KPMG

Cost Benefit Analysis

Macquarie Point Multipurpose Stadium

5 September 2024

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Executive summary

This report presents the findings of the CBA, providing an assessment of the extent to which the Stadium represents 'value for money', by identifying and quantifying its significant costs and benefits, relative to a base case scenario.[1] This report should be read in conjunction with the Economic Development and Social, Cultural and Community Wellbeing Introduction and attached disclaimers.

For the purposes of this analysis, the base case scenario assumes a continuation of the current status quo (no stadium is developed). For clarity, under the base case scenario, establishment of the Devils, and the associated investment into Tasmania, does not eventuate.

The analysis has assumed base and price years of $2024 and a real discount rate of 7%.

Stadium costs

Three types of costs have been captured within the CBA:

- Capital costs of $715.9m[2] incurred across the construction period due for completion at the end of 2028;
- Operating subsidy of $231.5m, incurred across an operating period of 30-years (January 2029 – December 2058);
- Incremental event attraction funding costs of $48.2m, incurred across an operating period of 30-years; and
- The Tasmanian Government's subsidy to support establishment of the Devils, amounting to $144.0m over a 12-year period.

Please note that the costs presented within this report reflect those developed as part of the Financial Impact Report. In the most part, the Financial Impact Report utilises nominal figures (unless otherwise stated) while the CBA is based on real figures (excluding escalation) and applies a discount rate of 7% to generate a Net Present Value (NPV). In most cases undiscounted real and discounted real (NPV) figures are presented throughout this report. Please see the accompanying Financial Impact Report for further information including detailed methodologies and assumptions.

Table 1: Stadium costs

Cost	Description	Costs $2024
Capital costs (Stadium related cost)	The construction costs associated with the Stadium.[3]	Real: $715.9m NPV (7%): $578.9m
Operating subsidy (Stadium related cost)	The subsidy required to cover the Stadium's expected operating deficit, as its operating costs exceed revenue.[4] For the purposes of this CBA, the Stadium's operating costs accounted for the Stadium's estimated lifecycle costs, which represent the ongoing capital replacement costs associated with the Stadium over its lifetime. See the accompanying Financial Impact Report for further details.[5]	Real: $231.5m NPV (7%): $62.4m
Incremental event attraction funding (Stadium related cost)	The incremental funding required to attract certain events to the Stadium given the competitive nature of the industry.[6]	Real: $48.2m NPV (7%): $14.0m
Tasmanian Government AFL	The incremental funding provided by the Tasmanian Government to support the establishment of the new AFL team.	Real: $144.0m NPV (7%): $98.6m

[1] Tasmania Planning Commission. "Macquarie Point Multipurpose Stadium Project of State Significance", 2024.
[2] Excluding escalation
[3] Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024
[4] Reflects a range of sources including, but not limited to, workshops between MPDC, Stadiums Tasmania, DHW Ludus and KPMG, stakeholder consultation, and information made available to KPMG and DHW Ludus.
[5] Reflects inputs provided by MPDC's appointed quantity surveyor, WT Partnership.
[6] Reflects information collected through KPMG and DHW Ludus consultation with content owners and other stakeholders.

Cost	Description	Costs $2024
Subsidy (Team related cost)		

Stadium benefits

To identify the benefits that are expected to flow from the Stadium, a Value Framework was first developed (refer to section 2.5). Following development of the Value Framework, impacts were explored in greater detail to assess the extent to which a sufficient evidence base exists for the purposes of quantification. Following this process, a shortlist of impacts (i.e. benefits for inclusion) were identified for inclusion within this CBA (see Table 2 below).

Table 2: Quantifiable benefits of the Stadium

Impact	Benefit	Definition
Increased income for Tasmanian residents, businesses, and government	**Producer and labour surplus**[7,8]	Producer and labour surplus flowing from new visitors to Tasmania spending money on local goods and services
		Producer and labour surplus flowing from new event operators from outside of Tasmania spending money on local goods and services
		Producer and labour surplus flowing from fewer Tasmanians leaving the State to attend an event in another Australian State or Territory
		Producer and labour surplus flowing from the establishment of the new AFL team and the associated investment in the State
Amenity impacts	**Consumer surplus**	Use-value accruing to Tasmanians who attend the new Stadium
Increased civic and community pride Improved subjective wellbeing		Non-use value accruing to Tasmanians as a result of the AFL team's establishment, independent of the Stadium's use
Improved physical and mental health	**Health and productivity**	Personal health benefit accruing to Tasmanians who start playing AFL as a result of the participation target and 'inspiration effect', who otherwise would have been physically inactive
		Health system benefit that flows from the personal health benefit above
		Productivity benefit that flows from the personal health benefit above
All quantifiable positive impacts	**Terminal value**	The ongoing economic value of the project at the end of the evaluation period

CBA outputs

With consideration of the quantified costs and benefits (discounted real figures), there is an estimated net benefit (negative) for the proposed Stadium of ($237.0m), with a Benefit-Cost Ratio (BCR) of 0.69. While the quantifiable economic benefits are not projected to outweigh the quantifiable costs, it is acknowledged that this is not unusual for projects of this nature, where a large component of benefit is either not quantifiable or not able to be monetised (whereas most or all costs are able to be monetised). See the accompanying Social and Cultural Analysis Report for further detail on the full range of impacts – both quantified and unquantified. Further, given the inherent uncertainty and the intangible nature of a number of the benefits, a conservative approach has been taken to the demand projections, financial modelling, and the monetisation of benefits.

[7] Producer surplus represents the amount a producer benefits from producing and selling a particular good or service. It represents the difference between the market price and the lowest price a producer is willing to accept to produce a good. Simply put, the producer surplus is the additional profit accruing to producers resulting from the injection of expenditure into the economy.
[8] Labour surplus is the difference between the wages earned by a worker within the Tasmanian economy, and the opportunity cost of their time (the minimum amount they would be willing to accept in order to work). Simply put, labour surplus represents the additional income earned by the Tasmanian workforce as a result of the project.

Table 3: CBA Outputs

$m, $2024 Discount rate:	NPV 7% (central case)
Incremental costs – The Stadium	
Capital costs	$578.95m
Operating subsidy (after Lifecycle costs)	$62.35m
Event attraction costs	$13.99m
Incremental costs – The Devils	
AFL State Government subsidy	$98.57m
Total costs	$753.86m
Incremental benefits – The Stadium	
Increased visitation – sports and cultural events	$198.27m
Increased visitation – business events	$13.17m
Increased visitation - operators	$1.44m
Retained visitation	$106.77m
Use-value	$17.09m
Incremental benefits – The Devils	
AFL Industry	$87.96m
Non-use value	$20.30m
Health and productivity	$29.92m
Incremental benefits – Other	
Terminal value	$41.87m
Total benefits	$516.79m
Outputs	
Net benefit	($237.07m)
Benefit cost ratio	0.69
Economic internal rate of return	3.51%

1 Introduction

1.1 Purpose of this report

Cost benefit analysis (CBA) is an economic assessment technique that enables a systematic evaluation of the gains and losses associated with a particular proposal, with a proposal taking the form of a project, investment or program.[9] A CBA converts the gains and losses into a dollar value, before comparing the outcomes against alternative scenario(s), including a base case or 'business as usual' alternative.[9]

The purpose of this CBA is to assess the extent to which the Stadium represents 'value for money', by identifying and quantifying all significant benefits and costs over its useful life, relative to a base case alternative.[9]

This CBA has incorporated established methods and guidelines to support the estimation of costs and benefits resulting in an Economic Net Present Value (ENPV) and Benefit-Cost Ratio (BCR).

Sensitivity and scenario analysis have also been undertaken to test the impact of changes to key assumptions and provide insights into the feasible range of output indicators.

This report, and the analysis within, aligns to PoSS guidelines, with the table below documenting the alignment between the guidelines and the relevant sections of this report.

Table 4: PoSS guidelines alignment

PoSS guidelines requirement	Section of the report
3.1 Cost benefit analysis (CBA)	
A CBA assessing the net benefit of investing in the proposed project.	Throughout
The CBA should identify and quantify to the fullest extent possible, all significant benefits and costs over the life of the project, discounted to current values.	Section 2.4 (Cost inputs) Section 2.5 (Identification and quantification of benefits)
The CBA should present a base case in which all assumptions represent the best estimates at this time, with supporting evidence for the value of each key assumption.	Section 2.1 includes a description of the Base Case and Project Case. Section 2.2-2.3 outlines assumptions and key demand inputs.
Where community, environmental, social and cultural effects can be valued as costs and benefits with a reasonable degree of confidence, these should be included in the analysis. Where the CBA is assessing the effect of the project on intangible or cultural/social factors, these are to be valued or monetised in a similar way.	Throughout
If there are significant costs or benefits that are not able to be easily quantified, notional but plausible values should be used, which can be varied in sensitivity analysis (see below) where they are significant drivers of the results.	Sensitivity and scenario analysis is presented in Section 2.6
If there are significant costs or benefits that cannot be valued or monetised with any degree of accuracy, these factors should be	See Value Framework presented in Section 2.5 (and further explored in the Social and Cultural Analysis)

[9] Tasmania Planning Commission. "Macquarie Point Multipurpose Stadium Project of State Significance", 2024.

included in the CBA and quantified information provided that links to social welfare values.	
All significant costs and benefits used in the analysis should be separately and clearly identified, with supporting evidence provided for the values assumed for each item.	Section 2.4 onwards
All the important assumptions for both costs and benefits should be clearly stated over the life of the project analysis, with supporting evidence for each of the key assumptions made.	Section 2.4 onwards
The CBA should include sensitivity analyses. For guidance, sensitivity analyses could include best and worst cases (i.e. "high" and "low" case scenarios that vary critical assumptions including the discount rate), partial sensitivity analysis (i.e. individually varying one critical assumption at a time), and scenarios that create plausible future alternative "states of the world" by reflecting collective changes in assumptions that are internally consistent with each other. Further information in relation to sensitivity analyses is provided below.	Sensitivity and scenario analysis is presented in Section 2.6
The choice of the discount rate is critical and it is expected the CBA base case would utilise a discount rate currently or commonly accepted by governments for assessing infrastructure proposals. For example, the Department of Prime Minister and Cabinet cost benefit analysis Guidance suggests a real discount rate of 7%, with alternative discount rates of 3% and 10% to be used for sensitivity analyses.	Section 2.2 (Key assumptions and parameters)
Except where required in these guidelines, the CBA: • is to be prepared to align with the recommended principles and procedures outlined for a detailed CBA in the Guide to economic appraisal, Infrastructure Australia July 2021; • is to be informed by the method for assessing/valuing greenhouse gas emissions and the information to be provided in reports on this matter being informed by the Guide to assessing greenhouse gas emissions (interim), Infrastructure Australia Feb 2023.	Throughout KPMG's approach has aligned to and drawn from a number of jurisdiction's CBA guidelines, including (not limited to) Infrastructure Australia, NSW Treasury, Queensland Government. At the time of undertaking this CBA, the Stadium's design, construction and operational requirements / attributes have not been developed to a sufficient level of detail to provide carbon / emissions estimates as an input into this analysis to then be monetised within the calculations. As such, greenhouse gas emissions and other environmental impacts of the proposed Stadium have been considered qualitatively within the accompanying Social and Cultural Analysis report.
3.5 Sensitivity and comparative analyses and information documentation	
The above reports are to provide a consolidated balanced overview of effects based on data and information drawn from the specific assessment methods outlined above.	Throughout
The reports can use a variety of methodologies and indicators to provide evidence and information on economic development and qualities of people's social, cultural and economic wellbeing.	Section 2.5
The reports should aim to address all significant beneficial and detrimental effects. Where there is a lack of evidence or direct quantifiable information, the reports may use information from other places in a balanced manner.	Throughout

The "Base Case" scenarios should clearly set out all relevant and material factors including: • the type and frequency of events and activities; • the composition and number of users/customers; • forecast/estimated costs and revenue; • organisations and associations that will use the facility; and • forecast/estimated effects on interstate visitation.	Building on the inclusions in the FIR, the CBA presents the composition and number of users / customers and forecasted / estimated effects on interstate visitation.
Sensitivity analysis is to be undertaken as part of the Cost-Benefit, Economic Impact and Financial Impact assessments, to understand how different assumptions around risk and uncertainty affect outcomes. Sensitivity analysis should ideally include the creation of probability distributions for key cost and revenue parameters that include P10, P50 and P90 values.	Sensitivity and scenario analysis is presented in Section 2.6 Note that cost planning inputs to this analysis do not include probabilistic cost estimates. Refer to FIR for further detail regarding probabilistic distributions.
Sensitivity analyses must include discount rate sensitivity for the CBA and variations on the key assumptions in relation to patronage of the facility.	Sensitivity and scenario analysis is presented in Section 2.6
The CBA will be undertaken as an absolute assessment for the base case scenario and not in comparison to an alternate option.	Section 2.1 and throughout
For the purposes of comparative assessment of 'no policy change scenarios' and sensitivity analyses the reports are to refer to or include information relating to: • the level of AFL, sporting and other events and activities and associated tourism activity, that have generally occurred in the state and region over the past decade (COVID-19 period excluded) over the forecast period; and • changes in the level of activity of AFL, sporting and other events and activity as well as flow on activity at a state and regional level that is forecast to occur as a result of the operation of the stadium.	Section 2.5.1 provides an overview of holiday related tourist activity across the last decade, and the impact the Stadium and its associated attendance is expected to have in terms of an uplift. Section 2.3 presents the estimated new activity in terms of sports and cultural events and attendance. The proportion of this anticipated to be visitors from outside of Tasmania is described from Section 2.5 onwards.

2 Cost Benefit Analysis

This CBA has included the following steps:

- Confirmation of the community of interest, base case and project options;
- Confirmation of key analysis assumptions and parameters;
- Development of the event and attendance assumptions;
- Collection of cost inputs;
- Identification and quantification of benefits;
- Generation of economic performance measures (ENPV and BCR); and
- Sensitivity and scenario analysis of the results to changes in key parameters.

The following section provides detail on the steps outlined above and presents the results of the analysis.

2.1 Community of interest, base case and project case definitions

2.1.1 Community of interest

The community of interest (COI) refers to the group of economic agents deemed by the decision maker to be relevant to the analysis, sometimes referred to as the referent group or the scope of the analysis. The first step in conducting a CBA is to define the COI, and to identify both those potential bearers or beneficiaries of the incremental costs and benefits that both lie within and outside the COI.

For this analysis, the COI is defined as the State of Tasmania. This includes residents, businesses and government within the COI. The approach to the identification of the COI is in line with better practice project appraisal approaches. It therefore follows that those economic agents outside of the COI that are the bearers of costs or beneficiaries of the project are excluded from the analysis.

2.1.2 Base case

A CBA considers the incremental costs and benefits associated with a proposed investment, by measuring the costs and benefits relative to a base case scenario – that is, the costs and benefits that are expected to occur in the absence of the proposed project. For the purposes of this analysis, the base case scenario assumes a continuation of the current status quo, specifically:

- No Stadium is developed, and therefore the site remains vacant and undeveloped;
- Sports and cultural events currently hosted in Tasmania continue to be hosted in Tasmania. With this in mind, when considering the Stadium's anticipated event calendar (refer to Financial Impact Report), events that are expected to take place in the Stadium, and the associated attendance, have been separated as either 'transferred' or 'new'. Transferred events represent those that are currently being held in Tasmania (at exiting venues), and will transfer to the Stadium upon its completion. It follows that only the 'new' events and attendances are considered incremental to the base case for the purposes of this analysis; and
- The establishment of the Devils does not eventuate.

2.1.3 Project case

The project case includes:

- The development of the Stadium, and the associated costs and benefits; and

- The Devils are established, unlocking associated investment by the AFL into Tasmania to support the industry, provide base funding for the Devils, and investment into both grassroots and community football. This includes a goal of doubling participation in both Auskick and community football leagues by 2028, and uplifting the participation of girls / women to be in line with boys / men by 2030. The AFL's commitment to uplifting participation will result in Tasmanians being more physically active, leading to a range of health benefits that have been captured in this analysis.

The project case does not include:

- The costs and benefits of the broader Macquarie Point precinct; and
- The costs and benefits associated with the centre for excellence project.

At the time of writing, the design of the Stadium has a number of items to be resolved at the detailed design phase. This includes a final breakdown of Stadium inventory, including the types of seats and hospitality products. To provide context for the financial modelling presented, the following represents a brief summary of the Stadium 'design' for the purpose of KPMG's / DHW Ludus' work (albeit the list is not necessarily exhaustive):

- Stadium capacity for patrons of 24,500 in 'sport' mode
- Stadium capacity of approximately 30,000 in 'concert' mode (including capacity / seating on the playing surface)
- For sport mode, a breakdown of seating by type as follows:
  - General admission capacity of 19,608 (inclusive of 1,500 standing)
  - Category 1 corporate capacity of 692 (higher yielding products such as corporate suites)
  - Category 2 corporate capacity of 700
  - Stadium membership capacity of 3,500
- The design provides a 'cold shell' for food and beverage infrastructure, signage and audio visual infrastructure, as well as office tenancies, however will require further investment to fund the fitout of these items
- The design includes function space for up to 1,500 people
- The design excludes external office tenancies
- Practice wickets will be on-site
- The design will be adequate to ensure the International Cricket Council (ICC) endorse its use for international cricket, noting there will likely be a requirement for a period of testing domestic cricket prior to test matches being hosted in the Stadium
- The design will be adequate for rectangular pitch sports to ensure reasonable sightlines for spectators

2.2 Key assumptions and parameters

Key parameters used in the CBA are provided in Table 5 below.

Table 5: CBA parameters

Parameter	Value	Basis
Discount rate	7% (real – central case)[10]	Aligns to the Tasmanian Planning Commission Macquarie Point Multipurpose Stadium Guidelines as at 16 February 2024, section 2.1 Cost benefit analysis
Evaluation period	The evaluation period includes: • A construction period due for completion at the end of 2028 • A 30-year operating period from Jan 2029 – Dec 2058	
Base year	2024	Reflects inputs provided by MPDC's appointed quantity surveyor, WT Partnership.
Price year		
Project programming	• Mac Point Stadium construction end: Dec 2028 • Mac Point Stadium opening: Jan 2029	
Sensitivity and scenario testing	Sensitivity testing on: • Discount rate 3% (low) and 10% (high) • Capex -20% (low) and +20% (high) • Visitor spend -20% (low) and +20% (high) • Demand (attendance) -20% (low) and +20% (high) • AFL community participation -20% (low) and +20% (high) Scenario testing (at 7% discount rate): • Pessimistic scenario • Optimistic scenario • Optimistic event calendar • Delay scenario • State investment only	Aligns to the Tasmanian Planning Commission Macquarie Point Multipurpose Stadium Guidelines as at 16 February 2024, section 2.1 Cost benefit analysis

2.3 Event and demand projections

An annual event calendar for the proposed Stadium, and associated attendance numbers, have been developed for the purposes of this project and are summarised below. *Detail on the approach taken to developing event and attendance numbers can be found in the accompanying Financial Impact Report.*

Event categorisation

The event calendar estimates the Stadium to host between 36 and 38 event days per annum. For the purposes of this CBA, these events have been categorised as follows:

- Commercial events, consisting of national sporting events such as AFL games, Big Bash League (BBL) games, A-League games, and National Rugby League (NRL) games;
- One-off events, consisting of one-off international sporting events such as Cricket Australia Test Matches, ODIs and T20 games, Matildas / Socceroos games;

[10] It is noted that the discount rate (7%) used for the purposes of this CBA differs to the rate used for the financial impact assessment (4.87%).

- Entertainment events, consisting of concerts and festivals; and
- Community events, consisting of community based sports and entertainment events, such as local football grand finals and mass participation events.

Table 6 provides an overview of the four event categories and the individual events that sit within those categories.

Table 6: Event categories

Category	Event
Commercial	AFL (TFC), AFLW (TFC), AFL pre-season, AFLW pre-season, Big Bash League (BBL), Women's Big Bash League (WBBL), NRL Club Match
One-off	Cricket Australia Test Match, Men's ODI / T20, Women's ODI / T20, Socceroos (Tier 2 friendly), Matildas (Tier 2 friendly), Youth International, Adhoc sport / entertainment
Entertainment	Concerts (Full Stadium), Concerts (Arena Mode)
Community	Local Football Grand Final, VFL Tasmania Devils / VFLW Tasmania Devils (Double Header), Coates Talent League (Double Header), Existing Mass Participation Events, Existing Local Events

Transferred vs new events and attendance

The event calendar provides an estimate of the expected annual events by event type to take place within the Stadium, in addition to the associated attendance numbers.

With consideration of the total events and associated attendance, not all of this activity will be 'new' (or 'incremental') to the State of Tasmania. Instead, some of the events and the associated attendance are already taking place at an existing Tasmanian venue (such as Blundstone Arena or UTAS Stadium), and will transfer across to the Stadium upon its completion. It follows that transferred events and associated attendance are not considered as incremental to the State.

Table 7 below provides a breakdown of expected Stadium events and associated attendance, indicating the proportion that is expected to transfer from existing venues (based on existing Tasmanian events and associated attendance), and the proportion that are considered new.

