangibles such as damage to the Tasmania Community Brand and opportunity costs foregone by not proceeding must be carefully considered and not forgotten.

Additionally, these important points must be promoted with far higher prominence to provide better balance to the argument and broader understanding for the public.

Those that will oppose the stadium at any cost continue to pedal the '*what about health, education, housing, etc'* mantra to trigger emotions, and when a full understanding of the possibilities are not evident the status quo view is adopted. No stadium.

There are two types of benefit that can flow from a stadium. Firstly, **the measurable financial conventions** which have proven divisive, and then **the intangibles** which if allowed to materialise ultimately benefit everyone as the liveability of the State is raised through increased economic and Tasmanian Community Brand benefit.

The premise

If the money for a project (stadium) is borrowed and applied as some would like straight to community wellbeing such as the health system, affordable housing, etc, that money is spent without ever being recovered (it is sunk). It is used to fix problems (in reality often band-aid solutions) rather the prevent problems.

If spent on a project that returns ongoing benefit and further enables spin-off activity (such as AFL/W), and lifts the Tasmania Community Brand the money becomes the ‘gift that keeps on giving’ and acts to prevent problems.

By our current way of thinking this creates a conundrum as those who make the decisions are much more likely to decide on solutions that bring short term measures rather than being bold with long term benefits.

The need is for agreed measures through clearly understood concepts and processes that can help demonstrate long term benefit to the needy.

The measurable financial conventions

The Financial Impact Report on page 49 is confusing and it is not entirely clear what is being demonstrated. Given this outcome the following treatment is a demonstration of a clearer way to present the figures.

Cost of the Stadium (presume 10% contingency included?)		$945m
Less: Commonwealth commitment	$240m	
Less: AFL Commitment	$15m	
Funding deficit (funds needed to be diverted from elsewhere)		$690m
Year 1 borrowings	$230m	
Year 2 borrowings	$230m	
Year 3 borrowings	$230m	
Stadium disbursement balance on completion at Year 3		$0m

All operating expenses are assumed to be covered by stadium revenue and apparently will no longer be a financial impost. This is understood to be the case.

Repayment Schedule

It should be noted that government borrowings are nothing new and little different to borrowing for a home or car, only the scale is greater.

Timeframe	Borrow	Interest	*Repayment per Year
Year 1	$230m	$15m	$21m
Year 2	$230m	$30m	$42m
Year 3	$230m	$45m	$63m
Years 4 to 20	$0m		$63m
Total Borrow	$690m		
*Based on loan over 20 years at 6.6% interest			

Some Context

Based on the 25/26 State budget State health is assigned $14.5B over 4 years and education $9.9B over the same period. $63m in stadium repayments per annum equates to about 6 days and 9 days of health and education expenses respectfully.

This is not to say that the respective budgets should be cut. The task now becomes how do we find an extra $63m worth of revenue, or $63m worth of State expense cuts. Or a combination of both, and tax increases is not likely to be popular.

So, the challenge is to find an additional $63m per annum for the next 20 years.

Measurable economic project benefits as a source for loan funding

The following analysis method is a concept which may provide better clarity to how repayments on loan funding now can be off-set by future benefits. There needs to be an acceptance that funds from future benefit would flow back to the State via existing taxes and levies on future elevated revenues possibly from multiple sources such as visitor spend and even GST revenues (due to business and income tax paid to the Commonwealth flowing back).

What is needed is accepted economic modelling to determine the percentage of economic benefit which flows back to the State.

Economic Benefit Measure (Examples only. Real measures and values to be determined using accepted economic principles)	**Value**	***Flow to State Govt @ x%**
Construction jobs over three years		
Panel assessed stadium revenue (p20 IAR March 2025, annualised)		
AFL/W team operation		
AFL commitment $126m grass roots, $209m club, $35 infrastructure		
Conferences and events		
Visitation to Hobart $178m (not counted - double counting uncertainty		
Economic output during the construction $143m (ditto)		
Other economic benefit		
Other economic benefit		
Total		

Considered another way, if the Benefit Cost Analysis is 0.53 and presuming the economic life of the stadium is 20 years, the State government commitment including all loan ($690m) repayments would be $1,260m and therefore a return of $668m divided by 20 yrs $33m per year. The $33m per year should be considered to offset $63m yearly loan repayments and be clearly identified as such.