Table 7: Event calendar and attendance – New versus transferred event days

Category	Event	Total event days	Total attendance	Transferred events days	Transferred attendance	New event days	New attendance
Commercial	AFL (TFC)	7	145,775	-	-	7	145,775
	AFLW (TFC)	3	14,700	-	-	3	14,700
	AFL pre-season[11]	1	6,125	1	6,125	-	-
	AFLW pre-season	1	2,450	1	2,450	-	-
	BBL	4	41,652	4	41,652	-	-
	WBBL	4	9,800	4	9,800	-	-
	NRL Club Match	1	17,763	-	-	1	17,763
One-off	Test Match	4 (1 event)	56,352	-	-	4 (1 event)	56,352
	Men's ODI / T20	1	15,313	1	15,313	-	-
	Women's ODI / T20	1	4,900	1	4,900	-	-
	Socceroos (Tier 2 friendly)	1 in every 4 years	22,050			1 in every 4 years	22,050
	Matildas (Tier 2 friendly)	1 in every 4 years	22,050			1 in every 4 years	22,050
	Youth International	1	2,450	-	-	1	2,450
	Adhoc sport / entertainment	1 in every 2 years	12,000	-	-	1 in every 2 years	12,000
Entertainment	Concerts (Full Stadium)	1	30,000	-	-	1	30,000
	Arena mode concerts	1	10,000	-	-	1	10,000
Community	Local Football Grand Final	1	4,900	1	4,900	-	-
	VFL Tasmania Devils / VFLW Tasmania Devils (Double Header)	2	4,900	-	-	2	4,900
	Coates Talent League (Double Header)	1	613	1	613	-	-

[11] AFL / AFLW pre-season fixtures have been treated as a transfer to remain conservative and reflect the fact that current teams that utilise Tasmania as an alternate home ground (i.e. Hawthorn, North Melbourne) may not continue to travel to Tasmania for pre-season fixtures. Regular season AFL / AFLW is treated as 'new' content, recognising there is some uncertainty with contractual arrangements, as well as noting that the four games assumed to be hosted at UTAS Stadium have not been captured as part of this CBA.

	Existing Mass Participation Events	1	1,500	1	1,500	-	-
	Existing Local Events	1	1,500	1	1,500	-	-
Total		**36-38**	**370,693-404,743**	**16**	**88,753**	**20-22**	**281,940-315,990**[12]

[12] Total is dependent on the year in which some events (i.e. ad-hoc sport / entertainment) fall

2.4 Cost inputs

Table 8 summarises the cost types to be incurred as a result of the Stadium and included within the scope of this CBA, with further detail provided in the section below.

Please note that the costs presented within this report reflect those developed as part of the Financial Impact Report. In the most part, the Financial Impact Report utilises nominal figures (unless otherwise stated) while the CBA is based on real figures (excluding escalation) and applies a discount rate of 7% to generate a Net Present Value (NPV). In most cases undiscounted real and discounted real (NPV) figures are presented throughout this report. Please see the accompanying Financial Impact Report for further information including detailed methodologies and assumptions.

Table 8: Cost inputs

Cost	Description	Source
Capital costs (Stadium related cost)	The construction costs associated with the Stadium. It is noted that the CBA utilises real capital costs (i.e. escalation removed), while the Financial Impact Report utilises nominal capital costs.	Reflects inputs provided by MPDC's appointed quantity surveyor, WT Partnership.
Operating subsidy (Stadium related cost)	The subsidy required to cover the Stadium's expected operating deficit, as its operating costs exceed revenue. For the purposes of this CBA, the Stadium's operating costs account for the Stadium's estimated lifecycle costs, which represents the ongoing capital replacement costs associated with the Stadium over its lifetime. *See the accompanying Financial Impact Report for other Stadium cost and revenue items.*	Reflects a range of sources including, but not limited to, workshops between MPDC, Stadiums Tasmania, DHW Ludus and KPMG, stakeholder consultation, and information made available to KPMG and DHW Ludus. The lifecycle costs reflect inputs provided by MPDC's appointed quantity surveyor, WT Partnership.
Incremental event attraction funding (Stadium related cost)	The incremental funding required to attract certain events to the Stadium given the competitive nature of the industry.	Reflects information collected through KPMG and DHW Ludus consultation with content owners and other stakeholders.
Tasmanian Government AFL Subsidy (Team related cost)	The incremental funding provided by the Tasmanian Government to support the establishment of the new AFL team.	Reflects publicly available information.[13]

2.4.1 Capital costs

In the context of infrastructure developments, capital costs are one-off costs typically incurred as a result of land acquisition and construction. The table below presents the real and present (without escalation) value of capital cost estimates for the Stadium over an anticipated construction period of approximately four years. It also presents the capital costs in nominal terms ($774.9m) (with escalation), which is the cost presented within the Financial Impact Report.

Table 9: Capital costs

$2024	Macquarie Point Stadium
Incremental capital cost (nominal)[14]	$774.9m
Incremental capital cost (real)	$715.9m
Incremental capital costs (NPV, 7%)	$578.9m

The capital costs included within the CBA capture all sources of funding, including funding from the Federal Government, the AFL, the Tasmanian Government and the proportion currently unallocated.

[13] https://www.abc.net.au/news/2023-04-26/tasmania-19th-afl-team-as-stadium-gets-funding/102266608.
[14] Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024.

2.4.2 Operating subsidy

It is expected that an operating subsidy will be required to offset the annual operating deficit projected at the Stadium (as per the Financial Impact Report). This operating result includes lifecycle costs, incorporating the capital replacement costs over the Stadium's life required to ensure the asset reaches its economic useful life. The lifecycle costs reflect inputs provided by MPDC's appointed quantity surveyor, WT Partnership.

The table below presents the real and present value of the operating subsidy estimated for the Stadium over the 30-year evaluation period.

Table 10: Operating subsidy (after lifecycle costs)

$2024	Macquarie Point Stadium
Operating subsidy (real)	$231.5m
Operating subsidy (NPV, 7%)	$62.4m

2.4.3 Incremental event attraction funding

Local and State Governments across Australia are increasingly looking to events as a key pillar of their economic and social narrative, creating a competitive environment for event attraction. As such, it is anticipated that the Tasmanian Government will be required to allocate funding for the purposes of event attraction (in addition to what is already being funded). Table 11 presents the real and present value of the expected incremental event attraction funding over the 30-year evaluation period.

Table 11: Event attraction funding

$2024	Macquarie Point Stadium
Incremental event attraction costs (real)	$48.2m
Incremental event attraction costs (NPV, 7%)	$14.0m

2.4.4 AFL subsidy

In addition to the AFL investing in the establishment of the Devils (see section 2.5 for further information), the Tasmanian Government will also invest in the team's establishment, providing a $144.0m subsidy over a 12-year period. While the AFL's investment into the team (and broader grassroots and community football) is considered an incremental benefit to Tasmania, the State's investment has been treated as a cost.

Table 12 presents the real and present value of the Tasmanian Government's team subsidy over the 30-year evaluation period.

Table 12: AFL subsidy

$2024	Macquarie Point Stadium
Incremental AFL subsidy costs (real)	$144.0m
Incremental AFL subsidy costs (NPV, 7%)	$98.6m

2.5 Identification and quantification of benefits

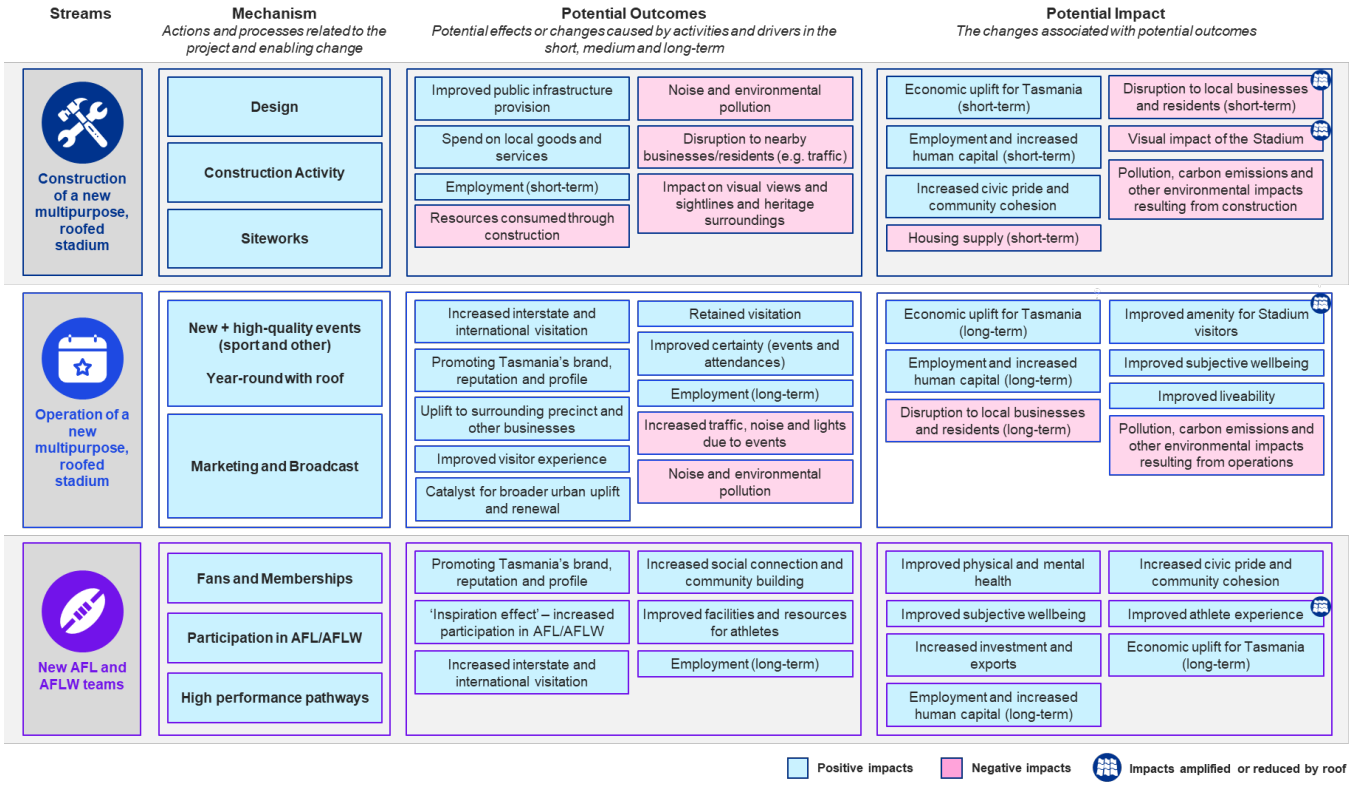
The proposed Stadium is expected to generate a range of benefits for the State of Tasmania, through three 'streams' of activity:

- Construction of the new Stadium, including its design, remediation works and siteworks;
- Operation of the new Stadium, and the provision and promotion of new and high-quality events; and
- The establishment of the new AFL team, the Devils, and the associated investment in grassroots football and high-performance pathways.

To identify the benefits that are expected to flow from the Stadium, a Value Framework was first developed. The Value Framework – similar to tools such as a theory of change or program logic – helps to establish the linkage between a project's change mechanisms or its activities, and the associated impacts. It follows that, if an impact cannot reasonably be linked back to an expected activity, it is unlikely to occur. Further information on the

development of the Value Framework, including the approach taken to its development and a detailed exploration of all identified impacts, can be found in the accompanying Social and Cultural Analysis report.

Figure 1: Value Framework



Following the development of the Value Framework, positive and negative impacts were explored in greater detail to assess the extent to which a sufficient evidence base exists for the purposes of quantification. Following this process, a short list of benefits was identified for inclusion within this CBA. Impacts unable to be quantified are discussed qualitatively within the accompanying Social and Cultural Analysis report. Table 13 summarises the quantifiable impacts (i.e. benefits) with further information provided in the section below.

Table 13: Quantifiable benefits of the stadium

Impact	Benefit	Definition	Simplified approach to quantification
Increased income for Tasmanian residents, businesses, and government	**Producer and labour surplus**[15,16]	Producer and labour surplus flowing from new visitors to Tasmania spending money on local goods and services	Producer surplus (attendees) benefit is calculated as: *New visitors from outside Tasmania x average length of stay x spend per night (excluding in-stadium spend) x producer surplus %.* Labour surplus (attendees) benefit is calculated as: *New visitors from outside Tasmania x average length of stay x spend per night (excluding in-stadium spend) x labour surplus % (accounting for the opportunity cost of a worker's time).*
		Producer and labour surplus flowing from new event operators from outside of	Producer surplus (operators) benefit is calculated as:

[15] Producer surplus represents the amount a producer benefits from producing and selling a particular good or service. It represents the difference between the market price and the lowest price a producer is willing to accept to produce a good. Simply put, the producer surplus is the additional profit accruing to producers resulting from the injection of expenditure into the economy.
[16] Labour surplus is the difference between the wages earned by a worker within the Tasmanian economy, and the opportunity cost of their time (the minimum amount they would be willing to accept in order to work). Simply put, labour surplus represents the additional income earned by the Tasmanian workforce as a result of the project.

Impact	Benefit	Definition	Simplified approach to quantification
		Tasmania spending money on local goods and services	*New event operators from outside Tasmania x the number of people who travel with each operator x average length of stay x spend per night x producer surplus %.* Labour surplus (operators) benefit is calculated as: *New event operators from outside Tasmania x the number of people who travel with each operator x average length of stay x spend per night x labour surplus % (accounting for the opportunity cost of a worker's time).*
		Producer and labour surplus flowing from fewer Tasmanians leaving the State to attend an event in another Australian State or Territory	Producer surplus (retained visitation) benefit is calculated as: *Retained visitors x average length of stay in other jurisdiction x spend per night x producer surplus %.* Labour surplus (retained visitation) benefit is calculated as: *Retained visitors x average length of stay in other jurisdiction x spend per night x labour surplus % (accounting for the opportunity cost of a worker's time).*
		Producer and labour surplus flowing from the establishment of the new AFL team and the associated investment in the State	Producer surplus (AFL industry) benefit is calculated as: *AFL investment into the State for the team's establishment and game development x producer surplus %.* Labour surplus (AFL industry) benefit is calculated as: *AFL investment into the State for the team's establishment and game development x labour surplus % (accounting for the opportunity cost of a worker's time).*
Amenity impacts	**Consumer surplus**	Use-value accruing to Tasmanians who attend the new Stadium	Use value is calculated as: *Local Stadium attendees x average willingness to pay x consumer surplus % (accounting for new attendees receiving 50% of the consumer surplus benefit).*
Increased civic and community pride Improved subjective wellbeing		Non-use value accruing to Tasmanians as a result of the AFL team's establishment, independent of the Stadium's use	Non-use value is calculated as: *Total number of greater Hobart residents x annual non-use value.*
Improved physical and mental health	**Health and productivity**	Personal health benefit accruing to Tasmanians who start playing AFL as a result of the participation target and 'inspiration effect', who otherwise would have been physically inactive	Personal physical health benefits are calculated as: *Incremental (new) local participation in AFL resulting from the AFL's investment and participation targets x the proportion of participants who move from a physically inactive to active state x the number of prevented cases of chronic disease x the value of the prevented cases of chronic disease.* Personal mental health benefits are calculated as: *Incremental (new) local participation in AFL resulting from the AFL's investment and participation targets x the proportion of participants who move from a*

Impact	Benefit	Definition	Simplified approach to quantification
			physically inactive to active state x national prevalence rates for anxiety and depression (controlling for co-prevalence) x improved treatment effect x the value of the improved treatment.
		Health system benefit that flows from the personal health benefit above	The health system benefit is calculated as: *Prevented cases of chronic disease and reduced mental illness symptoms (achieved through improved treatment effect) x annual health system saving per prevented case and reduced symptoms.*
		Productivity benefit that flows from the personal health benefit above	The productivity benefit is calculated as: *Incremental (new) local participation in AFL resulting from the AFL's investment and participation targets x the proportion of participants who move from a physically inactive to active state x labour force participation rates (by age group) x uplift in productive output x average annual earnings in Australia.*
All quantifiable positive impacts	**Terminal value**	The ongoing economic value of the project at the end of the evaluation period	Terminal vale is calculated as: *Net benefit accruing in operating year 30 x 20 terminal years assuming a 50 year useful life (discounted using the central discount value).*

2.5.1 Producer and labour surplus

Producer surplus arises when a producer receives more than the minimum amount that they would be willing to accept for the delivery of goods and services. Similarly, labour surplus is the difference between a worker's actual wage and what they are willing to accept (reservation wage). While producer surplus can be viewed as a benefit to Tasmanian businesses, labour surplus can be viewed as a benefit to Tasmanian workers.

The Stadium is expected to facilitate both producer and labour surplus in the following categories:

- Increased visitation – attendees: the producer and labour surplus associated with new visitors to Tasmania who travel for the purposes of attending an event at the Stadium, and their associated expenditure on local goods and services;
- Increased visitation – operators: the producer and labour surplus gained when new event and sporting team operators travel to Tasmania for the purposes of putting on, or participating in, an event. These operators typically bring with them a team of people who spend money on local goods and services;
- Retained visitation: the producer and labour surplus retained within Tasmania as fewer residents leave each year to attend events in other Australian States and Territories as the event is not available to them at home. Retaining these individuals means that they spend money on local goods and services, instead of spending money in other Australian States and Territories; and
- Establishment of the Devils: the producer and labour surplus that will result from the investment made by the AFL in establishing the team, including funding for game development, grassroots and community football program development, and high-performance pathways.

To estimate producer and labour surplus values, value-added ratios have been used to calculate the percentage added per unit of input across a representative sample of goods and services a person travelling from interstate / overseas is expected to spend money on, as published by the Australian National Accounts: Input-Output Tables (FY22).[17] This bundle includes the following categories: retail trade, accommodation, food and beverage services, and transport services. Assuming an evenly split bucket of expenditure across all categories, the following has been calculated:

- Producer surplus is estimated as 16 percent of the average visitor (gross) expenditure. In other words, when you consider the total amount a visitor to Tasmania spends, 16 percent of this spend will benefit Tasmanian producers. The visitor's total expenditure is not captured as a benefit to producers, but rather the marginal operating profit achieved by producers as a result of the incremental expenditure. The estimate considers the 'Gross operating surplus' (GOS) and 'Taxes less subsidies on products' (Taxes less subsidies) per identified category. The GOS and Taxes less subsidies estimate for each category have then been divided by the corresponding total use value, providing an estimate of producer surplus for each category. The average across each category has then been used in this analysis; and
- Labour surplus is estimated as 31 percent of the average visitor (gross) expenditure, and is the difference between the wages earned by a worker, and the opportunity cost of their time (the minimum amount they would be willing to accept in order to work). Labour surplus benefits are driven by a number of factors, including supranormal salaries and wages, additional jobs within the economy that are not displacing other jobs elsewhere, additional hours worked or additional non-monetary benefits (such as job satisfaction) accruing to Tasmanian workers. The labour surplus estimate has considered the 'compensation to employees' per identified category, and then divided this by the corresponding total use value, providing an estimate of labour surplus for each category. The average across each category has then been used in this analysis. This value has been subsequently discounted by 40 percent to account for the opportunity cost of private time – that is, to account for the fact that, in the absence of individuals working and receiving a labour surplus benefit, they would have engaged in an alternative activity that too would have generated a level of benefit. This approach is reflective of guidance published within the Australian Transport Assessment and Planning (ATAP) Guidelines.[18]

The following section provides producer and labour surplus estimates for the four categories identified above.

[17] Australian Bureau of Statistics (2024). Australian National Accounts: Input-Output Tables. https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-input-output-tables/latest-release
[18] https://www.atap.gov.au/parameter-values/road-transport/3-travel-time

Increased visitation

The new events held at the Stadium will attract an increased number of visitors to Tasmania (inbound visitation).[19] These visitors will contribute to the Tasmanian economy as they spend money on local goods and services, resulting in both a producer and labour surplus.[20,21,22]

It is estimated that the new Stadium will drive an uplift in annual visitor nights of 2.9 percent (302,000) when compared to the 10-year State average of 10.4m nights per annum (2011 – 2023 excl. COVID years 2020, 2021 and 2022).

It is expected that the Stadium will host:

- Sports and cultural events that primarily attract individuals travelling for leisure purposes (presented in Table 7); and
- Business events, that primarily attract individuals travelling for businesses purposes (e.g. to attend a conference or workshop).

Inbound visitation estimates associated with both event types, and the associated economic benefit, are discussed further below.

Sports and cultural events

As previously described, the new Stadium will host a range of new events each year, resulting in new attendance. A proportion of this attendance will be attributable to inbound visitation, that generates both producer and labour surplus as these visitors spend money on local goods and services.

In order to quantify this benefit, the following assumptions have been made:

- With consideration of the 'new' attendance to the Stadium across the evaluation period, between zero percent and 36 percent of this attendance is expected to be inbound visitation depending on the event category:
  - Of attendees to Commercial events, 25 percent are assumed to be visiting from outside of Tasmania. This figure has been benchmarked against the proportion of local vs inbound visitors to Hawthorn (AFL) games held at UTAS Stadium published by PwC in 2017;[23]
  - Of attendees to 'One-off' events, 20 percent are assumed to be non-local. This figure has been benchmarked against information provided by Cricket Australia on inbound attendance at test matches, one-day international matches and T20 matches across 2017-2024;
  - There are limited benchmarks available of attendees to Entertainment events within a Stadium in Tasmania. Other large-scale visitation experiences such as Dark Mofo and Mona Foma in 2023 have attracted inbound visitation that accounts 36 percent of total attendance. Due to the limited available benchmarks, it has been assumed that 20 percent of attendees will be inbound, in line with the 'one-off' events;[24,25] and
  - Of attendees to Community events, zero percent are assumed to be inbound visitors.

[19] Depken, Craig A., and E. Frank Stephenson. "HOTEL DEMAND BEFORE, DURING, and after SPORTS EVENTS: EVIDENCE from CHARLOTTE, NORTH CAROLINA." Economic Inquiry, vol. 56, no. 3, 9 Mar. 2018, pp. 1764–1776, https://doi.org/10.1111/ecin.12572.
[20] Abbiasov, Timur, and Dmitry Sedov. "Do Local Businesses Benefit from Sports Facilities? The Case of Major League Sports Stadiums and Arenas." *Regional Science and Urban Economics*, vol. 98, Nov. 2022, p. 103853, https://doi.org/10.1016/j.regsciurbeco.2022.103853.
[21] Truyols, Marc. "The Economic Impact of Tourism: What You Need to Know." *Mize*, 4 July 2023, mize.tech/blog/the-economic-impact-of-tourism-what-you-need-to-know/.
[22] Burgan, Barry, and Trevor Mules. "Economic Impact of Sporting Events." *Annals of Tourism Research*, vol. 19, no. 4, Jan. 1992, pp. 700–710, https://doi.org/10.1016/0160-7383(92)90062-t.
[23] Hawthorn Football Club. "Hawthorn's Tasmanian economic impact". 2018. https://www.hawthornfc.com.au/news/463753/hawthorns-tasmanian-economic-impact.
[24] Tasmanian Times. "Dark Mofo Sets New Attendance Records". (2023). https://tasmaniantimes.com/2023/06/dark-mofo-sets-new-attendance-records/
[25] Pulse Tasmania. "Mona Foma reveals 16th edition line-up complete with hundreds of artists". (2023). https://pulsetasmania.com.au/news/mona-foma-reveals-16th-edition-line-up-complete-with-500-artists/#:~:text=Minister%20for%20Stadia%20and%20Events,2024%20from%20the%20state%20government.&text=%E2%80%9CThe%20figures%20don%27t%20lie,ticketed%20events%2C%E2%80%9D%20he%20said.

When considering the combination of new attendees and inbound visitation proportion, in an average operating year, it is estimated that the Stadium will result in Tasmania hosting an additional 66,700 people from outside of Tasmania, representing 17% of total attendees.

- Each attendee from outside of Tasmania who attends a Stadium event is assumed to stay for an average of 3.1 nights with an average spend of $304 per night.

  These figures reflect the following:

  – An average length of stay per visitor of 4.3 nights, reflecting the average stay of visitors to Tasmania who travel for the purposes of a 'holiday' as published by Tourism Research Australia (TRA) for the year ending March 2024.[26] A discount rate of 28 percent has subsequently been applied reducing the length of stay to 3.1 nights. This discount seeks to isolate a degree of attribution, and reflects data made available by Events Tasmania for the purposes of this project that indicates that, across a bucket of eight events in Tasmania across 2023-2024, of the total non-local attendees, 72 percent travelled for the purposes of attending the event; and

  – The average spend per visitor is based on the average spend per 'holiday' visitor to Tasmania for the year ending March 2024 ($326 per night) as published by the TRA less an average in-stadium spend of $68 per person.[27,28] The average in-Stadium spend reflects a weighted average spend per person across event categories on a stadium ticket and food and beverage.

  It is acknowledged that the analysis within this report has used average nights and spend data for visitors to Tasmania and has not considered average nights / spend of international visitors. Although international visitors are expected to visit Tasmania for the purposes of attending a Stadium event, this group of visitors is expected to be small in comparison to interstate visitors. Therefore, only interstate statistics have been used for modelling purposes.

- The producer and labour surplus components of the visitor spend have been applied in line with the methodology described above.

Table 14 presents the estimated producer and labour surplus benefit related to the increased visitation to Tasmania.

Table 14: Producer and labour surplus - Increased visitation, sports and cultural events

$2024	Macquarie Point Stadium
Incremental producer surplus (real)	$304.4m
Incremental labour surplus (real)	$353.9m
Incremental combined producer and labour surplus (real)	$658.3m
NPV incremental combined producer and labour surplus (7%, FY25)	$198.3m

Business events

In addition to the events described above, the Stadium will host business, association and trade show events in its function and dining spaces.

As discussed within the Financial Impact Report, the event calendar estimates an additional 104 business events with an average attendance of 250 people. This corresponds to a total attendance of 26,000 per annum and it is assumed that these events, and the associated attendance, is new to Tasmania. This assumption reflects conversations with Business Events Tasmania, indicating that the Stadium's function and dining spaces will fill a gap in the market.

Consistent with sporting and cultural events attracting new visitors to Tasmania, the business events held at the Stadium will attract an increased number of visitors to Tasmania who spend money on local goods and services. This expenditure will result in both a producer and labour surplus.

[26] www.tra.gov.au. (n.d.). Domestic tourism results - Tourism Research Australia. Available at: https://www.tra.gov.au/en/domestic/domestic-tourism-results#ref6.
[27] www.tra.gov.au. (n.d.). Domestic tourism results - Tourism Research Australia. Available at: https://www.tra.gov.au/en/domestic/domestic-tourism-results#ref6.
[28] This expenditure includes expenditure on domestic airfares, travel packages, accommodation, food and beverages, and all other expenditure. See: Regional expenditure methodology | Tourism Research Australia for further details.

In order to quantify this benefit, the following assumptions have been made:

- Of the total business event attendance of 26,000 per annum, 20% of this is assumed to be attributed to inbound visitors from outside of Tasmania who travel to Tasmania for the purposes of attending the business event;
- Each inbound visitor who attends a Stadium business event is assumed to stay for an average of 3.6 nights reflecting the average stay of visitors to Tasmania who travel for the purposes of 'business' as published by TRA for year ending March 2024; [29]
- Each inbound visitor who attends a Stadium business event spends $264 per night. The average spend of $264 reflects the average spend of visitors to Tasmania who travel for the purposes of business events (less an assumed in-stadium spend)[30] as published by TRA; [31,32] and
- The producer and labour surplus components of the visitor spend have been applied in line with the methodology described above.

Table 15 presents the estimated producer and labour surplus benefit related to the increased visitation to Tasmania for business purposes.

Table 15: Producer and labour surplus - Increased visitation, business events

$2024	Macquarie Point Stadium
Incremental producer surplus (real)	$20.0m
Incremental labour surplus (real)	$23.2m
Incremental combined producer and labour surplus (real)	$43.2m
NPV incremental combined producer and labour surplus (7%, FY25)	$13.2m

Increased visitation – operators

The Stadium will attract new event operators (i.e. event owners such as traveling teams and staff) to Tasmania for the purposes of putting on, or participating in, an event. These operators are expected to bring incremental expenditure into the State.

In order to quantify this benefit, the following assumptions have been made:

- All new 'Commercial', 'One-off' and 'Entertainment' events (Table 7) are assumed to attract one inbound operator to the State for the purposes of the event. This is considered to be a conservative estimate, as some events will attract two operators (i.e. if hosting a NRL fixture, there would be two teams).
- Each operator is assumed to bring an additional 30 people into the State, with:
  - Those travelling as part of a Commercial event staying for two nights and spending an average of $326 per night.[33] This length of stay has given consideration to these events being domestic operators who are unlikely to stay for an extended period; and
  - Those travelling as part of a One-off or Entertainment event staying for five nights and spending an average of $326 per night. This length of stay has given consideration to these events being a mix between domestic and international operators, with the international operators more likely to stay for an extended period.
- The producer and labour surplus components of the visitor spend have been applied in line with the methodology described above.

Table 16 presents the estimated producer and labour surplus benefit related to the increased visitation of operators.

[29] www.tra.gov.au. (n.d.). Domestic tourism results - Tourism Research Australia. Available at: https://www.tra.gov.au/en/domestic/domestic-tourism-results#ref6.
[30] $150 in-stadium spend assumed for functions
[31] www.tra.gov.au. (n.d.). Domestic tourism results - Tourism Research Australia. Available at: https://www.tra.gov.au/en/domestic/domestic-tourism-results#ref6.
[32] This expenditure includes expenditure on domestic airfares, travel packages, accommodation, food and beverages, and all other expenditure. See: Regional expenditure methodology | Tourism Research Australia for further details.
[33] www.tra.gov.au. (n.d.). Domestic tourism results - Tourism Research Australia. Available at: https://www.tra.gov.au/en/domestic/domestic-tourism-results#ref6.

Table 16: Producer and labour surplus – Increased visitation, operators

$2024	Macquarie Point Stadium
Incremental producer surplus (real)	$2.2m
Incremental labour surplus (real)	$2.6m
Incremental combined producer and labour surplus (real)	$4.8m
NPV incremental combined producer and labour surplus (7%, FY25)	$1.4m

Retained visitation

The current venues offered in Tasmania, and the absence of an AFL team, means that the State misses out on a number of events held in interstate locations. It follows that Tasmanians who would like to attend these events are required to travel interstate to do so, and in the process, transfer economic activity out of Tasmania. The Stadium is however expected to retain a portion of this expenditure, as some of these interstate events will take place within Tasmania at the new venue.

In order to quantify this benefit, the following assumptions have been made:

- With consideration of the estimated 'new' attendance to the Stadium across the evaluation period, between 64 percent and 100 percent of this attendance is expected to be local attendance depending on the event category, representing the 'inverse' assumption used to estimate the inbound attendance for the benefit 'Increased visitation – attendees' described above:
  - Of attendees to Commercial events, 75 percent are assumed to be local;[34]
  - Of attendees to One-off events, 80 percent are assumed to be local; [35]
  - Of attendees to 'Entertainment' events, 80 percent are assumed to be local; [36,37] and
  - Of attendees to 'Community' events, 100 percent are assumed to be local.
- Of the new local attendance, retained attendees are assumed to represent 10 percent of Commercial events and 25 percent of One-off and Entertainment events. Retained attendance to One-off events is assumed to be higher than Commercial events, given the marquee nature of this event type and an increased proportion of people likely to travel.

  When considering the combination of new attendance, and the above stated assumptions regarding the proportion of local attendees expected to travel to attend an event outside of Tasmania, in an average operating year, it is estimated that the Stadium will retain 32,500 people.
- The retained attendees are assumed to spend the equivalent of a non-local visitor to Tasmania (less the in-Stadium spend adjustment of $68), but in another State – 2.9 nights with an average spend of $326 per night; and
- The producer and labour surplus components of the visitor spend have been applied in line with the methodology described above.

Table 17 presents the estimated producer and labour surplus benefit related to retained visitation.

[34] Hawthorn Football Club. "Hawthorn's Tasmanian economic impact". 2018. https://www.hawthornfc.com.au/news/463753/hawthorns-tasmanian-economic-impact.
[35] Based on Cricket Australia data provided for the purposes of this engagement.
[36] Tasmanian Times. "Dark Mofo Sets New Attendance Records". (2023). https://tasmaniantimes.com/2023/06/dark-mofo-sets-new-attendance-records/.
[37] Pulse Tasmania. "Mona Foma reveals 16th edition line-up complete with hundreds of artists". (2023). https://pulsetasmania.com.au/news/mona-foma-reveals-16th-edition-line-up-complete-with-500-artists/#:~:text=Minister%20for%20Stadia%20and%20Events,2024%20from%20the%20state%20government.&text=%E2%80%9CThe%20figures%20don%27t%20lie,ticketed%20events%2C%E2%80%9D%20he%20said.

Table 17: Producer and labour surplus - Retained visitation

$2024	Macquarie Point Stadium
Incremental producer surplus (real)	$163.6m
Incremental labour surplus (real)	$190.2m
Incremental combined producer and labour surplus (real)	$353.8m
NPV incremental combined producer and labour surplus (7%, FY25)	$106.8m

Establishment of the AFL team

Establishment of the new AFL Team, the Devils, is dependent on the Stadium being built.[38] Establishment of the new team will result in increased investment into the State of Tasmania, as the AFL not only provides funding for the Stadium's development, but also invests in grassroots and community football. Statements made by the AFL suggest that the scale of this investment will be in the order of $350m over a 10-year period (when excluding the $10m committed for the development of the high performance centre).[39]

In order to quantify this benefit, the following assumptions have been made:

- Investment into Tasmania is estimated to be $350m over a 10-year period; and
- The producer and labour surplus components of the visitor spend have been applied in line with the methodology described above.

Table 18 presents the estimated producer and labour surplus benefit relating to the establishment of the Devils.

Table 18: Producer and labour surplus - Establishment of the Tasmanian Devils

$2024	Macquarie Point Stadium
Incremental producer surplus (real)	$56.0m
Incremental labour surplus (real)	$65.1m
Incremental combined producer and labour surplus (real)	$121.1m
NPV incremental combined producer and labour surplus (7%, $2024)	$88.0m

2.5.2 Consumer surplus

Consumer surplus is the benefit captured by consumers from a good or service over and above the total economic cost of consuming the good or service. It can occur whether or not a person consumes the good / service, and arises in a number of different ways, including:

- Use value – the value a consumer attaches to consuming a good or service;
- Option value – the value a consumer attaches to the ability to consume a good or service. This value is over and above the value attributed to use value;
- Social use value – the value an individual attributes to the consumption of a good or service by another; and
- Non-use value – the value that an individual attributes to the existence of a good or service independent of any use value.

The Stadium is expected to facilitate consumer benefits in all of the above categories. For the purposes of this CBA, however, only the consumer surplus gained from use and non-use value has been quantified due to the uncertainty surrounding the other measures and their immaterial nature.

Use value

Within the context of this CBA, the consumer surplus associated with use value is expected to accrue to Tasmanian residents who attend the Stadium, for the purposes of attending an event, such as a sporting event like

[38] https://www.afl.com.au/news/876737/afls-360m-tasmanian-team-pledge-hinges-on-new-stadium-deal#:~:text=THE%20AFL%20has%20pledged%20to,three%20new%20%22talent%20academies%22.
[39] https://www.afl.com.au/news/876737/afls-360m-tasmanian-team-pledge-hinges-on-new-stadium-deal#:~:text=THE%20AFL%20has%20pledged%20to,three%20new%20%22talent%20academies%22.

an AFL game, or a music performance. It is acknowledged that this is a conservative assumption, and does not capture the use value accruing to people who use the Stadium for other purposes (e.g. athletes who use the new facilities for training purposes).

The Stadium will generate use value as a result of factors such as its modern design and location. More specifically:

- While the Stadium is still progressing through detailed design, it will represent a considerable uplift in terms of quality when compared to existing venues, with potential features including:
  - A diverse range of food and beverage options;
  - High-quality technological systems including audio, visuals and Wi-Fi;
  - Contemporary safety and security measures; and
  - The building will be in alignment with modern accessibility requirements. This includes ensuring wheelchair accessible seating from a variety of viewing angles and price points, wheelchair accessible bathrooms, accommodation of service animals and ramps and power-assisted doors to ensure entrances and exits are accessible.
- The location of the Stadium, near the Hobart CBD, will allow for ease of access. The Macquarie Point Draft Precinct Plan, which considers access to the site on event and non-event days, notes walking and cycling, buses, coaches, ferries, and the wider road network as viable options for accessing the venue. The Stadium will also be situated in close proximity to a variety of restaurants, bars and cafés, offering attendees options to dine and socialise before or after an event, enhancing the event experience by facilitating seamless transitions from dining to entertainment. For those travelling from outside of Hobart, the Stadium's location (close to the CBD) will mean travellers have access to a range of accommodation options, as well as other nearby attractions, including the Salamanca Place, Battery Point and the waterfront, that they may engage with during their stay.

Further information on the drivers of use value can be found in the accompanying Social and Cultural Analysis report.

The best practice approach to estimating use value is through primary research, such as travel cost analysis (revealed preferences), or through contingent valuation approaches that solicit insights into the amount people would be willing to pay for a good or service, thereby providing an estimate of their assigned value. For the purposes of this analysis, given that revealed preference studies would require an already functional venue, and contingent valuation approaches are resource intensive and often lead to questionable results for experiences of this nature, a benefits transfer approach has been utilised. This approach relies on existing consumer surplus estimates of comparable venues / events available within publicly available literature. There are a number of limitations associated with this approach, namely the reliance on the quality of available literature. Estimates of consumer surplus should therefore be viewed in this context.

To calculate the use value, the following assumptions have been made:

- Total Stadium attendance across the evaluation period has been split out into 'new' and 'transferred' (Table 7);
- Across both new and transferred attendance, between 36 percent and 100 percent of this attendance is assumed to be local attendance depending on the event:
  - Of attendees to Commercial events, 75 percent are assumed to be local;[40]
  - Of attendees to One-off events, 80 percent are assumed to be local; [41]
  - Of attendees to Entertainment events, 80 percent are assumed to be local;[42,43] and
  - Of attendees to 'Community' events, 100 percent are assumed to be local.

When considering the combination of new vs transferred attendance, and the above stated assumptions regarding the proportion of local attendees, in an average operating year, it is expected that the Stadium

[40] Hawthorn Football Club. "Hawthorn's Tasmanian economic impact". 2018. https://www.hawthornfc.com.au/news/463753/hawthorns-tasmanian-economic-impact.
[41] Based on Cricket Australia data provided for the purposes of this engagement.
[42] Tasmanian Times. "Dark Mofo Sets New Attendance Records". (2023). https://tasmaniantimes.com/2023/06/dark-mofo-sets-new-attendance-records/.
[43] Pulse Tasmania. "Mona Foma reveals 16th edition line-up complete with hundreds of artists". (2023). https://pulsetasmania.com.au/news/mona-foma-reveals-16th-edition-line-up-complete-with-500-artists/#:~:text=Minister%20for%20Stadia%20and%20Events,2024%20from%20the%20state%20government.&text=%E2%80%9CThe%20figures%20don%27t%20lie,ticketed%20events%2C%E2%80%9D%20he%20said.

will host 77,300 local transferred attendees (79% of total transferred attendance), and 21,700 (77% of total new attendance) local new attendees.

Local attendance by new vs transferred, and by event category, has subsequently been broken down by admission type, in terms of general admission (GA), corporates, and memberships, and an average ticket price has been applied as a proxy for attendees' willingness to pay (WTP);

- Evidence suggests that the magnitude of the consumer surplus for attendees attending sports and entertainment venues is likely to be in the order of between 15 percent and 58 percent of the average ticket price.[44,45,46,47,48] Due to limitations in the benefits transfer approach, a conservative estimate of a 20 percent uplift in willingness-to-pay has been used;
- The consumer surplus of new local attendees has been discounted by 50 percent in order to account for the lack of clarity regarding their alternate use of their time and resources under the base case. This approach is reflective of guidance published by Transport for NSW and ATAP;[49,50] and
- Consumers of the types of events expected to occur at the Stadium are considered homogenous and, as such, the average consumer surplus is assumed as being the same for all attendees across all event categories (mathematically equivalent to assuming a linear demand curve for the events).

These assumptions result in the majority of assumed attendees (GA attendees at new events) being attributed a benefit of $2.20 for attending an event.

Table 19 presents the consumer surplus use-benefit accruing to Tasmanians who attend an event at the proposed Stadium.

Table 19: Consumer surplus – Use Value

$2024	Macquarie Point Stadium
Incremental consumer surplus (real)	$56.6m
NPV incremental consumer surplus (7%, $2024)	$17.1m

Non-use value

A non-use benefit is also expected to accrue to Tasmanian residents as a result of:

- The new Stadium resulting in an uplift in civic pride and community cohesion. This uplift is expected to be amplified by the introduction of the Devils. Evidence of an uplift in civic pride and community cohesion among local populations resulting from the existence of high-quality infrastructure and events is reported in several studies.[51,52]
- The new Stadium is expected to result in an uplift in subjective wellbeing for Tasmanian residents who support the Devils. Linkage between subjective wellbeing and sporting team membership is well evidenced.[53]

Further information on the drivers of non-use value can be found in the accompanying Social and Cultural Analysis report.

[44] McHugh, Darren. (2006). "A Cost-Benefit Analysis of an Olympic Games". Queen's University, Department of Economics, Working Papers. 10.2139/ssrn.974724.
[45] Segerson, Kathleen. (2017). Valuing Environmental Goods and Services: An Economic Perspective. 10.1007/978-94-007-7104-8_1.
[46] Feddersen, Arne & Maennig, Wolfgang & Borcherding, Malte. (2006). The Novelty Effect of the New Football Stadia: The Case of Germany. International Journal of Sport Finance. 1. 174-188.
[47] Clapp, Christopher & Hakes, Jahn. (2005). How Long a Honeymoon? The Effect of New Stadiums on Attendance in Major League Baseball. Journal of Sports Economics. 6. 237-263. 10.1177/1527002504265957.
[48] A range of literature has been reviewed to determine an appropriate and conservative estimate of consumer surplus based on a new stadium. This has considered Olympic Games events, NHL matches for local teams for both a new and existing stadium, MLB, NFL and NBA matches for both popular and less popular events, and considered the 'honeymoon' effect to assume an appropriate consumer surplus to be sustained.
[49] Transport for NSW. Freight Benefit Guidelines. Accessed:https://www.transport.nsw.gov.au/system/files/media/documents/2022/TfNSW%20Freight%20Benefits%20Guidelines_Final_11082022.pdf
[50] Infrastructure Australia. Guide to economic appraisal 2021. Accessed: https://www.infrastructureaustralia.gov.au/sites/default/files/2021-07/Assessment%20Framework%202021%20Guide%20to%20economic%20appraisal.pdf.
[51] Groothuis, Peter A, et al. "Public Funding of Professional Sports Stadiums: Public Choice or Civic Pride?" Eastern Economic Journal, vol. 30, no. 4, 1 Jan. 2004, pp. 515–526. Accessed 15 May 2024.
[52] Infrastructure NSW. Western Sydney Stadium Design Excellence. 6 Mar. 2017.
[53] Staff writer, with the AAP. "150,000 Members and Counting: Tassie Rides Huge Wave of Support." AFL, 22 Mar. 2024, www.afl.com.au/news/1091555/150000-members-and-counting-tasmania-devils-ride-huge-wave-of-afl-support.

Despite there being different types of non-use value associated with the new Stadium, non-use value has been quantified in aggregate, without identifying the specific nature of that non-use value (civic pride, community cohesion, subjective wellbeing). There are a number of barriers to quantifying the consumer benefits from non-use sources, particularly regarding isolating these benefits from others included in the analysis.

Similar to the estimation of use-value, the best practice approach to estimating non-use value is through primary research, such as a stated preference survey. For the purposes of this analysis, however, a benefits transfer approach has been undertaken, and the limitations noted above in regard to this approach apply here.

To calculate the non-use value, the following assumptions have been made:

- To ensure a conservative estimate, the population that the non-use value benefit is expected to accrue to has been restricted to residents of Greater Hobart aged 15 years and over (205,505 as reported by the 2021 ABS Census);[54] and
- On average, Hobart residents aged 15 years and over are assumed to receive a $10.85 non-use benefit as a result of the Stadium's existence. This benefit is considered to be received annually, and is independent of any use benefit. This benefit represents the value found by Johnson et al.[55] in $2024 Australian dollar terms, who measure the value of public goods generated by a professional sports team.