Benefit / cost, realities, clarification and intangibles

The Enabling Legislation Draft Report at page 47 states *“It is noted stadium projects do not generally achieve a modelled positive benefit cost ratio and it has not been the expectation of Government that the multipurpose stadium would be exceptional in this respect. As noted by MPDC in its POSS submission, Allianz Stadium in Sydney had a BCR of 0.62 and the Townsville Stadium had a BCR of 0.21. Government has not made the construction of the stadium and the establishment of Tasmania’s AFL teams contingent on achieving a positive BCR.”*

The Panel has settled on a benefit / cost figure of 0.53 (53 cents returned for every dollar spent). To those unfamiliar with economic measure this means nothing, and a brief explanation of the meaning would prevent figures being bandied about without knowledge of the meaning. The figure needs a timeframe. There are conventions within economics to be used, but to make a point is it 0.53 per year, per 5 years, per 10 years or whatever (probably 20 years). This gives those who are not professors of economics a benchmark to measure economic benefit.

As an example, when deciding on construction of a new road vehicle travel costs and even time savings can be measured as a benefit against the cost of the road, however the health benefits of increased flexible drive time and reduced stress are difficult to measure and mostly ignored. A stadium, and not forgetting the AFL/W team, becomes an even bigger difficulty to measure wellbeing.

Such items a civic pride, social well-being, and preventing the decline of a healthy Tasmania Community Brand can’t be measured and are therefore ignored, irrespective of the fact that they act to reduce other indirect costs within the community such as health.

Perhaps there are accepted economic measure for the intangibles which can be used, but if not the intangibles should be stated with more prominence for what they are worth within the benefit / cost measure, even if subjective by nature.

An Alternate way of looking at funding and the benefit to our needy

Often there is an argument used to oppose building a stadium that the money should be used to benefit the needy - those requiring health assistance, the homeless and educating our kids. The argument at least on the surface and taken in isolation is compelling.

Considering annual loan repayments of $63m per year (as above), and the contra funds flow back to Government due to elevated economic activity there is another source of benefit that should be used as part of the contra, that being beneficial cash positives due to maintaining and bolstering the Tasmania Community Brand (see the TPC submission to consider ***Damage to the Tasmania Community Brand by not proceeding with the Stadium and urban renewal project).***

Proceeding with the stadium and the AFL/W team brings all the intangible benefits as introduced in the above submission. The challenge is finding a way to measure the extra undoubted benefits flowing from a community with elevated concepts as civic pride, community cohesion and subjective wellbeing. We all know how much better we perform as people when positives are our horizon rather than stress created by negatives.

It is unknown if there is an acceptable socio-economic model that can turn subjective elevated wellbeing into an economic measure but let's hope there is. Perhaps a relevant social impact calculator can be found.

If such a measure exists the result should be added to the funds flow back to the Government and to be used as a measure to off-set loan repayment costs.

If such a measure doesn't exist, the subjective benefits should still be much more prominent than that currently promoted.

For your positive consideration please.

Colin Allen

[redacted]

About the author

I have no particular political affiliation but do have a predisposition toward progressive rather than conservative decision making. Finding ways around problems is the key rather than bagging them. Too often decisions are stalled by attempting to get a 100% correct solution to problems rather than having the courage and self-confidence to take the first steps, and an ability to adjust and to solve residual problems.

My motivations are to move the Team and Stadium urban renewal project forward for enhanced civic pride, community cohesion and subjective wellbeing especially for our young people.

My business interested have seen inclusion on National committees and boards stretching back to the 80s and 90s where the State was seen as a conservative focused backwater and a poor relation which created tags such as No-bart and No-mania, and where the stigma grew as community benefit opportunities were rejected. The situation gradually improved as community pride grew, but now we must do all in our power bolster and build the brand.

I am also the grandparent of three juniors benefiting from AFL development programs and see first-hand all the flow-on positives.