Table 20 presents the consumer surplus non-use benefit accruing to Hobart residents aged 15 years and over.

Table 20: Estimated Non-Use Value

$2024	Macquarie Point Stadium
Incremental consumer surplus (real)	$66.6m
NPV incremental consumer surplus (7%, $2024)	$20.3m

2.5.3 Health and productivity

Health effective participants

The proposed Stadium and the associated establishment of the Devils is expected to result in an increased number of Tasmanians participating in AFL at all levels (community and professional).

This increase will be driven by two factors:

- Active investment by the AFL into both grassroots and community football. This includes initiatives such as installing goal posts in all primary schools; and
- An 'inspiration effect' that sees an increased number of Tasmanians 'inspired' to start playing AFL.[56] *See the accompanying Social and Cultural Analysis Report for further details.*

The AFL has set a target to double participation in Tasmania across both Auskick and community football leagues by 2028 (to reach 28,000 participants), along with setting a goal to uplift the participation of girls / women to be in line with boys / men by 2030. Table 21 presents the AFL participation targets, highlighting the proportion of the total target that can be considered incremental and attributable to the establishment of the Devils.

Table 21: AFL Participation Targets[57]

Segment	Community League	Auskick
Current participation	11,500	2,500
Target participation by 2028	23,000	5,000
Incremental participation target by 2028	11,500	2,500

[54] 2021 Greater Hobart, Census All persons QuickStats | Australian Bureau of Statistics (abs.gov.au).
[55] "Johnson, B.K., Groothuis, P.A., and Whitehead, J.C. (2001), The Value of Public Goods Generated by a Major League Sports Team: The CVM Approach. Journal of Sports Economics, 2(1): 6-21 (Feb 2001). Published by SAGE. doi:10.1177/152700250100200102".
[56] Ramchandani, Girish, et al. "Factors Influencing the Inspirational Effect of Major Sports Events on Audience Sport Participation Behaviour." World Leisure Journal, vol. 56, no. 3, 3 July 2014, pp. 220–235, https://doi.org/10.1080/16078055.2014.938296.
[57] Estimates of current participation have been estimated based on the AFLs target of 'doubling' participation.

Incremental – girls / women (50%)	5,750	1,250
Incremental – boys / men (50%)	5,750	1,250

With consideration of the incremental participation targets presented in the table above, a proportion of these people can be considered to be physically active because of the introduction of the new AFL team, which is reliant on the establishment of the Stadium. Assuming that this group of people are physically active to the point of meeting minimum physical activity guidelines, they will subsequently generate associated physical and mental health benefits. This proportion of participants can be referred to as 'health effective participants', and has been estimated by:

- Allocating:
  - 100 percent of incremental Auskick participants to the 0-14 year age group;
  - 65.6 percent of incremental community participants to the 15-24 year age group; and
  - 34.4 percent of incremental community participants to the 25-44 year age group.

  The breakdown of community participants reflects AusPlay data on the number of Australian males who play AFL by age group noting equivalent data is unavailable for female participants.[58]
- For each age group, the proportion of people expected to only play AFL has been estimated as 36.87% based on AusPlay data for Tasmania showing the average percentage of adult participants that partake in one sport activity.[59] It follows that, in the absence of playing AFL, these participants would not engage in any other form of physical activity and therefore wouldn't be physically active.

Table 22 presents the incremental health effective participants by gender and age in 2030 following the investment and development period. It has been assumed that, beyond 2030, 20% of this total represents incremental participants. This estimate, and subsequent assumption, goes on to inform the personal health benefit presented below.

Table 22: Health effective participants

Segment	Incremental target	% of people who participate in one sport	Health effective participants 2030
Male			
0-14	1,250	36.87%	461
15 - 24	3,771		1,390
25 - 44	1,979		730
Sub-total	7,000		2,581
Female			
0-14	1,250	36.87%	461
15 - 24	3,771		1,390
25 - 44	1,979		730
Sub-total	7,000		2,581
Total	**14,000**		**5,162**

[58] Women have been excluded in the proportions due to insufficient data and therefore a high margin of error as noted by AusPlay.
[59] AusPlay. (2023). Focus on State and Territory Participation. https://app.powerbi.com/view?r=eyJrIjoiMzlmNjZiOTYtYTVjNC00MzUwLTk2OWMtZTEwMDljZTBjYzI0IiwidCI6IjhkMmUwZjRjLTU1ZjItNGNiMS04ZWU3LWRhNWRkM2ZmMzYwMCJ9.

Personal health benefit

Physical Health

Physical activity has been linked to a reduction in the risk of several chronic diseases. For those health effective participants identified above, the benefit of the expected improvement in their quality of life as a result of the lower risk of chronic disease has been calculated for the following:

- Cardiovascular disease; [60]
- Breast cancer and bowel (colorectal) cancer;[61]
- Type-2 diabetes;[62] and
- Dementia.[63]

Chronic disease leads to people having both a lower quality of life and to having a reduced length of life. It follows that the prevention of disease therefore reduces this burden, improving the expected quality and length of life. It is the personal benefit of these impacts that is valued within this CBA using a Disability Adjusted Life Year (DALY) methodology that aligns with that used by the Australian Institute of Health and Welfare (AIHW) for their Burden of Disease estimates.[64]

This methodology estimates:

- The number of 'prevented cases' of a chronic disease. This is determined by multiplying a risk reduction factor by the incidence rates (i.e. annual risk) for each disease. Risk reduction factors of between 20 percent and 30 percent have been applied (depending on the disease), based on research indicating that regular participation in physical activity reduces the risk of developing these diseases;[65,66,67,68,69]
- The DALYs associated with each prevented case of disease. This is calculated by applying disability weights to the number of years that a person is expected to not be diseased when a case is prevented.[70] The disability weights represent the amount that each chronic disease impacts a person's quality of life (with 1 representing a year of full health); and
- The value of a reduced DALY. This is found by escalating the Value of Statistical Life Year (VSLY) ($272,310, $2024) sourced from the Office of Better Practice Regulation (OBPR).[71]

By multiplying each of these components, the monetary value of this reduced risk can be estimated per health effective participant. This is then applied to the pool of incremental health effective participants to estimate the total reduced risk of chronic disease benefit as a result of the investment made by the AFL.

Mental Health

Participation in physical activity has been shown to both reduce the risk of developing, and improve the treatment for, a number of mental illnesses, including both anxiety and depression. This CBA estimates benefits of improved

[60] Australian Institute of Health and Welfare. (2019). Australian Burden of Disease Study: Impact and causes of illness and death in Australia 2015.
[61] Australian Institute of Health and Welfare. (2016). Australian Cancer Incidence and Mortality (ACIM) books. Canberra: AIHW.
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[63] Blondell, S., Hammersley-Mather, R., Veerman, J., (2014) Does physical activity prevent cognitive decline and dementia?: A systematic review and meta-analysis of longitudinal studies. *BMC Public Health, 14,* 510.
[64] A DALY is a measure of healthy life lost, either through premature death or living with disability due to illness or injury.
[65] Australian Institute of Health and Welfare. (2014). Cardiovascular disease, diabetes and chronic kidney disease — Australian facts: Prevalence and incidence. Cardiovascular, diabetes and chronic kidney disease series no. 2. Cat. no. CDK 2. Canberra: AIHW. Retrieved from https://www.aihw.gov.au/reports/heart-stroke-vascular-disease/cardiovascular-diabetes-chronic-kidney-prevalence/contents/table-of-contents.
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[68] Al Tunaiji, H., Davis, J.C., Mackey, D.C., & Khan, K.M. (2014). Population attributable fraction of type 2 diabetes due to physical inactivity in adults: a systematic review. BMC Public Health, 14(469).
[69] Blondell, S., Hammersley-Mather, R., Veerman, J., (2014) Does physical activity prevent cognitive decline and dementia?: A systematic review and meta-analysis of longitudinal studies. *BMC Public Health, 14,* 510.
[70] Disability weights are sourced from the Global Burden of Disease study.
[71] VSLY = $182k in 2014 dollars. This value has been escalated to estimate FY2024 dollars.

treatment effects for these illnesses, including the personal benefits received by incremental health effective participants. These calculations are similar to those outlined above for chronic disease, however instead of a prevention of disease, these benefits focus on a greater treatment effect.

This method takes the number of health effective participants considered to be in a physically active state as a result of the AFL's investment and the associated increase in participation, and applies national prevalence rates for anxiety and depression to estimate the number of people with improved mental health treatment effects. In doing so, it reduces the applied prevalence rate of anxiety by the co-prevalence rate for the two illnesses so that those who would be expected to have both illnesses only generate the treatment effect once (avoiding double counting).

For each expected unit of 'treated illness', a disability weight for that illness is reduced by a treatment effect. In other words, having anxiety or depression is associated with a reduction in quality of life (using general non-episodic disability weights), and this calculation estimates the improvement in quality of life based upon research into the improvement in symptoms as a result of participation in physical activity.

These disability weights are summed to develop an estimate of the total DALYs prevented, which is then multiplied by the VSLY ($272,310, $2024) to develop a dollar value estimate of the personal benefits. The net present DALY benefit per health effective participant is then applied to the incremental health effective participant pool to determine the total improved mental health benefit.

Table 23 presents the personal health benefits of the proposed Stadium, as the new Stadium results in the establishment of the Devils, which subsequently results in an increased number of Tasmanians engaging in physical activity.

Table 23: Health and productivity benefit - Personal health

$2024	Macquarie Point Stadium
Incremental physical health benefit (real)	$2.3m
Incremental mental health benefit (real)	$61.7m
Incremental personal benefit[72] (real)	$64.1m
NPV incremental personal benefit (7%, $2024)	$22.4m

Health system benefit

There is a burden on the health system resulting from chronic disease and mental illness. For each 'prevented case' of chronic disease, and for each case of reduced mental illness symptoms, an estimated annual health system cost has been applied, as an expected financial saving within the health system (this impact will vary based on the disease, age and gender of health effective participants). When interpreting this benefit, it is important to note that the benefit may accrue to either the government in direct health system savings, or to the individuals depending on where the cost burden lies for each disease or illness.

The average annual health system costs for each disease or condition are modelled over time (to reflect differentiated impacts between age groups) and applied to the pool of heath effective participants to calculate a total estimated health system savings.

Table 24 presents the health system benefit associated with an increased number of Tasmanians engaging in physical activity.

Table 24: Health and productivity - Health system

$2024	Macquarie Point Stadium
Incremental health system benefit (real)	$6.8m
NPV incremental health system benefit (7%, $2024)	$2.4m

Productivity benefit

By participating in physical activity, individuals are found to be mentally and physically healthier, and have enhanced cognitive performance. As a result, those physically active persons are, on average, more productive

[72] Sum of prior two rows.

economic agents. This is delivered through a number of mechanisms, including lower absenteeism from work, greater personal productivity and increases in human capital (personal skills and ability).

This CBA calculates the productivity benefits by estimating the value of a reduction in presenteeism and absenteeism for each physically active participant in a year. The productivity benefits for those who are in a physically active state because of the proposed Stadium have been calculated as follows:

- The health effective participant pool is reduced to those participants expected to be within the workforce based upon the labour force participation rates;
- It is assumed that each health effective participant (who is also participating in the workforce) will have an improved effective output of 1.8 days (combination of the prevention of both absenteeism and presenteeism) based upon a meta-study undertaken by Econtech for Medibank;[73]
- This has then been applied to an average work year of 240 days (48 weeks), to estimate the percentage uplift improvement in output per participant (0.75 percent); and
- This uplift has been applied to average annual earnings in Tasmania ($87,981) to calculate the dollar benefit of the estimated uplift in productivity.[74]

Table 25 presents the productivity benefit associated with an increased number of Tasmanians engaging in physical activity.

Table 25: Health and productivity - Productivity

$2024	Macquarie Point Stadium
Incremental productivity benefit (real)	$14.6m
NPV incremental productivity benefit (7%, $2024)	$5.1m

2.5.4 Terminal value

The terminal value benefit represents the economic value of the project at the end of the evaluation period. To calculate the terminal value, an estimate of the economic life of the asset in the post-evaluation period is required. The calculated value is then included in the final year of valuation as a benefit.

The economic useful life of the proposed Stadium is estimated to be approximately 50 years, which equates to 20 years post evaluation period. The effect of discounting significantly reduces the net benefit incurred in these years and is further offset by the lifecycle maintenance expenditure and operating subsidy that are required to ensure the facility reaches its useful life.

Table 26: Terminal value

$2024	Macquarie Point Stadium
Terminal Value	$432.8m
NPV terminal value (7%, $2024)	$41.9m

[73] Medibank Private. (2008). The cost of physical inactivity.
[74] Australian Bureau of Statistics 2023, Employee earnings as of November 2022, released 14 December 2022.

2.6 CBA outputs

The outputs of the CBA are summarised in Table 27. The outputs are shown in $2024 net present values and are incremental to the base case.[75]

Table 27: CBA Outputs

$m, $2024 Discount rate:	NPV 7% (central case)
Incremental costs – The Stadium	
Capital costs	$578.95m
Operating subsidy (after Lifecycle costs)	$62.35m
Event attraction costs	$13.99m
Incremental costs – The Devils	
AFL State Government subsidy	$98.57m
Total costs	$753.86m
Incremental benefits – The Stadium	
Increased visitation – sports and cultural events	$198.27m
Increased visitation – business events	$13.17m
Increased visitation - operators	$1.44m
Retained visitation	$106.77m
Use-value	$17.09m
Incremental benefits – The Devils	
AFL Industry	$87.96m
Non-use value	$20.30m
Health and productivity	$29.92m
Incremental benefits – Other	
Terminal value	$41.87m
Total benefits	$516.79m
Outputs	
Net benefit	-$237.07m
Benefit cost ratio	0.69
Economic internal rate of return	3.51%

With consideration of the quantified costs and benefits (discounted real figures), there is an estimated net benefit (negative) for the proposed Stadium of ($237.0m), with a BCR of 0.69. While the quantifiable economic benefits are not projected to outweigh the quantifiable costs, it should be noted this is not unusual for projects of this nature, where a large component of benefit is either not quantifiable or not able to be monetised (whereas most or all costs are able to be monetised). Benefits that have been unable to be quantified have been discussed in the accompanying Social and Cultural Analysis Report. It is also noted that, given the inherent uncertainty and the intangible nature of a number of the benefits, a conservative approach has been taken to the demand projections, financial modelling, and the monetisation of benefits.

[75] As previously noted, the costs presented within this report reflect those developed as part of the Financial Impact Report. In the most part, the Financial Impact Report utilises nominal figures (unless otherwise stated) while the CBA is based on real figures (excluding escalation) and applies a discount rate of 7% to generate a Net Present Value (NPV). In most cases undiscounted real and discounted real (NPV) figures are presented throughout this report. Please see the accompanying Financial Impact Report for further information including detailed methodologies and assumptions.

Sensitivity and scenario analysis

Partial sensitivity and scenario analysis of the CBA is presented below.

As shown in Table 28, the NPV and BCRs are expected to range from ($363.2m) to ($6.5m) and 0.50 to 0.99 respectively when considering the sensitivity testing on the:

- Discount rate at low and high scenarios of 3% and 10%;
- Capital expenditure at low and high scenarios of +20% and -20%. To reach a BCR of 1.0 driven by capital expenditure alone, capital expenditure would need to decrease by approximately 37.6%;
- Visitor spend at low and high scenarios of -20% and +20%. To reach a BCR of 1.0 driven by visitor spend alone, visitor spend would need to increase by approximately 63.0%;
- Stadium attendance (demand) at low and high scenarios of -20% and +20%. To reach a BCR of 1.0 driven by attendance alone, stadium attendance would need to increase by approximately 65.4%; and
- AFL incremental participation at low and high scenarios of -20% and +20%. To reach a BCR of 1.0 driven by participation alone, participation would need to increase considerably by approximately 715.7%.

'Best case' assumptions across the tested variables are highlighted in blue within the table.

Table 28: Sensitivity testing at a 7% discount rate unless otherwise specified, $m

Sensitivity	NPV (low)	NPV (high)	BCR (low)	BCR (high)
Discount rate 10% (low) and **3% (high)**	(331.5)	(6.5)	0.50	0.99
Capex **-20% (low)** and +20% (high)	(110.9)	(363.2)	0.82	0.59
Visitor spend -20% (low) and **+20% (high)**	(312.4)	(161.8)	0.59	0.79
Demand -20% (low) and **+20% (high)**	(309.5)	(164.6)	0.59	0.78
Participation -20% (low) and **+20% (high)**	(238.2)	(230.4)	0.68	0.69

As shown in Table 29, the NPV and BCRs are expected to range from ($497.7m) to $57.8m and 0.43 to 1.09 respectively when considering the following alternative scenarios:

- Core pessimistic scenario that assumes a combination of the low variables from the sensitivity testing above (excluding discount rate);
- Core optimistic scenario that assumes a combination of the high variables from the sensitivity testing above (excluding discount rate);
- Optimistic event calendar scenario that assumes the upper limit of the identified potential events that could be hosted on a regular basis;
- Delayed scenario that assumes a two-year delay in stadium development; and
- The State Investment Only scenario that reflects only the Tasmanian State Government capital expenditure investment of $375m in nominal terms. This differs from the core capital expenditure scenario considered within this CBA, which includes funding from the Federal Government, State Government, and a proportion of cost that is currently unfunded.

Table 29: Scenario testing at a 7% discount rate unless otherwise specified, $m

Scenario	NPV	BCR
Core pessimistic	(497.7)	0.43
Core optimistic	57.8	1.09
Optimistic event calendar	(50.3)	0.93
Delayed scenario	(247.2)	0.65
State investment only	(22.0)	0.96

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KPMG

Economic Impact Assessment

Macquarie Point Multipurpose Stadium

5 September 2024

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Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Macquarie Point Development Corporation Scope Section in Attachment 2: Specification of the Contract dated 30 April 2024. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Macquarie Point Development Corporation management and personnel consulted as part of the process. KPMG has indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

Projections

Where any of the Services relate to assumptions about circumstances and events that have not yet transpired, we do not warrant that any assumptions determined by you are reasonable.

Where any of the Services relate to forecasts, projections or other prospective financial information prepared by us, we do not warrant that the forecasts, projections or information will be achieved.

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a) The forecasts, projections or information are reasonable;

b) The forecasts, projections or information will be achieved; or

c) The underlying data and assumptions provided to us are accurate, complete or reasonable.

Notice to Third Parties

This report is solely for the purpose set out in Attachment 2: Specification of the Contract dated 30 April 2024 and for Macquarie Point Development Corporation's information for the purpose of providing reports to the Tasmanian Planning Commission for the purposes of their undertaking an integrated assessment of the Macquarie Point Multipurpose Stadium as a Project of State Significance and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

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Contents

Executive summary

This report documents the EIA of the construction and operational phases of the Macquarie Point Multipurpose Stadium project. The report is structured as follows:

- The report first details the modelling approach used to undertake the EIA;
- The report also provides greater detail on the inputs and assumptions that underpin the analysis; and
- Finally, this report provides the detailed outputs of the analysis.

KPMG have relied upon the capital cost estimates provided by WT Partnership (WT) and has not attempted to verify the accuracy or robustness of these estimates as part of this analysis. This report should be read in conjunction with the Economic Development and Social, Cultural and Community Wellbeing Introduction and attached disclaimers.

Key findings

Construction Phase

The Construction Phase has been modelled under two labour market scenarios, one where there is significant slack in the labour market, and one with a tighter labour market (in line with a continuation of an unemployment rate close to the current levels of ~4%).

- Depending on the tightness of the labour market, it is estimated that the Stadium's development will create between 721 – 1,576 incremental FTE jobs in the peak year of construction.
- This corresponds to the creation of 1,510 – 3,229 total FTE jobs (measured in job-years) over the construction period.
- The Construction Phase is estimated to generate incremental Gross State Product (GSP) of between $250m – $269m.
- During the Construction Phase, the construction industry's gross value added will be boosted by between $161m – $168m.

Operating Phase

The Operating Phase has been modelled under two event calendar scenarios, one which follows a 'Core event calendar', and one which follows an 'Optimistic event calendar' (as described in the FIR).

- Depending on the number of events hosted at the Stadium, between 203 – 204 FTE jobs could be created on an ongoing basis as a result of the Stadium's operations.
- During the Operating Phase, the Stadium is projected to generate incremental GSP of between $27m – $32m per annum.
- During the Operating Phase, the industries that will benefit the most from the Stadium's operations are Accommodation & food services and Arts & recreation services (which includes sport).

1 Introduction

1.1 Scope of this report

This report documents the EIA of the construction and operational phases of the Macquarie Point Multipurpose Stadium project. The report is structured as follows:

- The report first details the modelling approach used to undertake the EIA;
- The report also provides greater detail on the inputs and assumptions that underpin the analysis; and
- Finally, this report provides the detailed outputs of the analysis.

KPMG have relied upon the capital cost estimates provided by WT Partnership (WT) and has not attempted to verify the accuracy or robustness of these estimates as part of this analysis.

This report, and the analysis within, is designed to align with the PoSS guidelines. The table below documents the alignment between the guidelines and the relevant sections of the report.

PoSS guidelines requirement	Section of the report
3.2 Economic Impact Assessment (EIA)	
An Economic Impact Assessment (EIA) using a computable general equilibrium model to assess the net effect of the proposed project on the Tasmanian economy from construction activities and the operation of the stadium.	The net economic impact of the Stadium's construction phase is outlined in Section 3.1 The net economic impact of the Stadium's operational phase is outlined in Section 3.2
The modelling is to show the direct and indirect/induced economic effect resulting from indicators such as GDP (including GSP), employment, real income per capita and industry sector output. Any assessment of employment effects is to express these effects in terms of Full Time Equivalent (FTE) employment for the specific period of time.	Results from the CGE modelling are provided in Section 3 of this report. These results include: • Incremental job creation (FTE) • Increase in real income per capita • Incremental Gross Domestic Product (GDP) and Tasmanian Real Gross State Product (GSP) • Value added results by industry
The modelling is to be provided in a transparent manner with all key assumptions separately detailed and supported and should enable professional peer review. The results of the economic modelling will form a key input into the CBA report and are to be explained in a manner that is understandable to an informed reader.	This report includes a Modelling Approach section (Section 2) which outlines the approach taken to the model setup and model inputs to enable professional peer review. The results of the EIA are not captured in the CBA report. This is in line with leading practice guidelines (such as Infrastructure Australia, NSW Treasury, Victorian Treasury), which state that the impact estimates from CGE models are not interchangeable with nor additive to CBA results, but can provide additional / complementary information on project impacts.
The modelling outputs should enable the construction and operation phase impacts to be separately identified.	Results of the modelling are presented separately for the construction and operational phases.
The economic impact report should also consider the opportunity cost of domestic investment – for example, a "counter-factual" estimate of the impact of an alternative	The results presented in Section 3 consider 'crowding out' that may occur as a result of this investment through the construction phase. Both labour market scenarios considered

investment of equivalent public funds. The report should also consider the degree of 'crowding out' that may occur through the construction stage activities.	capture crowding out effects, with the tight labour market scenario contemplating conditions where crowding out effects are stronger. The CGE modelling approach adopted (which includes explicit resource and budget constraints) captures the opportunity cost of resource use (including by the government). Importantly, the modelling approach used in this report does not constrain the ability of the government to fund any other investment.
3.5 Sensitivity and comparative analyses and information documentation (relevant components)	
The above reports are to provide a consolidated balanced overview of effects based on data and information drawn from the specific assessment methods outlined above.	Throughout
Sensitivity analysis is to be undertaken as part of the Cost-Benefit, Economic Impact and Financial Impact assessments, to understand how different assumptions around risk and uncertainty affect outcomes.	Alternative scenarios on key variables have been undertaken in both the construction phase and operational phase. The construction phase modelling includes results for scenarios that depend on the labour market setting (i.e. a 'slack' and a 'tight' employment market). The operational phase considers the impacts of the 'core' and 'optimistic' event calendars as presented in the Financial Impact Report.

2 Modelling approach

2.1 Overview

The broader economic contribution of the construction and operation of the Stadium to Tasmania is estimated using KPMG-REG, a proprietary regional Computable General Equilibrium (CGE) model of the Australian economy that has been tailored specifically for this project. The version of KPMG-REG used for this study divides the Australian economy into two fully integrated economic regions; namely, Tasmania (Tas) and the Rest of Australia (ROA).

The economic impacts of the project will differ significantly during the **construction** and **operational** phases. For this reason, the economic impact of each phase is analysed separately using a version of KPMG-REG configured to provide two snapshots of the structure and size of the economy.

- The first snapshot is the **baseline** representation of the economy that does not include the impact of the Stadium. For the construction phase the baseline is a representation of the size and structure of the Tasmanian and Australian economy in 2023-24 before the capital expenditure program associated with the Stadium development commences. For the operational phase the baseline is a representation of the size and structure of the Tasmanian and Australian economy in 2031-32.
- The second snapshot is a **revised** representation of the economy that includes the impacts of the Stadium. For the construction phase this revised snapshot is a representation of the economy immediately after the CAPEX program associated with the development of the Stadium is completed. For the operational phase the revised snapshot is a representation of the economy in 2031-32, when the new Stadium is assumed to be operating at a stabilised level of activity (typical year of performance in the longer term).

In comparative static mode KPMG-REG does not trace out the dynamics of the economy moving from its pre-stadium state to the new long run equilibrium state where the new Stadium is operating at planned capacity. Rather, in comparative static mode KPMG-REG provides estimates of how the economy is impacted in:

i. The construction phase period, 2024-25 to 2029-30, during which the project's capital expenditure program is completed.[1]

ii. A typical year in the project's operational phase which is based on an average over the period from 2031 to 2034 which the balance of the report describes as the year of 2031-32.

2.2 Model setup

KPMG-REG contains many more variables than equations. The model can determine values for as many variables as it has equations. To run the model it is necessary to select a sub-set of variables that the model will be allowed to determine (endogenous variables) with the remainder set outside the model (exogenous variables). Apart from the exogenous variables that will be shocked, the values of all remaining exogenous variables are assumed to remain unchanged from their baseline values.

The choice of exogenous variables and the nature of the baseline determine the economic environment (or economic context) that is assumed appropriate for analysing the impacts of the Stadium. The economic environments relevant to analysing the construction and operational phases of the Stadium are assumed to be different.

2.2.1 Economic environment – *Construction Phase*

The construction phase capital expenditure required to develop the Stadium can be thought of as a temporary expenditure shock to the economy. That is, it is a one-off increase in investment expenditure.

[1] The economic impact modelling does not include costs incurred in 2023-2024, as these are considered sunk costs and therefore not factored into the analysis. At time of writing (August 24) the capital expenditure forecasts model indicates that $1.5m of the $715m were due to have been spent. No spending of the capital expenditure was forecast to occur prior to May 2024.

The economic impacts of the Stadium's construction phase are directly related to the stimulus that is provided to the economy through the boost to expenditure required to construct it. Analysis of the Stadium's construction phase is best done in the context of a short run economic environment to recognise the temporary nature of the stimulus.

The choice of exogenous variables for the construction phase simulation is designed to configure KPMG-REG so that it represents the behaviour of the economy in the shorter term. The key settings include:

i. tax rates and government policy settings are held fixed at their baseline values with budget balances free to vary;

ii. sector-specific capital stocks are held fixed at their baseline values;

iii. a value for investment in the Tasmanian *Sports & Recreation* sector is imposed to reflect the Stadium development capital expenditure assumptions while investment in the remaining sectors responds to sector-specific rates of return;

iv. the number of working-age people in Australia is held fixed at the number in the baseline;

v. the average propensity to consume out of household disposable income is held fixed at its baseline value; and

vi. consumer preferences and technical change parameters are held fixed at their baseline values.

Labour market setting

An important consideration for this project is the ability for input markets to absorb the short term increases in demand for materials and labour over the construction period. Of particular note is the degree of spare capacity (or slack) that exists within the labour market, and how the additional demand for labour can be met within Tasmania. Construction workers in Tasmania, and across the nation more broadly, are in high demand given the volume of construction work currently underway. The national infrastructure pipeline remains strong and the national housing shortage will put pressure on the construction industry for some time. Within infrastructure, the energy transition that is underway will require significant resources to meet government targets for renewable energy. The outlook for the Tasmanian labour market is not certain and it is reasonable to consider a scenario where current labour market conditions persist for some years.[2]

Uncertainty about the degree of spare capacity in the Tasmanian labour market means that the impact of the Macquarie Point Multipurpose Stadium (the Stadium) is also uncertain. For this reason the analysis of the project's construction phase has been undertaken for two different labour market scenarios:

- **Slack labour market:** in this scenario the labour market is assumed to have sufficient slack to absorb the increases in demand for labour instigated by the project without increasing real wages. This means that over the construction phase period there are workers available at the prevailing real wage (i.e., the real wage in the absence of the Stadium) to meet the increased demand for workers directly and indirectly generated by the project. This assumption is reasonable in environments where there is slack in labour markets and unemployed or under-employed workers and working-age people currently not in the labour force can be drafted into jobs.

- **Tight labour market:** in this alternative scenario the labour market is assumed to have limited spare capacity, characterised by a low unemployment rate. Increases in demand for workers in such a market put upward pressure on real wages as businesses compete to meet their workforce requirements. The initial increase in demand for workers is accommodated by an increase in real wages that induces an increase in the supply or workers and by a reduction in demand for workers by businesses that cannot meet the higher wage costs.[3]

The tight labour market characterisation used in the modelling reported below is based on the assumption that recent labour market conditions, where the Tasmanian unemployment rate has been around ~4%, will continue to prevail during the Stadium's construction phase. This scenario is by no means certain to play out but is considered more likely than the alternative slack labour market scenario, which would be consistent with a significant slowdown in the Tasmanian and Australian economies.

[2] Tasmanian government projections and consideration related to infrastructure investment and housing targets can be found here Tasmania's infrastructure now more than $27 billion - Premier of Tasmania and here Building the strong construction workforce Tasmania needs - Premier of Tasmania.

[3] In an extreme case where the economy is effectively at full employment, any increase in demand for workers will be accommodated by an increase in real wages sufficient to restore equilibrium where labour demand and supply are equal. This is achieved by workers moving from their existing job to a higher paying job. Businesses that cannot meet the higher wage costs release labour to those businesses that can.

2.2.2 Economic environment – *Operational Phase*

Analysis of the economic impact of the Stadium's operational phase is best done in the context of a long run economic environment where the stadium is operating within an economy that is in long run equilibrium (as opposed to a cyclical high or low). This approach recognises (i) the permanent nature of the increment to the productive capacity of the Tasmanian *Sports & Recreation* sector and (ii) that estimates of the impacts should not be biased by temporary cyclical factors.

The selection of exogenous variables for the operational phase simulation is designed to configure KPMG-REG so that it represents the behaviour of the economy in the long term. The key settings include:

i. rates of return on capital are held fixed at their baseline values, with the exception of the Tasmanian *Sports & Recreation* sector;

ii. sectoral investment-capital ratios are held fixed at their baseline values, with the exception of the Tasmanian *Sports & Recreation* sector;

iii. the number of working-age people in Australia is held fixed at the number in the baseline;

iv. consumer preferences and technical change parameters are held fixed at their baseline values;

v. the average propensity to consume out of household disposable income is held fixed at its baseline value;

vi. the ratio of the current account balance to GDP is held fixed at its baseline value;

vii. government spending is assumed to move in line with GSP; and

viii. the labour market is assumed to be in equilibrium with inelastic labour supply.

The aggregate (national) supply of labour is assumed to be relatively inert with real wages adjusting to clear the labour market. Labour supply at the regional level responds to shocks through regional migration flows that are driven by relative wage differentials at the regional level. An economy-wide budget constraint is imposed in the long run through constraints on government expenditure and on household expenditure.

2.3 Model inputs

This section describes the numerical inputs (or shocks) that we impose on KPMG-REG in the construction phase simulation and operational phase simulation.

2.3.1 *Construction Phase* shocks

The shocks imposed on KPMG-REG are designed to capture the direct impacts of the stadium's construction phase on the economy. KPMG-REG then estimates the flow-on effects of these shocks on the economy.

For the construction phase we shock investment in the Tasmanian *Sports & Recreation* sector by $716 million. Table 1 reports the capital expenditure estimates for the development of the new Mac Point Multipurpose Stadium.

Table 1: Modelling inputs - Construction Phase

Variables	Values
Capital expenditure ($ million, 2024 prices)	$715.90m[a]
Construction duration[b]	2024-25 to 2028-29, peak capital expenditure 2026-27 (48% of total)
Estimated direct FTE jobs-years[c]	1,221 (with a peak of 588 concurrent FTE jobs)

Notes: [a] Derived from capital cost plan provided to KPMG by WT Partnership. This excludes escalation applied to construction costs (when included this totals $774.9m) to reflect the real, unadjusted cost of construction.

[b] Construction programming provided to KPMG by WT Partnership. Note that this does not include costs incurred in 2023-2024.

[c] Direct FTE job-years estimated for incorporation into this analysis by WT Partnership.

2.3.2 *Operational Phase* shocks

The modelling of the Stadium's operational phase is designed to capture the direct and indirect impacts on the Tasmania economy of the incremental expenditures in Tasmania attributable to the new stadium. The construction phase augmented the capacity of the *Sports & Recreation* sector and the shocks imposed in the operational phase simulation are designed to capture:

- incremental cash flows that are directly attributable to the operation of the Stadium; and
- the funding costs incurred by the Tasmanian and Federal governments.

Some of the incremental cash flows generated by the Stadium's operations constitute positive net inflows for the Tasmanian economy while others are negative. The positive incremental cash inflows to the Tasmania economy are assumed to emanate from two main sources:

- inter-state residents choosing to visit Tasmania because of the new Stadium (and associated events); and
- residents of Tasmania choosing to switch some of their expenditures on interstate goods and services to Tasmanian goods and services because of the new Stadium (and associated events).

Note that expenditures by interstate residents that would have visited Tasmania in the absence of the new Stadium are not included as part of the shock. Interstate residents induced to visit Tasmania because of the new Stadium spend money on activities within the Stadium (e.g., tickets, food and beverages to attend an event) and outside the Stadium (e.g., accommodation, transport, food and beverage, tours etc). Not all of the spending done by interstate visitors within the Stadium remains in Tasmania. For example, events promoted at the Stadium by organisers with businesses domiciled in the rest of Australia result in a portion of the ticket revenue leaving Tasmania.

For the most part, expenditures by Tasmanian residents within the Stadium are assumed not to be incremental. That is, when Tasmania residents choose to spend some of their budget on activities within the Stadium they are simultaneously choosing to spend less of their budget on other goods and services, some of which are produced in Tasmania. This reallocation of expenditures by Tasmanian residents is imperfect for two main reasons that are explicitly captured in the modelling. Firstly, some of the in-Stadium expenditures made by Tasmanian may end up as revenue to businesses domiciled outside of Tasmania (e.g., interstate promoters and ticket agencies). In effect, by attending events at the Stadium Tasmanian attendees are purchasing imported services provided by interstate businesses with a stake in the event hosted at the Stadium. Secondly, the Stadium and the events that it hosts provides Tasmanian residents with new services that they previously may have accessed only by attending venues in the rest of Australia. It is reasonable to assume that because of the new Stadium a portion of the Tasmanian attendees will chose to spend money in Tasmania that they otherwise would have spent interstate attending comparable events.[4] It is important to note these retained expenditures relate not only to in-Stadium expenditures but also the avoided cost of interstate visits (e.g., accommodation, travel, food and beverage etc).

Table 3 summarises the key shocks used to represent the direct incremental cash flows generated by the Stadium. These shocks represent annual cash flows expressed in 2024 dollars and are sourced from the Financial Impact Report (FIR) and the Cost Benefit Analysis (CBA) modelling for the 24,500 capacity (i.e. 23,000 seats and 1,500 standing room) stadium option.

The Core Scenario and Optimistic Scenarios represent the 'core' and 'optimistic' event calendars presented within the FIR.

Table 2: Modelling inputs – Average year of operations in the Operational Phase[(a)]

Variable	Values ($2024)		Source / Rationale
	Core Scenario	Optimistic Scenario	
Stadium revenue	$9.5m	$10.0m	KPMG FIR, revenue inclusive of the subsidy for Stadium's deficit
Lifecycle capital expenditure	$3.8m	$3.8m	WT Partnership Lifecycle Cost Estimates

[4] It is acknowledged that the existence of AFL teams in Tasmania may stimulate interstate visitation by Tasmanian residents following their team when they play matches at interstate venues.

Stadium related spend by interstate businesses	$0.1m	$0.1m	KPMG CBA Modelling
Stadium related spend by interstate visitors	$1.0m	$2.3m	KPMG CBA Modelling
Out-of-stadium spend by interstate visitors	$77.5m	$84.3m	KPMG CBA Modelling
Tasmanian attendee payments to interstate businesses (promoters, ticket agents)	$9.5m	$18.9m	Estimates of proportion of operating financial flows to interstate businesses based on KPMG FIR
Interstate attendee payments to Tasmanian businesses (promoters, caterers, tour operator)	$3.8m	$5.0m	Estimates of proportion of operating financial flows to Tasmanian businesses based on KPMG FIR
Retained spending (avoided imports)	$50.0m	$44.7m	KPMG CBA Modelling
Transfer from the AFL[(b)]	$33.5m	$33.5m	KPMG CBA Modelling
Incremental event attraction costs	$1.7m	$2.6m	KPMG CBA Modelling
Tasmanian government Stadium operating deficit subsidy	$2.1m	$0.9m	KPMG FIR
Debt service by Tasmanian government	$16.1m	$16.1m	Estimates of debt servicing requirements as a result of State incurred capital expenditure.
Debt service by Federal government	$10.3m	$10.3m	Estimates of debt servicing requirements as a result of Commonwealth incurred capital expenditure.

Notes: (a) Detailed assumptions underpinning the Operating Phase modelling inputs are contained in either the Financial Impact Report or the Cost Benefit Analysis Report for each relevant input outlined above.

(b) This amount excludes the AFL's capital contributions for the Stadium ($15m) and the high performance centre ($10m). The funding is understood to be part of a 10-year program.

The Tasmanian Government's subsidy to support the operations of the new AFL club, the Tasmanian Devils Football Club (the Devils) and associated AFL activities (i.e., $144m over 12 years) is not included as a modelling input in Table 3. This reflects the assumption that this subsidy constitutes a transfer between Tasmanian residents/entities (i.e., Tasmanian taxpayers on the one hand and the Devils and other Tasmanian business entities that will support the AFL in delivering its services in Tasmania).[5]

[5] In contrast, the subsidy related to the Stadium operating deficit is modelled explicitly even though it too will largely constitute a transfer between Tasmanian residents/entities. The reason for this different treatment reflects the fact that the operations of the Stadium are modelled in detail while the operations of the club are not modelled.

3 Modelling results

This section presents the results from the construction phase and operational phase simulations.

3.1 *Construction phase* simulation

The headline Tasmanian macroeconomic impacts of the Stadium's construction phase under the two alternative labour market assumptions are presented in Table 3 as deviations from the baseline. The results show that Tasmania's real GSP is projected to be between $250.4 million and $268.7 million higher than in the baseline. Over the same period, real income per capita is projected to be between $175 and $271 higher than was projected in the baseline which did not include the construction of the Stadium. The construction of the Stadium is expected to directly generate around 1,221 job years-worth of employment (estimated by WT Partnership as an input to this analysis). This is equivalent to 244 FTE workers on average over the five year construction period. The results in Table 3 show that the net impact of the Stadium's construction phase, which includes the direct and indirect impacts, is about 2.7 times higher than the direct workforce that will be employed to construct the Stadium. In the tight labour market scenario the net employment impact is closer to the direct workforce that will be employed to construct the Stadium. It is worth noting that in 2026-27, when about 48% of the Stadium's capital expenditure occurs, between 721 and 1,576 additional FTE jobs will be created directly and indirectly by the construction activity. In that year the direct workforce requirements of the Stadium are estimated to be around 588 FTE workers.

Table 3: Headline Results - Construction Phase

Variable	Slack Labour Market	Tight Labour Market
Incremental Real Gross Domestic Product (2024-25 to 2028-29)	$329.3m	$254.2m
Incremental Tasmanian Real GSP (2024-25 to 2028-29)	$268.7m	$250.4m
Increase in Real Income Per Capita (2024-25 to 2028-29)	$271	$175
Incremental FTE jobs (measured in job-years)[a]	3,299	1,510
Incremental FTE jobs (average annual 2024-25 to 2028-29)[b]	660	302
Peak Incremental FTE jobs (2026-27)	1,576	721

Notes: [a] An FTE job-year is defined as a full-time equivalent job that exists for 1 year. A worker employed full time for 3 years would be counted as 3 job-years of employment.

[b] These numbers are deduced as the total number of job-years of employment divided by the 5 year construction period horizon.

Industry value added results are reported in Table 4. These results are deviations from the baseline measured in 2024 dollars. The results show that the *Construction* industry is the main beneficiary of the Stadium's construction phase. The industry results also show that the Stadium's construction phase results in some displacement of other activities in the Tasmanian economy as the resources needed to directly and indirectly support the Stadium's construction are drawn away from sectors exposed to interstate and international competition (i.e., export-oriented sectors of the economy and from sectors that produce commodities that compete with imports).[6] It should be noted that these sectors are still projected to grow in the Project scenario but that they will grow less rapidly than in the baseline scenario.

[6] A strength of the modelling approach taken is that the resource implications of any new activity are explicitly captured. Budget constraints and supply side constraints mean that the resource requirements of new businesses are accommodated by drawing resources away from other parts of the economy. That is, the activities of the new business displaces some activity in other parts of the economy. The extent of this displacement depends on the degree of relevant spare capacity in the economy.

Table 4: Incremental impact (from baseline) on industry value added - construction phase

Millions of 2024 dollars	Slack Labour Market	Tight Labour market
Construction	161.23	186.35
Retail trade	22.83	15.91
Wholesale trade	14.89	12.86
Information media & telecommunications	14.74	19.19
Health care & social assistance	13.26	5.04
Professional, scientific & technical services	9.20	11.78
Financial & insurance services	8.99	11.26
Other services	6.51	3.96
Rental, hiring & real estate services	5.54	8.88
Arts & recreation services	3.78	3.85
Electricity, gas, water & waste services	3.68	3.79
Accommodation & food services	2.31	-2.44
Public administration & safety	2.14	2.01
Transport, postal & warehousing	0.93	-0.58
Administrative & support services	-1.30	-1.98
Mining	-3.95	-11.41
Agriculture, forestry & fishing	-8.30	-13.05
Education & training	-14.25	-19.52
Manufacturing	-17.07	-28.57

3.2 Operational phase simulation

The headline Tasmanian macroeconomic impacts of the Stadiums' operations under the Core and Optimistic scenarios are reported in Table 5. The simulation results are reported as deviations from the baseline in two different ways. The top number in each cell of the table represents the levels deviation of the variable from its baseline value in 2031-32. For example, in the Core scenario Tasmanian GSP in 2031-32 is projected to be $72.8 million higher than the level projected in the baseline for that year. Similarly, the number of ongoing FTE jobs in the Tasmanian economy in 2031-32 is estimated to be 238 more than was projected in the baseline for that year. The same results are expressed as percentage deviations from the baseline and reported immediately below their levels counterparts. For example, in the Core scenario real Tasmanian GSP in 2031-32 is projected to be 0.22% higher than projected in the baseline scenario.

It is important to note that the deviations reported in Table 5 are for a single year, 2031-32. The aim of the modelling for the operational phase is to estimate the project's impact in a typical year of operations. While Stadium operations in 2031-32 can be characterised as typical, the transfer by the AFL of $33.5 million to support the Devils in that year cannot be described as typical. This is because the AFL's funding support is understood to cease after a decade. For this reason an additional sets of results is reported for 2031-32 in Table 4, which excludes the AFL transfer. The Stadium's operations in 2031-32 are assumed to be representative of operations in subsequent years, which means that it is reasonable to assume that its impacts on the economy in years beyond 2031-32 be comparable to those reported for 2031-32 in the absence of the AFL transfer.

Table 5: Headline Results- Operational Phase

Variable	Incremental impact[a]			
	Core Scenario		Optimistic Scenario	
	AFL transfer	No AFL transfer	AFL transfer	No AFL transfer
Incremental Real Gross Domestic Product (2031-32)	$32.4m 0.0014%	$25.7m 0.0011%	$45.9m 0.002%	$36.5m 0.0016%
Incremental Tasmanian Real Gross State Product (2031-32)	$72.8m 0.22%	$27.3m 0.08%	$79.4m 0.24%	$31.8m 0.10%
Incremental Tasmanian Real Income Per Capita (2031-32)	$191 0.36%	$132 0.25%	$242 0.45%	$183 0.34%

Ongoing Incremental FTE jobs	238 0.10%	203 0.08%	276 0.12%	242 0.10%

Notes: [a] The incremental impacts are reported as deviations from the baseline. The top number in each cell is the levels difference and the bottom number is the percentage difference.

Industry value added results are reported in Table 6. These results are presented as percentage deviations from the baseline measured in 2024 dollars. The results show that the *Arts & recreation services* and *Accommodation & food services* industries are the main beneficiaries of the Stadium's operations. The industry results show that the Stadium's operations directly and indirectly displace other activities in the Tasmanian economy. The increased demands for the services provided by the Stadium, together with the associated demands related to attendance by interstate visitors (e.g., food and beverage, accommodation etc) and to supply chain linkages, are partially met by drawing resources away from other industries.

Higher real wages have a negative impact on labour-intensive sectors that do not get a significant boost directly or indirectly from the Stadium's operations as well as cost-sensitive sectors exposed to interstate and international competition (i.e. export oriented sectors of the economy and from sectors that produce commodities that compete with imports). It is important to note that these negative impacts do not mean that the sectors contract. Rather, the negatively impacted sectors grow less rapidly in the scenario with the Stadium than they were projected to grow in the baseline where the Stadium is not part of the economy.

Table 6: Incremental impact (from baseline) on industry value added - operational phase (with AFL transfer)

Percent deveiations from the baseline	Core	Optimistic
Arts & recreation services	4.17	4.35
Accommodation & food services	3.07	4.30
Retail trade	0.58	0.76
Administrative & support services	0.46	-0.49
Other services	0.40	0.49
Manufacturing	0.39	0.52
Rental, hiring & real estate services	0.28	0.36
Wholesale trade	0.28	0.34
Construction	0.23	0.26
Financial & insurance services	0.22	0.28
Electricity, gas, water & waste services	0.15	0.18
Public administration & safety	0.10	0.10
Information media & telecommunications	0.10	0.09
Transport, postal & warehousing	0.06	0.05
Professional, scientific & technical services	0.00	-0.08
Health care & social assistance	-0.04	-0.10
Agriculture, forestry & fishing	-0.20	-0.27
Education & training	-0.28	-0.42
Mining	-0.92	-1.26

Opportunity cost of domestic investment

The PoSS Guidelines request that the EIA considers the opportunity cost of domestic investment. The modelling presented above addresses the "opportunity cost" of resources explicitly through supply constraints and budget constraints. It is explicitly assumed that the public funding required to support the Stadium does not crowd out any other project or program that the government might consider. The full cost of the public funding provided to Stadium is assumed to be passed on to Tasmanian and Rest of Australia taxpayers in the form of higher taxes. In that sense the "opportunity cost" of the public funding of the Stadium is what the taxpayers would have done with that income if they had not paid higher taxes.

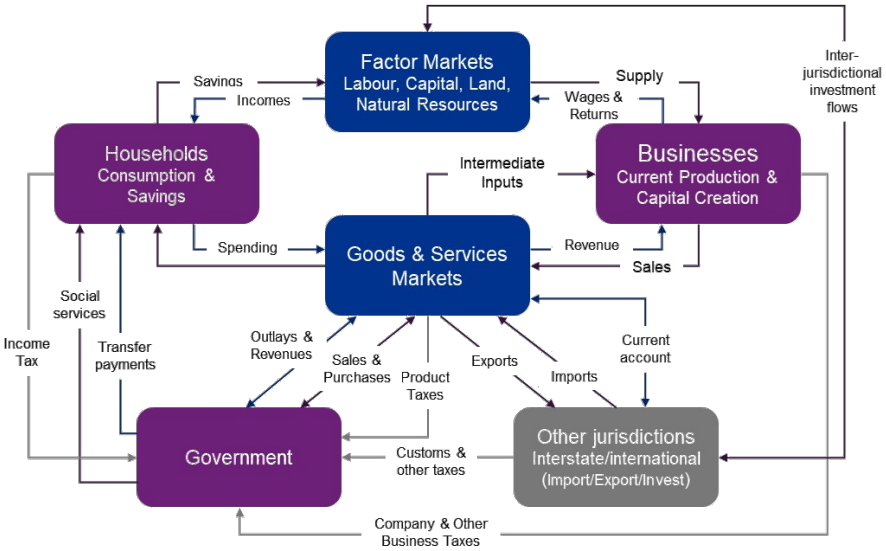
Capturing the opportunity cost of "an alternative investment of public funds" is contingent on understand the opportunity set of public investments and then understanding the need (hence the return) on that investment. It is not feasible to consider the range of possible investments that the government could make in the context of modelling the Stadium. Because of the funding assumptions made in the modelling there is nothing preventing the government from raising more taxes (relative to the baseline) to fund other projects or programs or to reallocate their existing budget (in the baseline).

Appendix A: Overview of KPMG-REG

KPMG-REG models the economy as a system of interrelated economic agents operating in competitive markets. Figure 1 is a stylised representation of the types of relationships that are captured in KPMG-REG.[7] Economic theory is used to specify the behaviour and market interactions of economic agents, including consumers, investors, producers and governments operating in domestic and foreign goods, capital and labour markets. Defining features of the theoretical structure of KPMG-REG include:

- optimising behaviour by households and businesses in the context of competitive markets with explicit resource constraints and budget constraints;
- the price mechanism operates to clear markets for goods and factors such as labour and capital (i.e. prices adjust so that supply equals demand); and
- at the margin, costs are equal to revenues in all economic activities.

Figure 1: Schematic overview of KPMG-REG



KPMG-REG uses Input-Output (IO) data to quantify the flows of goods and services between producers and various users (e.g., intermediate inputs to other producers, inputs to capital creators, households, governments and foreigners) and the flows associated with primary factor inputs (i.e., labour, capital, land and natural resources).

In KPMG-REG the IO database is combined with the model's theoretical structure to quantify sophisticated economic behavioural responses, including to:

- price and wage adjustments driven by resource constraints;
- price and tax and/or government spending adjustments driven by budget constraints;
- allow for input substitution possibilities in production (e.g., allowing the combination of labour, capital, and other inputs required to produce a particular output to vary in response to relative price changes);
- capture a wide set of economic impacts driven by the responses of consumers, investors, foreigners and other agents to changes in prices, taxes, technical change and taste changes.

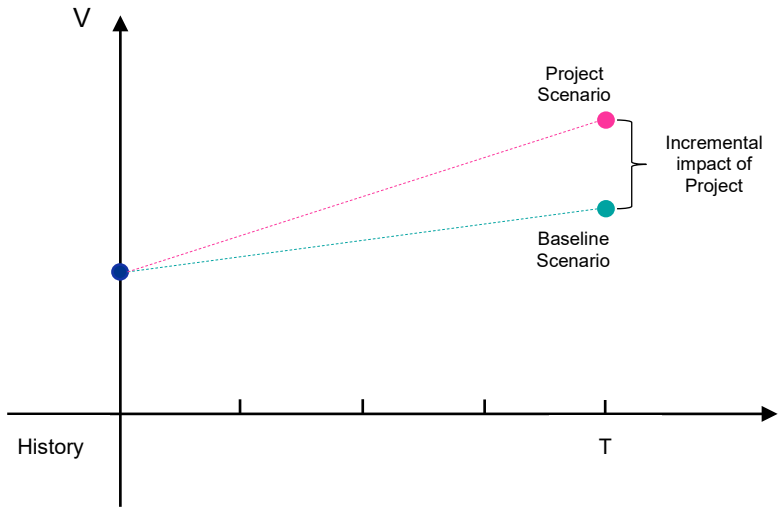
KPMG-REG's theoretical structure and database facilitates detailed modelling of State and Federal government fiscal accounts and balance sheets, including the accumulation of public assets and liabilities. Detailed government revenue flows are modelled, including a range of direct and indirect taxes, and income from government enterprises. Government spending includes public sector consumption, investment and the payment of various types of transfers (such as pensions and unemployment benefits).

[7] These relationships apply at the regional level with an elaboration of the relationships with "Foreigners" to include inter-regional flows of goods and services, transfers and savings and people.

Model set-up

The tailored version of KPMG-REG used for this study divides the Australian economy into two fully integrated economic regions; namely, Tasmania (Tas) and the Rest of Australia (ROA). The industrial structure of each region is represented by 20 sectors, each producing one good or service.[8] For this engagement KPMG-REG is used in comparative-static mode. In that mode KPMG-REG does not trace out the dynamics of the economy moving from its pre-stadium development state to a new long run equilibrium state where the new stadium is operating at planned capacity. Rather, in comparative static mode KPMG-REG provides estimates of how the economy is impacted in a particular period. Figure 2 provides a stylised representation of the comparative-static simulation approach. The baseline scenario is an estimate of the size and structure of the economy in the absence of the Project at time T, period of time in the future. KPMG-REG simulations are designed to estimate how the introduction of the Project changes the size and structure of the economy. As shown in Figure 2 difference between the value of variable V in the Project and Baseline scenarios represents the incremental impact of the Project on that variable. Model results are reported as ordinary differences or percentage differences.[9]

Figure 2: Stylised simulation approach



The selection of the period T is described in the body of the report. The Project's construction and operational phases are modelled separately the choice of period T is different for these two phases reflecting the timing of these phases.

i. For the construction phase, which extends from 2024-25 to 2029-30, the Baseline scenario represents the economy in 2024-25.

ii. For the operational phase, which extends from 2030-31 to 2049-50, the Baseline scenario represents the economy in 2031-32. In this year the economy is assumed to have reached a long run equilibrium and Stadium operations are assumed to be in a steady state.

Key modelling assumptions

To run KPMG-REG it is necessary to select a sub-set of variables that will be determined by the model (endogenous variables) with the remainder determined outside the model (exogenous variables). Apart from the exogenous variables that will be shocked, the values of all remaining exogenous variables are assumed to remain unchanged from their baseline values.

The choice of exogenous variables and the nature of the baseline determine the economic environment (or economic context) that is assumed appropriate for analysing the impacts of the Project. As detailed in section 3 the choice of exogenous variables is different for the construction and operational phase simulations.

[8] The 20 sectors are made up of the 19 ANZSIC Industry Divisions plus an additional sector that represents Ownership of Dwellings (i.e., landlords and owner-occupiers of dwellings).

[9] Ordinary differences are calculated as: $dV_T = V_T^P - V_T^B$, where the superscripts P and B represent Project and Baseline scenarios respectively. Percent deviations are calculated as: $v_T = 100 * \frac{(V_T^P - V_T^B)}{V_T^B}$, where lower-case denotes percentage difference.

For the construction phase simulation the exogenous variables are chosen to characterise a short run economic environment that is subject to a temporary expenditure shock. A defining feature of this economic environment is that the productive capacity (i.e., the stock of productive fixed assets) of the business sector is fixed and does not respond to the temporary shock. For the labour market two alternative assumptions are considered. The first assumption characterises the labour market as “slack”, meaning that there are sufficient unemployed workers to accommodate the direct and indirect labour demands of the Project without impacting real wages (i.e., the supply of labour is elastic). The second assumption characterises the labour market as “tight”, meaning that real wages respond to increases in labour demand. This reflects the operation of a trade-off between the unemployment rate and real wages.

For the operational phase simulation the exogenous variables are chosen to characterise an economic environment where the economy is in long equilibrium. The defining features of this economic environment are that:

- rates of return on fixed assets are fixed at their baseline levels while the stock of fixed assets is free to adjust in response to a shock;
- the national supply of labour is fixed at its baseline level and the unemployment rate is fixed at its long run equilibrium level;
- binding budget constraints are imposed on all agents (governments, households and businesses).

More details about the Project-specific assumption used in the construction and operational phase simulations are provided in section 3.

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Financial Impact Report

Macquarie Point Multipurpose Stadium

9 September 2024

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Disclaimers

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This report has been prepared as outlined in the Macquarie Point Development Corporation Scope Section in Attachment 2: Specification of the Contract dated 30 April 2024. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Macquarie Point Development Corporation management and personnel consulted as part of the process. KPMG has indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

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Where any of the Services relate to forecasts, projections or other prospective financial information prepared by us, we do not warrant that the forecasts, projections or information will be achieved.

Where any of the Services relate to the analysis or use of forecasts, projections or other prospective financial information supplied or prepared by you, we do not warrant that:

a) The forecasts, projections or information are reasonable;

b) The forecasts, projections or information will be achieved; or

c) The underlying data and assumptions provided to us are accurate, complete or reasonable.

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This report is solely for the purpose set out in Attachment 2: Specification of the Contract dated 30 April 2024 and for Macquarie Point Development Corporation's information for the purpose of providing reports to the Tasmanian Planning Commission for the purposes of their undertaking an integrated assessment of the Macquarie Point Multipurpose Stadium as a Project of State Significance and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

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Contents

Executive Summary

The proposed Macquarie Point Multipurpose Stadium (Stadium) is a key component of the broader Macquarie Point Development project in Hobart, Tasmania. The project is being delivered by Macquarie Point Development Corporation (MPDC) with Stadiums Tasmania to take on venue management responsibility when the Stadium is operational.

The Stadium aims to provide Tasmania's premier multipurpose sporting, arts, events and entertainment facility. Conditional for the creation of a new Tasmanian Australian Football League (AFL) team (the Tasmanian Devils Football Club or the Devils), the Stadium provides significant opportunity for heightened social engagement, economic development, and urban revitalisation.

The project is currently the subject of an Integrated Assessment as a Project of State Significance (PoSS). The Financial Impact Assessment, in addition to a Social and Cultural Analysis, Cost Benefit Analysis and Economic Impact Assessment, forms part of the PoSS submission. Prior to this stage, a variety of assessments were undertaken, including an extensive site selection process, as well as capacity estimates, economic assessments and cost benefit analysis. These reports culminated in a strategic business case which was released to the public in 2023.

The purpose of this Financial Impact Report is to provide decision makers with an understanding of the financial implications of the Stadium during construction and the operations period. It presents the direct costs and revenues associated with the implementation of the project, and the ongoing operation of the Stadium. Furthermore, it responds to the PoSS requirements regarding the impact on the State Government from a financial perspective. It is important to note that the analysis is limited to the Stadium itself, and not the broader surrounding precinct, or wider costs / revenues associated with the AFL team or Stadiums Tasmania, which is out of scope for this report. This report should be read in conjunction with the Economic Development and Social, Cultural and Community Wellbeing Introduction and attached disclaimers.

As a precursor to the financial analysis, it is important to consider that sporting infrastructure typically falls into the category of 'social infrastructure', which does not generate a direct financial return to society; rather, it returns value to the community through social, cultural, environmental, and other direct and indirect economic benefits and outcomes.

These assets are commonly referred to as public goods, in that the related benefits to society are available to everyone. Furthermore, there is no direct association between these benefits and the costs to society of providing them. This market failure means that, outside of government intervention, it would be unlikely that much sporting infrastructure would be developed by a private entity alone. Specifically, in the case of sporting infrastructure, such infrastructure relies on local councils and state governments to support its development, upgrade, and ongoing maintenance.

In order to undertake this analysis, a 'core' scenario has been developed which is considered throughout this report. In response to the current stage of design, the ongoing commitment from MPDC to continue to undertake value management activities in forthcoming months, as well as the PoSS guidelines, a number of alternative scenarios have been developed to provide a holistic picture of the Stadium's potential returns.

The Core Scenario utilises the current capital cost estimate ($774.91m)[1], with a number of items excluded from the capital cost estimate as part of value management activities. This includes a number of revenue generating elements including kitchen and food & beverage, audio-visual equipment and LED signage, with the assumption that these items will be funded by third parties. This scenario's operational financial performance is based on a 'core' event calendar.

[1] *Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024*

Key findings

- A 'core' event calendar was developed based on comparator venues and stakeholder consultation, and estimates that the Stadium could host between 36-38 event days per annum, including major event content through to smaller community level events. This corresponds to attendances of between 370,000-405,000 spectators per annum.[2]
- An 'optimistic' event calendar was also developed, which estimates that the Stadium could host up to 48-51 event days per annum, with corresponding attendances of between 514,000-569,000 spectators per annum.
- The Stadium's current cost estimate (prepared by WT Partnership) as at July 2024 is $774.91m with MPDC remaining committed to undertaking ongoing value management activities. The Stadium is targeted to be operational from January 2029.
- The 'Core Scenario' considered in this analysis produces an operating deficit of $2.14m in real terms in an average year prior to the application of lifecycle costs ($0.93m deficit under the 'optimistic' event calendar).
- Under the 'Core Scenario' this annual operating deficit could improve to an operating surplus of $1.09m per annum should a number of key revenue generating elements be accommodated within the cost envelope (i.e. kitchen and food & beverage fitout).
- Under the 'Core Scenario', over the construction period and first three years of operations, the Stadium has a total impact / cost (incorporating operating financials, lifecycle costs, and capital expenditure) of $780.64m in nominal terms.
- Over the construction period and 30 years of operations (i.e. the evaluation period), the Net Present Cost (NPC) for the Stadium is $695.56m, driven by the large upfront capital costs associated with assets of this nature. Results such as this are typical with comparable stadia projects, and the reason why there is limited examples of privately funded stadia within the Australian context – particularly in recent developments.
- Should value management exercises be successful, and the Stadium be delivered within the current budget ($715.00m) with key revenue generating elements accommodated within the cost envelope, the total impact / cost over the construction period and first three years of operations would be $708.80m, with a corresponding NPC over the evaluation period of $600.00m.
- Current funding commitments include the State Government ($375m), Commonwealth Government ($240m), and AFL ($15m). Based on the current capital cost estimate, there is a funding shortfall of $145m. This reduces to $85m if the Stadium is delivered within the stated budget of $715m. We have been advised by MPDC that MPDC has developed a value management strategy which will seek to deliver the Stadium within the budget.

[2] The delivery of this event calendar will be subject to the Tasmanian Government providing adequate event attraction funding in line with industry norms, along with the successful negotiation of mutually agreed terms with content owners, and the local market being able to generate acceptable returns for those content owners.

1 Introduction

1.1 Purpose

The purpose of this Financial Impact Report is to provide decision makers with an understanding of the financial implications of the Stadium during construction and the operations period. It presents the direct costs and revenues associated with the implementation of the project, and the ongoing operation of the Stadium.

This report aligns to the requirements set out within the Tasmanian Planning Commission Macquarie Point Multipurpose Stadium Guidelines as at 16 February 2024, section 3.3 – Financial Impact Report.

This section provides an overview of the overarching methodology and approach utilised to undertake the financial analysis of the projects. Specifically, the report includes analysis of:

- Section 1.3 - Demand for the Stadium (i.e. event calendar and attendances);
- Section 1.4 - The operational performance of the Stadium (in a stabilised year);
- Section 1.5 - An affordability analysis of the Stadium covering the construction period and first three years of operation;
- Section 1.6 - Project investment analysis utilising discounted cash flow analysis;
- Section 1.7 - Sensitivity / scenario analysis; and
- Section 1.8 - Broader financial impacts analysis, considering implications on the State's fiscal and debt position.

This financial analysis serves a different purpose to that incorporated within the cost benefit analysis report. This section focuses on the net financial impact to the Tasmanian Government (via MPDC during delivery and Stadiums Tasmania in operations) as opposed to the broader economic costs and benefits for the community – which are explored in the cost benefit analysis report.

It is important to note that the analysis is limited to the Stadium itself, and not the broader surrounding precinct, or wider costs / revenues associated with the AFL team or Stadiums Tasmania, which is out of scope for this report.

1.2 Approach

This Financial Impact Report focuses on using the outputs from the demand and utilisation analysis to develop a set of operating financial projections for the new venue that are linked to both event-specific costs and revenues, as well as overhead costs and annual revenue streams. The operating financial projections are then combined with the capital cost estimates, ongoing lifecycle costs and any other non-operational costs to develop estimates of the total net financial position of the project.

Combining the demand analysis, operating financial projections, and developing the whole-of-life-cycle project investment analysis enables a rigorous financial impact analysis to occur covering all expected costs of the project, providing an end-to-end view of the net cost of the project across both the construction and operations phases to the Tasmanian Government. The assessment will also include complementary analysis based on the PoSS guidelines requirement to explore the impact of changes in key variables and to identify the potential variation in impact from the project, based on a range of alternative scenarios.

The report responds to the PoSS guidelines, with Table 1 documenting the alignment between the guidelines and the relevant sections of this report.

Table 1: PoSS guidelines alignment

PoSS guidelines requirement	Section of report
Section 3.3 – Financial Impact Report (FIR)	
Impact of project's construction and ongoing costs on State's projected General Government Sector and Total State Sector	Section 1.8: Financial impacts analysis

financial position, with respect to key fiscal measures including, net operating balance, fiscal balance and net debt.	
Year-by-year cash flow projections associated with the project.	Section 1.4: Operating Result Appendix C: Stadium Cash Flows
Trends in key financial ratios for comparison purposes, including assessment of possible implications of the cost of State debt and the State's credit rating.	Section 1.8: Financial impacts analysis
Assumed treatment of the Commonwealth funding contribution by the Commonwealth Grants Commission under the fiscal equalisation process.	Section 1.8: Financial impacts analysis
Sensitivity analysis including the impact of a significant delay in construction and of cost escalation.	Section 1.7: Financial sensitivity / scenario analysis
Time period for financial projections is to be the time period for construction (and including the scenario of a significant delay) and the first three years of operations.	Section 1.5: Affordability during construction and three years of operations

3.5 Sensitivity and comparative analyses and information documentation

The above reports are to provide a consolidated balanced overview of effects based on data and information drawn from the specific assessment methods outlined above.	Throughout
The reports should aim to address all significant beneficial and detrimental effects. Where there is a lack of evidence or direct quantifiable information, the reports may use information from other places in a balanced manner.	Throughout
The "Base Case" scenarios should clearly set out all relevant and material factors including: • the type and frequency of events and activities; • the composition and number of users/customers; • forecast/estimated costs and revenue; • organisations and associations that will use the facility; and • forecast/estimated effects on interstate visitation.	This FIR provides detail throughout on: • Type and frequency of events and activities; • Projected costs and revenue; • Organisations and associations that will use the facility. The remaining elements listed adjacent are considered as part of the cost benefit analysis.
Sensitivity analysis is to be undertaken as part of the Cost-Benefit, Economic Impact and Financial Impact assessments, to understand how different assumptions around risk and uncertainty affect outcomes. Sensitivity analysis should ideally include the creation of probability distributions for key cost and revenue parameters that include P10, P50 and P90 values.	This report sets out a number of alternative scenarios that test the sensitivity of results to changes across a number of a key variables / assumptions. Statistical measures such as P10; P50; P90 represent percentiles in a probabilistic distribution and refer to the confidence level that certain costs will not exceed a particular value. For example, a P90 cost indicates that there is a 90% chance that the actual cost will be equal to or less than the estimated value. Generally for projects of this nature, capital cost estimates can be developed to reach these levels of confidence following a sufficient level of detail of design, the development of a risk register, and then the adjustment of cost estimates to reflect the relevant components of the risk register.

	It is not common to undertake probabilistic operational financial modelling for social infrastructure such as stadia. To do so would require the determination for all revenue and cost items; the distribution of the financial item, the probabilities associated with the relevant items, and the respective upper and lower bounds. These would then be simulated through a 'monte-carlo' analysis to produce a probabilistic estimate based unfounded and untested assumptions. The resulting outputs would not add additional relevant information to the investment decision. However, sensitivity and scenario analysis has been undertaken within the relevant reports to provide insight into the impact of changes in key assumptions or inputs.

Scenarios tested throughout this report

In order to undertake this analysis, a 'core' scenario has been developed which is considered throughout this report. In response to the current stage of design, the ongoing commitment from MPDC to continue to undertake value management activities in forthcoming months, as well as the PoSS guidelines, a number of alternative scenarios have been developed to provide a holistic picture of the Stadium's potential financial impacts. The base case or 'Core Scenario' has been prepared based on assumptions that represent the best estimates at this time, using supporting evidence where available, including current Stadium concept design costing estimates as at the date of this report.

Note to the event calendar and attendances

KPMG / DHW Ludus have developed two event calendars, the impacts of which are tested in alternative scenarios throughout the FIR, Cost Benefit Analysis and Economic Impact Assessment. This includes the 'core' event calendar (a more conservative view), through to an 'optimistic' event calendar.

It is understood that Stadiums Tasmania (the operator of the Stadium), who were consulted as part of this engagement and supported the development of the event calendar, is a commercially focussed organisation who will be seeking to deliver an event calendar above the 'core' scenario, with an ambition to achieve an event calendar outlined in the 'optimistic' scenario. Therefore the range presented by the two event calendars provides the reader with an understanding of the differing outcomes that could be delivered by the Stadium.

MPDC has advised that the current capital cost estimates will be subject to further iteration and a value management process with the intention of achieving the budgeted capital cost, including some elements noted as exclusions in the current capital cost estimates. Accordingly, this scenario has been incorporated into our analysis.

Table 2: Scenarios adopted in the Financial Impact Report

Scenarios	Description of Scenario
Core Scenario: $775m, with the core event calendar	Utilises the current capital cost estimate ($775m)[3], with a number of items excluded from the capital cost estimate as part of value management activities. This includes a number of revenue generating elements including kitchen and food & beverage, audio-visual, LED signage, with the assumption that these items will be funded by third parties. This scenario's operational financial performance is based on the 'core' event calendar.
Alternative Scenario 1: $775m, with an optimistic event calendar	This scenario utilises the current capital cost estimate ($775m) as per the Core Scenario. This scenario's operational financial performance is based on an 'optimistic' event calendar.
Alternative Scenario 2: $775m with value managed revenue generating assets included, with the core event calendar	This scenario utilises the current capital cost estimate ($775m) as per the Core Scenario, however assumes those revenue generating items listed in the Core Scenario are

[3] *Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024*

	able to be incorporated within the cost estimate through ongoing MPDC value management exercises. This scenario's operational financial performance is based on the 'core' event calendar.
Alternative Scenario 3: $715m with value managed revenue generating assets included, with the core event calendar	This scenario is based on the current MPDC budget for the Stadium of $715m. It assumes that significant value management efficiencies are able to be achieved, with revenue generating items excluded from the Core Scenario incorporated within the cost estimate. This scenario's operational financial performance is based on the 'core' event calendar.
Alternative Scenario 4: Delay in Stadium completion, with the core event calendar	This scenario is based on the current capital cost estimate, however it considers the impact of a two-year delay to the Stadium's completion, with a protracted planning process (12 additional months) and construction phase (12 additional months). This scenario demonstrates the impact of escalation on the cost estimate. This scenario's operational financial performance is based on the 'core' event calendar, and does not include those revenue generating line items excluded as per the Core Scenario.

Background to stadia financials

As a precursor to the financial analysis, it is important to consider that sporting infrastructure typically falls into the category of 'social infrastructure', which does not generate a direct financial return to society; rather, it returns value to the community through social, cultural, environmental, and other direct and indirect economic benefits and outcomes.

These assets are commonly referred to as public goods, in that the related benefits to society are available to everyone. Furthermore, there is no direct association between these benefits and the costs to society of providing them. This market failure means that, outside of government intervention, it would be unlikely that much sporting infrastructure would be developed by a private entity alone without further opportunities being made available to a private investor. Specifically, in the case of sporting infrastructure, such infrastructure relies on local councils and State governments to support its development, upgrade, and ongoing maintenance.

To illustrate this point further, it is worth considering the cash in and outflows of sporting infrastructure throughout an asset's lifecycle. These will be expanded upon in greater detail subsequently, however at a high level, these are:

- **Construction costs**: Large cash outflows in the early years of the project evaluation period;
- **Lifecycle costs**: 'Lumpy' expenditure outflows incurred throughout the life of the venue; and
- **Stadium operational returns**: Annual return of the Stadium operations (i.e. profit / loss). For a stadium such as that proposed for Macquarie Point, a breakeven result prior to application of lifecycle costs would be a positive result. Due to the costs associated with running such a stadium, this annual result may be (and often is) a deficit. Ongoing funding is therefore usually required from the infrastructure owner (e.g. State Government) to continuously fund the operations of such a stadium, with the rationale being that the asset / activities support the owner's broader objectives (liveability, tourism, etc.) and therefore justify such investment.

The above highlights, that for sporting infrastructure of this type, the reality that there is unlikely to be a financial return that would produce a positive net present value (NPV) for the Stadium's construction and subsequent operation, particularly given the large, upfront capital expenditure required; therefore, the reader should be cognisant of this reality when reading this report. It is clear that the ongoing investigations and investment into major sporting infrastructure by State and Territory Governments does highlight that such facilities are seen as important assets within communities and support a range of other economic and social benefits.

Current Stadium design status[4]

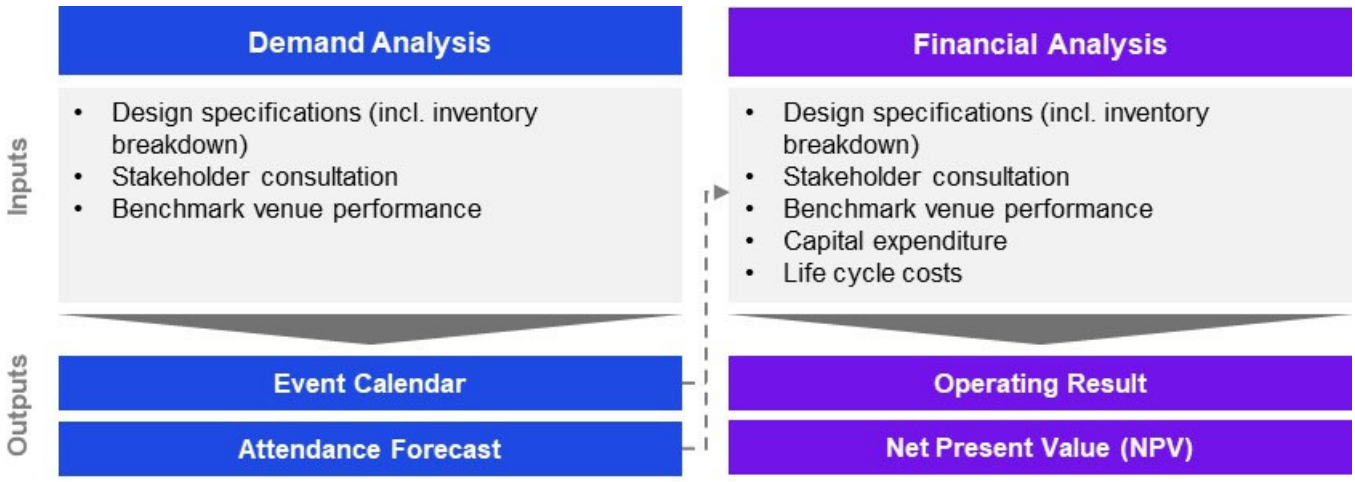
At the time of writing, the design of the Stadium has a number of items to be resolved at the detailed design phase. This includes a final breakdown of Stadium inventory, including the types of seats and hospitality products. To provide context for the financial modelling presented, the following represents a brief summary of the Stadium 'design' for the purpose of KPMG's / DHW Ludus' work (albeit the list is not necessarily exhaustive):

- Stadium capacity for patrons of 24,500 in 'sport' mode
- Stadium capacity of approximately 30,000 in 'concert' mode (including capacity / seating on the playing surface)
- For sport mode, a breakdown of seating by type as follows:
  - General admission capacity of 19,608 (inclusive of 1,500 standing)
  - Category 1 corporate capacity of 692 (higher yielding products such as corporate suites)
  - Category 2 corporate capacity of 700
  - Stadium membership capacity of 3,500
- The design provides a 'cold shell' for food and beverage infrastructure, signage and audio visual infrastructure, as well as office tenancies, however will require further investment to fund the fitout of these items
- The design includes function space for up to 1,500 people
- The design excludes external office tenancies
- Practice wickets will be on-site
- The design will be adequate to ensure the International Cricket Council (ICC) endorse its use for international cricket, noting there will likely be a requirement for a period of testing domestic cricket prior to test matches being hosted in the Stadium
- The design will be adequate for rectangular pitch sports to ensure reasonable sightlines for spectators

1.3 Demand and financial analysis

An overview of the demand analysis and financial modelling approach is outlined in Figure 1.

Figure 1: Schematic approach to demand and financial analysis



As part of the Financial Impact Report conducted in this engagement, KPMG engaged DHW Ludus to lead the development of demand and operating financial assumptions. The development of the demand analysis for the financial modelling analysis involved a consultation process with a range of government stakeholders and potential user groups, including those set out in Table 2.

[4] Cox Architecture

Table 3: Stakeholder list which informed the development of the FIR

Stakeholder List	
Government	Macquarie Point Development Corporation
	Stadiums Tasmania
	Tasmania Department of State Growth: Events Tasmania
	Tasmania Department of Treasury & Finance
	Business Events Tasmania
Content Owners	Cricket Australia
	Cricket Tasmania
	Australian Professional Leagues
	Football Australia
	Rugby Australia
	Melbourne Storm
	TEG
	The Australian Football League
	AFL Tasmania
	Tasmania Football Club
	National Rugby League
	Live Nation

DHW Ludus' scope and involvement in the preparation of the demand estimates and financial assumptions in this report:

- Was to inform KPMG's financial and economic modelling only;
- Is high-level in order to approximate the financial impact of potential Stadium operations; and
- Focuses on net cashflows for the Stadium itself (not the broader precinct).

Furthermore, the inputs provided by DHW Ludus do not represent recommendations on:

- Stadium capacity, Stadium design, the operating model or product composition;
- Commercial terms with suppliers;
- A Stadium Membership model;
- User agreement details; and
- A staffing structure.

Ultimately, final decisions on these items including commercial arrangements and venue management agreements will be made by relevant parties as the project progresses.

1.3.1 Stadium ownership and operating model

Current ownership and delivery agency

The entire Macquarie Point Precinct is currently owned by the MPDC under the terms of the *Macquarie Point Development Corporation Act 2012*. MPDC is a statutory authority that operates as a Public Non-Financial Corporation (PNFC), and is responsible for overseeing the planning and delivery of the Stadium and the renewal of the broader Macquarie Point Precinct.

Stadium ownership and operational responsibility post-completion

Upon completion of the Stadium's construction, the ownership and operational responsibility for the Stadium is assumed to transfer to Stadiums Tasmania.

Stadiums Tasmania was established in 2023 as a statutory authority to become the custodians of Tasmania's major venue infrastructure, centralising ownership, management, and operations across key venues in the State.[5] The venues set to be transferred to Stadiums Tasmania include those at UTAS Stadium, the Silverdome, MyState Bank Arena, Blundstone Arena, and Dial Park, and negotiations to transfer ownership and management responsibilities of some of these venues to Stadiums Tasmania have already commenced.[6]

This analysis assumes that, upon completion, Stadiums Tasmania will operate the Stadium on an in-house basis.

1.3.2 Demand analysis

Approach

The approach to developing the demand projections leveraged KPMG and DHW Ludus' experience regarding stadia developments in Australia, building on:

- Demand related insights from the consultation process; and
- Comparative / benchmark insights regarding the historical event calendar and attendance levels at comparator venues across Australia.

The first analytic step in the study was to develop projected estimates of the two key concepts of venue demand:

- **Event calendar** – The forecast frequency and type of events to be hosted at the venue post completion; and
- **Attendance projections** – For each event, the forecast number of people who will attend an event, broken down into product categories (e.g. general admission, premium / corporate product, member, etc.).

The event calendar is the single most important driver of a venue's financial performance. The event calendar is the key driver behind average attendance levels and therefore key event day revenue streams, such as catering revenue. The number of event days (and annual event attendance) is also a key driver of a number of other revenue streams, such as naming rights, sponsorship, signage and supply rights (e.g. pourage rights). The value of the majority of these non-event day specific revenue streams rests largely in the level of exposure to event day patronage (and broadcast levels) and therefore the event calendar.

The approach to developing the demand projection also considered seasonality of events (and calendar capacity), regular season content, marquee / irregular events, and other non-event day activities (e.g. non-event day function hire, stadium experiences, etc.).

The outputs from the demand and utilisation analysis informed key assumptions that are used in the operating financial projections which form the basis of the financial analysis in this report.

Event calendar projections

The financial model that underpins the forthcoming analysis is based on a demand projection over a forward 30-year evaluation period (post-construction). An annual event calendar has been developed to show the low and high range of events in any given year. There are some key assumptions that underpin the event calendar, including:

- Content is not guaranteed and will be the subject of negotiation between Stadiums Tasmania and the content owners.
- Resolution of broader negotiations will be required to take place. For example, with assets that are to transfer into the Stadiums Tasmania portfolio and deals with content owners that are currently housed elsewhere (i.e. Cricket Tasmania who currently have a long term lease at Blundstone Arena from Clarence City Council).
- A commitment to share content across the State will result in some fixtures for home franchises, such as the Tasmanian Football Club (TFC) and Hobart Hurricanes, continuing to be hosted at alternate venues, such as UTAS Stadium.
- The venue being approved by content owners and regulators (for example the ICC for international cricket).
- Event attraction fees will likely be required to incentivise content to the Stadium (see below).

[5] Stadiums Tasmania Act 2022
[6] Stadiums Tasmania Annual Report 2022-23

Event attraction and hosting fees

Local and State governments across Australia are increasingly looking to events as a key pillar of their economic and social narrative, creating a competitive environment for event attraction.

KPMG and DHW Ludus conducted a broad range of stakeholder engagement with content owners who would potentially host content at the Stadium, and it was evident that, in many instances, Tasmanian Government funding would be necessary to attract content to the Stadium. While event attraction funding will be required to be funded by the Tasmanian Government, these expenses typically do not sit within the profit and loss of a venue or venues body, but rather in the part of government responsible for attraction funding (e.g. Events Tasmania). Further commentary is provided in Appendix B.

Average year and methodology for attendance projections

The overarching methodology used for projecting attendances for this analysis has been to use an assumption for the average operating year across the evaluation period. There are a number of factors that affect attendance at sporting and entertainment events, including:

- On-field performance of the teams (or quality of the entertainment event);
- Timing of the event;
- Broader economic conditions;
- Complementary experiences (e.g. pre and post event offering, transport etc.);
- Competitive experiences (e.g. improvements in the home theatre experience, or increased competition from other entertainment products);
- Broader performance / attractiveness of the sporting competition; and
- The cost associated with attending the event.

Further, crowd support is likely to vary year by year due to the aforementioned factors, which has an impact on the financial results of the proposed Stadium. Accordingly, for the purposes of this analysis we have provided financial projections for an “average year” of operation of the venue taking into account the characteristics and capacity of the proposed Stadium.

In developing the event calendar and attendance rates to develop the associated attendances, a number of comparable interstate venues for relevant codes and events were considered. This has included (but was not limited to):

- Oval venues including: Kardinia Park (GHMBA Stadium), Carrara Oval (Heritage Bank Stadium), Adelaide Oval, Perth Stadium (Optus Stadium);
- Similarly sized venues including: Western Sydney Stadium (CommBank Stadium), Melbourne Rectangular Stadium (AAMI Park);
- Roofed venues including: Docklands Stadium (Marvel Stadium); Forsyth Barr Stadium (Dunedin); and
- Local venues including: York Park (UTAS Stadium); Bellerive Oval (Blundstone Arena).

As previously stated, projections have been developed based on consultation with potential users, discussions with MPDC and Stadiums Tasmania, as well as benchmark attendances as those venues listed above. Some conservatism was allowed for in estimating attendances at the venue, with an acknowledgement that some events could result in higher attendances than reported.

Table 3 presents the annual core event calendar and attendance projections for the Stadium.

Table 4: Average annual 'core' event calendar and attendance projections

Event category	Event	Annual event days	Average event day attendance	Commentary
AFL	AFL (TFC)	7	20,825	Attendances for AFL matches across a selection of major stadiums around Australia (outside of Victoria) in 2023, as a percentage of venue capacity, typically ranged between 44% to 75%. The adoption of a high attendance percentage at the venue considers the demonstrated latent demand (based on the initial foundation membership subscriptions for TFC) and the likelihood of higher pre-sale and annual reserve seat sales at the venue. The attendance estimate of 85% (as a percentage of capacity) also reflects 'no shows' and unsold tickets which is a standard occurrence for all events and provides for an element of conservatism. Based on discussions with the TFC and Stadiums Tasmania, it has been assumed that four of the 11 event days as part of the regular AFL season will be hosted at UTAS Stadium – although it is noted that the final split of content is yet to be determined.
	AFLW (TFC)	3	4,900	Based on discussions with Stadiums Tasmania and the TFC.
	AFL pre-season	1	6,125	Assumes a single pre-season match at the venue.
	AFLW pre-season	1	2,450	Assumes a single pre-season match at the venue.
Cricket	Test Match	4 (1 event)	14,088	Assumes that test matches are an average four days in duration with crowds across the four days assumed to be approximately as follows 19k, 16k, 11k and 10k, respectively. Inclusion of a test match in 'Base Case' is based on advice from Cricket Australia and Cricket Tasmania that a test match under a fixed roof would be approved by the ICC and would commence in year 3 to allow for trial events at Sheffield Shield level, and that Cricket Australia would allocate an annual test match to Tasmania. Typically for test matches across a selection of major stadiums around Australia, attendance as a percentage of venue capacity ranges between 24% to 65%. The adoption of the assumed attendance percentage (57.5%) considers the venue being a smaller capacity and being roofed.
	Men's ODI / T20	1	15,313	Typically for ODI/T20 matches across a selection of major stadiums around Australia, attendance as a percentage of venue capacity ranges between 27% to 73%. The adoption of the assumed attendance percentage (62.5%) considers the venue being a smaller capacity and being roofed.
	Big Bash League (BBL)	4	10,413	Based on historical levels, with an assumed uplift for the improved amenity assumed within the design along with the roof.
	Women's ODI / T20	1	4,900	Based on comparator venue attendances.
	Women's Big Bash League (WBBL)	4	2,450	Based on comparator venue attendances.
Football	Socceroos (Tier 2 friendly)	1 in every 4 years	22,050	Assumption is that these events are non tournament qualification matches or with a lower drawing nation. Attendance estimate (90%) assumes a high percentage as a share of venue capacity based on benchmarking of events at other venues around Australia, demonstrating the popularity and high attendance rates for this event type.
	Matildas (Tier 2 friendly)	1 in every 4 years	22,050	Assumption is that these events are non tournament qualification matches or with a lower drawing nation. Attendance estimate (90%) assumes a high percentage as a share of venue capacity based on benchmarking of events at other venues around Australia, demonstrating the popularity and high attendance rates for this event type.

Event category	Event	Annual event days	Average event day attendance	Commentary
	Youth International	1	2,450	Based on comparator venue attendances and stakeholder consultation.
Rugby League	NRL Club Match	1	17,763	Key stakeholders identified opportunities for trial matches, however these may utilise other venues in Tasmania. Typically for NRL matches across a selection of major stadiums around Australia, attendance as a percentage of venue capacity averages approximately 56%. The adoption of the higher attendance percentage (72.5%) considers the venue being a smaller capacity and being a roofed as well as the event only being hosted once each year.
Entertainment	Concerts (Full Stadium)	1	30,000	Event would need to be part of a broader tour as location / venue size is not likely to be attractive for a 'one off' exclusive event. Likely only single show initially (until market is proven). The higher attendance percentage reflects the likelihood of the event being a popular marquee act playing at the venue.
	Concerts (Arena Mode)	1	10,000	Industry advice indicates an opportunity for arena style events with attendances between 9,000 – 13,000 attendees as no venue exists in the local market for this size event.
	Adhoc sport / entertainment	1 in every 2 years	12,000	Industry advice indicates an opportunity for events such as, for example, Boxing, Monster Trucks and Freestyle Kings events every couple of years.
Community and local events	Local Football Grand Final	1	4,900	Community level events do not drive commercial outcomes for the venue and are included as part of supporting pathways, and ensuring that the asset is available for use by the community.
	VFL Tasmania Devils / VFLW Tasmania Devils (Double Header)	2	2,450	
	Coates Talent League (Double Header)	1	613	
	Existing Mass Participation Events	1	1,500	
	Existing Local Events	1	1,500	
Total		**36-38**	**370,693-404,743**	

Note: Non-event day business functions are not included in the total annual figures.

The event calendar presents a range of events that the Stadium may be able to attract, as well as the frequency at which they may occur. This leads the total annual number of events to range between 36 and 38 event days, depending on the event cycle. This corresponds to an annual projected attendance ranging between 370,693 and 404,743 per annum in an average year of operations, driven by the fluctuation in the quantity of events hosted at the Stadium across different years.

In addition to event day hosting, the Stadium is also set to include appropriate space to host business, association and trade show events in its function and dining spaces. Based on discussions with Business Events Tasmania, as well as a broader analysis of the current state of the business events market in Hobart, an analysis of potential events in functioning and dining spaces was conducted.

The event calendar estimates an additional 104 non-event day events with an average attendance of 250. This corresponds to a total additional attendance of 26,000 per annum.

1.3.3 Financial analysis

Approach

In order to develop the financial analysis, a view of the Stadium's potential operating performance was developed. This operating performance drew upon a number of sources, including:

- Stakeholder consultation;
- The design and inventory breakdown of the Stadium;
- Workshops between MPDC, Stadiums Tasmania, DHW Ludus and KPMG;
- Information provided by Stadiums Tasmania regarding key operational components, such as the membership model to be employed;
- DHW Ludus and KPMG's industry experience; and
- Capital cost and lifecycle cost inputs provided by MPDC's appointed quantity surveyor, WT Partnership.

Following the development of the operating 'profit and loss' for the Stadium, project investment analysis, including the development of an NPV for the project, was able to be undertaken – noting that this analysis is based on a range of assumptions that will need to be refined as the project progresses.

Stadium operating performance

The interplay between events, attendances and financial performance

The operational performance of a stadium is complex, with significant relationships between events, attendance, and annual revenue streams, and competition for event content between venues within and outside the relevant jurisdiction. It is not as simple as comparing an event calendar and attendance projections, and these flowing directly through to financial outcomes. Each hiring deal is different, and the broader revenue streams of the Stadium, such as membership revenue, annual corporate product sales or naming rights, are driven by the quality of the event calendar, overall annual attendance, and dynamic between the venue operator and content owners (see below for more detail).

Hiring agreements

Hiring agreements between venue hirers and operators are a key driver of the financial performance of community sporting infrastructure. There are a range of potential revenue sources that both the venue operator and hirers can derive from venue operations. Similarly, venue operators and hirers face a range of associated costs.

Each hiring agreement is essentially the outcome of negotiations, where the deal may be made in several different ways to provide returns and share risks and incentives across both parties.

Typical hiring agreements across Australian stadium infrastructure include the following revenue / cost sharing components:

- The sport retaining the majority of net ticketing revenue, with the venue sometimes receiving a

share of this revenue;

- The venue retaining a share of gross catering revenues as a catering commission with some sharing of this commission with the hirer;
- The venue retaining a share of the inside ticketing charge (i.e. ticketing fees) with some sharing of this revenue with the hirer;
- The venue retaining all, or a majority of, naming rights and supply rights at the venue; and
- The hirer being responsible for all event day expenses (e.g. security, cleaning, event day staffing).

Capital expenditure

WT Partnership have prepared the capital cost estimates for the Stadium based on designs developed by Cox Architects. Construction information, along with the cash flow profile over the construction period is presented in Table 5. Additionally, Figure 2 presents a visual representation of the cumulative construction costs and key milestones. For clarity, these capital costs exclude lifecycle costs (considered in the next section).

Table 5: Key milestones

Description	Date	Duration
Consultant fees and MPDC costs	May 2024	Ongoing
Site preparation and planning (early works)	July 2025	9 months
Construction works (main works)	December 2025	37 months
Assumed Stadium opening	January 2029	na

Source: Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024

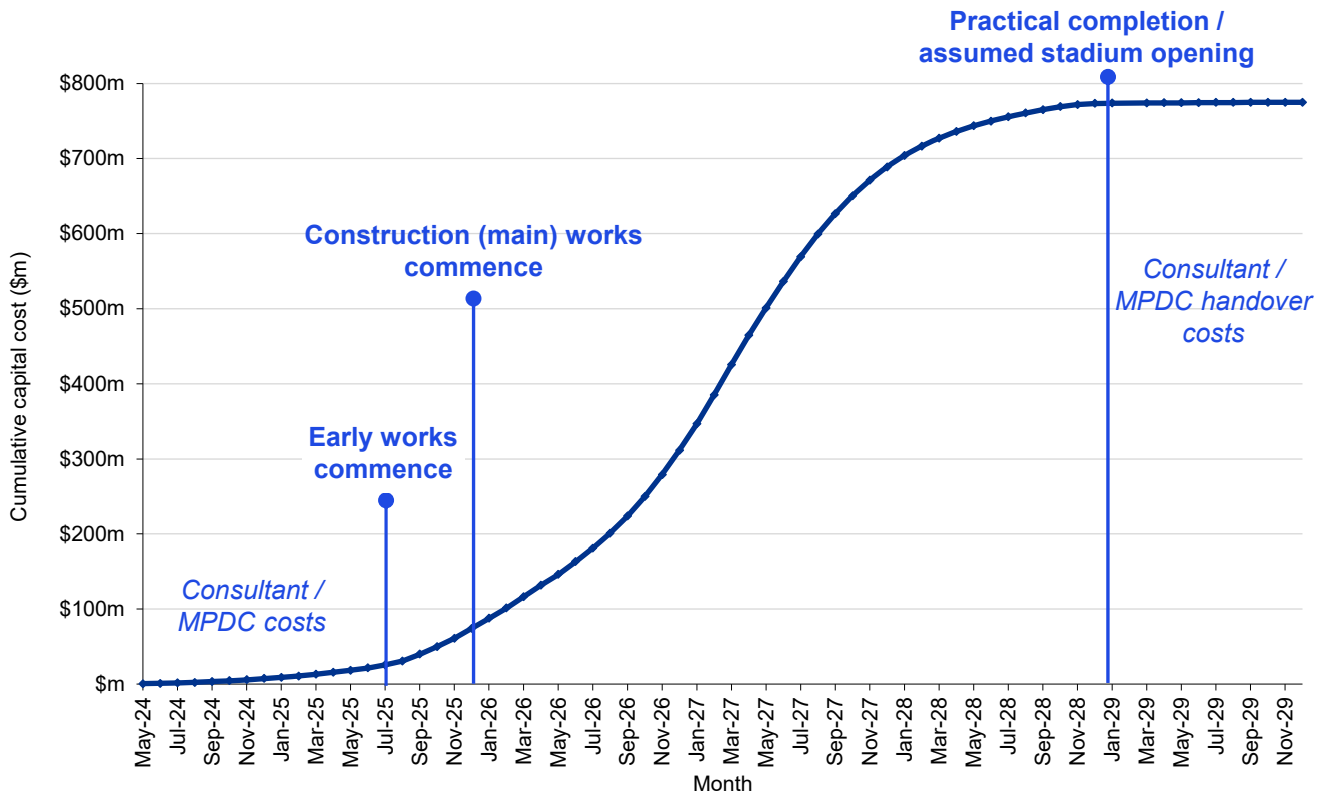
Table 6: Capital expenditure estimates and cash flows ($m; nominal)

Description	Output
Estimated construction duration (months)	42 months (Early works to end of Construction works)
Total Capital cost	**774.91**
Year 0 (2024)	7.40
Year 1 (2025)	66.65
Year 2 (2026)	237.28
Year 3 (2027)	377.51
Year 4 (2028)	84.62
Year 5 (2029)	1.45

Source: Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024

The total capital cost as estimated by WT Partnership as at 10 July 2024 is $774,905,000.The table above includes some minor costs in 2024 and 2029 primarily relating to consultant fees and MPDC costs. Site preparation and planning (early works) are assumed to commence in July 2025, with main construction works commencing in December 2025. The Stadium is assumed to be operational from 1 January 2029.

Figure 2: Capital expenditure S-Curve ($m, nominal)



Source: Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024

Lifecycle costs

In addition to regular repairs and maintenance (included in the operational projections), sporting infrastructure has an ongoing requirement for major capital replacement to keep the venue fit-for-purpose as elements within the venue come to the end of their economic useful lives. Typically, lifecycle costs are 'lumpy' across the life of the asset. For example, there may be minimal spend in the early years of the venue, followed by a major refurbishment / upgrade in latter years as various elements require replacement. For this project, WT Partnership have provided estimates of lifecycle / capital replacement costs, presented in Table 6 below.

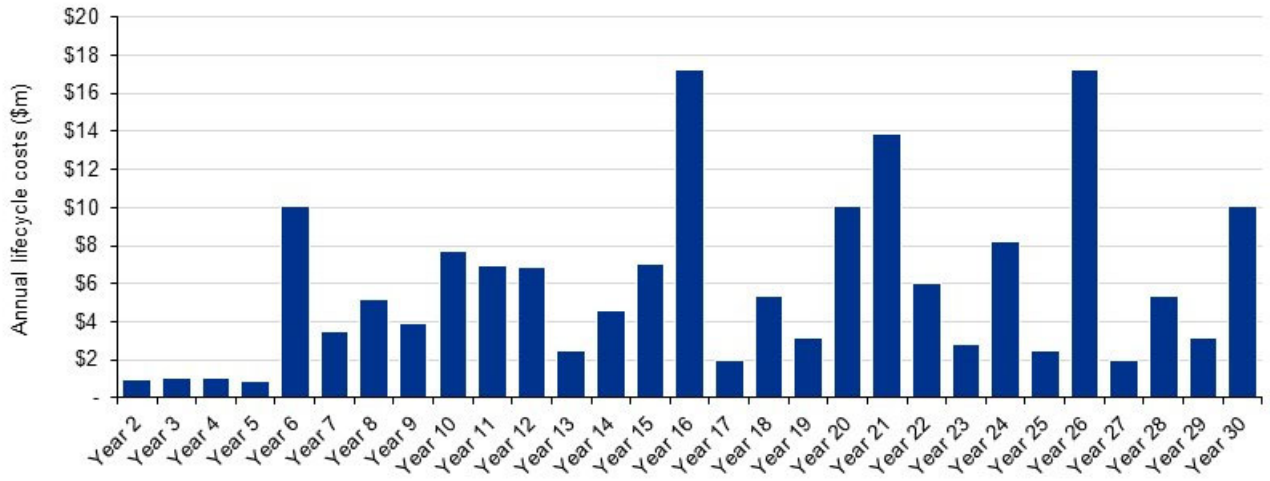
Table 7: Lifecycle cost estimates ($000s; $2024)

Description	Stadium Lifecycle Cost
Average annual lifecycle cost	$5,706

Source: Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024

Figure 3 below presents the lifecycle cost over 30 years, showing the variable nature of the replacement costs.

Figure 3: Lifecycle cost over 30 years ($m; $2024)



Source: Macquarie Point Multi Purpose Stadium Concept Design Estimate No.1, WT Partnership 10 July 2024

1.4 Operating result

Operating result development process

The operating result was developed concurrently to the design process for the Stadium continuing to evolve up to the time of writing (and post). This iterative development process resulted in a P&L being developed for the venue prior to the capital cost estimates being generated. With the project being at the concept design phase, the capital cost estimate is currently sitting at $775 million. This figure excludes a number of key revenue generating elements of the Stadium (identified as 'below the line' items) that had previously been assumed to be included within the capital cost estimate (with associated revenue streams included in the P&L). Of particular note from a revenue generating perspective, this included:

- Kitchen and F&B fitouts ($14.3m cost included 'below the line');
- Audio visual services including TVs / Brackets ($26.3m cost included 'below the line'); and
- LED Ribbon advertising to fences ($7.8m cost included 'below the line').

In this capital cost estimate, these items are assumed to be funded by third parties (i.e. a caterer will undertake the fitouts in return for a long term contract). There is little precedent (at the quantum of costs for allocated items), for such an approach being attractive to caterers within the Australian context, particularly given the expected activity levels of the new Stadium.[7] As such, the revenue streams associated with these items will be subject to a commercial structure that favours the third-party installer. It is unclear whether a supplier retaining such revenue streams would be sufficient to attract the necessary third party capital investment in the Stadium to meet the 'below the line' capital shortfalls.

Additionally, key items required for a Stadium to operate that are not necessarily revenue producing (e.g. CCTV, PA System) which have also been included 'below the line' (at a cost of $6.8m) are assumed to be funded by MPDC / State Government as a result of value management activities, enabling the Stadium to operate.

The Core Scenario in this analysis reflects the impact of these revenue generating elements being excluded from the current cost estimate. For the purposes of comparison, Alternative Scenario 2 explores the impact on the operational financials as a result of those revenue generating elements being delivered within the cost estimate as a result of value management activities.

Operating result

Table 7 presents the projected operating result for an average year of operations, expressed in 2024 dollar terms. This average year is a stable state of operations, noting variances will likely occur over the project evaluation period as a result of variations in the event calendar and utilises an average lifecycle cost to account for the fluctuations in capital replacement requirements. It should be noted that the aggregated cash flows depicted below are based on:

- The event calendars prepared as part of this project;
- Assumptions developed from a combination of benchmark information and stakeholder consultation; and
- A high-level estimation of design elements provided at the time of writing (noting that a formal statement of stadium areas and inventory was not available at the time of writing).

It is noted that these cash flows are not based on bespoke market sounding or pricing / valuation assessments of supplier and naming rights (which were not in scope),

[7] It is noted that the KPMG / DHW Ludus team has not been provided any detail regarding the proposed funding / outsourced model for catering and technology (including service provision) at the time of writing.

Table 8: Annual Operating Profit and Loss – Average Year ($000s; $2024)

Macquarie Point Multipurpose Stadium: Real Cash Flow		
	Operating result	**Description**
Revenue		
Venue hire fees	1,246	Fees paid by content owner to hire venue
Ticketing related revenue	834	Share of booking fee / inside charge attributable to venue
Membership and other revenue[8]	5,289	Stadium membership; Signage, naming and other supply rights attributable to the venue; Other revenue (functions, tours) attributable to the venue.
F&B revenue	-	F&B revenue attributable to the venue
Total revenue	7,370	
Expenses		
Event day costs not passed through	202	Event day costs incurred by the Stadium
Salaries and wages	2,550	Salaries and wages from Stadium operator staff
Turf maintenance	370	Turf maintenance costs (excl. salaries)
Administration / overhead costs	1,700	Other administration / overhead costs incl. utilities
Maintenance	4,690	Regular planned and unplanned maintenance
Total expenses	**9,512**	
EBITDA	**(2,142)**	
Lifecycle costs	5,706	Average lifecycle cost as described previously
Operating result	**(7,848)**	
Number of events	37	
Attendance	392,743	

Observations

- The operating result is projected to generate an approximate $2.14m loss at the earnings before interest, tax, depreciation, and amortisation (EBITDA) level.
- This is projected to deteriorate to an overall operating loss of $7.85m per annum when an average annual lifecycle cost allocation is accounted for.

While the majority of Australian venues do not generate a positive operating result following application of the substantial lifecycle costs associated with a venue of this type, it is noted that the operational performance of the venue is significantly impacted by the current 'below the line items' that have been excluded as part of the current capital cost value management exercise.[9] This has resulted in:

- F&B revenue: No share of revenue attributed to the Stadium as it is expected that any caterer would be seeking a return on capital investment that is greater than the Stadium could generate as a share of gross F&B revenue.
- Signage revenue: While the majority of on-field signage revenue accrues to the hirer as well as a share of IPTV and other internal signage, any signage that would be attributable to the venue has been assumed to be taken by the third party provider. Naming rights revenue is assumed to be retained by the Stadium.
- Supply rights: As a result of the potential commercial F&B deal associated with the caterer, supply rights associated with beer, wine, soft drinks etc. are not assumed to accrue to the venue, limiting this revenue stream. Ticketing rights revenue is assumed to be retained by the Stadium.
- Functions revenue: As per the above, the F&B revenue associated with the functions business is expected to accrue to the caterer. Further, the ability for the Stadium to charge for 'room hire' is adversely impacted as a result of the lack of audio-visual fit out, with a third party assumed to take a share of any room hire fees.

[8] A number of line items have been consolidated to protect commercially sensitive items.
[9] In developing these assumptions, a conservative position has been adopted – with final distribution of revenue to the venue to be the subject of commercial negotiations (i.e. with a caterer).

The estimated impact of these line items from a revenue foregone perspective is over $3m in an average year of operations. Alternative Scenario 2 within section 1.7 of this report shows the impact of bringing these items back within the core cost estimate, with a full comparative P&L provided in Appendix D.

Detail supporting the development of underpinning assumptions for the operating profit and loss is provided in Appendix A: Stadium modelling assumptions.

1.5 Affordability during construction and first three years of operations

This sub-section of the financial analysis presents the net impact of the project over the construction period, plus three years of operations as per the PoSS Guidelines.

Table 8 presents the impact of the various cash flows in nominal terms over the construction period and the first three years of operations.

This operating impact presented in this section differs from that presented previously in Table 7 due to two main factors. Firstly, the information is presented in nominal dollars rather than in real 2024 dollar terms, and secondly while the table above was based on an average year of operations, this table reflects the first three years of operations as per the model developed to support this analysis.

Note that this is presented in calendar years, with a conversion to financial years provided in Section 1.8 *Financial impacts analysis*.

Table 9: Operations and three-year impact ($000s, $ nominal)

Description	2024	2025	2026	2027	2028	2029	2030	2031	Total
Operating revenue	-	-	-	-	-	12,727	8,546	8,950	30,222
Operating expenditure	-	-	-	-	-	10,948	11,169	11,502	33,619
EBITDA	**-**	**-**	**-**	**-**	**-**	**1,779**	**(2,623)**	**(2,552)**	**(3,397)**
Lifecycle costs	-	-	-	-	-	-	(1,126)	(1,215)	(2,341)
Operating impact (incl. lifecycle)	**-**	**-**	**-**	**-**	**-**	**1,779**	**(3,749)**	**(3,768)**	**(5,738)**
Capital expenditure	(7,400)	(66,651)	(237,281)	(377,506)	(84,616)	(1,450)	-	-	(774,905)
Total impact	**(7,400)**	**(66,651)**	**(237,281)**	**(377,506)**	**(84,616)**	**329**	**(3,749)**	**(3,768)**	**(780,643)**
# event days[10]	**-**	**-**	**-**	**-**	**-**	**34**	**33**	**37**	104

Observations

- The results in the first year of operations (2029) benefit from the upfront receipt of joining fees from the sale of the Stadium membership product, along with annual subscriptions. In subsequent years, new sales (joining fees) normalise based on an assumed churn rate, with the annual subscriptions continuing.
- Lifecycle costs are typically low in the early years of operations, with no lifecycle costs assumed in year 1 due to warranties etc.
- From Year 2 of operations (2030) onwards, the Stadium is projected to generate a deficit at an EBITDA level.

1.6 Project investment analysis

The financial return to the project is explored in this section, using discounted cash flow analysis. The following general assumptions were adopted for this analysis:

- Financial revenues and costs presented in the financial appraisal represent the perspective of the venue owner (i.e. not the venue hirers or other parties).
- Cash flows are those related to the construction of the Stadium and expected to be incurred between May 2024 and December 2028 (there is some minor expenditure set to be incurred prior to July 2025).

[10] Fewer event days occur in Years 1 and 2 due the assumption that the Test Match is not hosted at the Stadium until Year 3.

- Cash flows have been assessed over the construction period to 30 December 2058 (construction period + 30 years of operations).
- The financial projection uses a measure of the 'time' value of money to consider the effect of the timing of different cash flows over the defined project term. The forecast nominal cash flows for this project have been discounted to 1 July 2024. As this is a Tasmanian Government led social infrastructure project, a discount rate was obtained from TASCORP. This value (based on a two-year average of a 10-year zero coupon bond) equates to a 4.87 percent nominal discount rate, and represents a proxy for the Tasmanian Government's cost of financing.
- A discounted residual value has been calculated based on an estimated economic life of approximately 50 years. This discounted residual value provides a benefit based on the book value of the asset utilising a straight-line depreciation method.

The financial return to the project is explored in this section, using discounted cash flow analysis. Table 9 presents the projected total financial deficit to the Tasmanian Government on an NPV basis over the evaluation period.

Table 10: Project Investment Analysis – ($m; $2024)

Project investment analysis	**$m; NPV @ 4.87%**
Revenue	95.95
Operating expenditure	(120.05)
Lifecycle costs	(62.51)
Capital expenditure	(668.98)
Net cash flow (NPV)	**(755.59)**
Discounted residual value	60.03
Net cash flow including discounted residual value (NPV)	**(695.56)**

Observations

- As a result of the large capital expenditure in the early years of operations, as well as the ongoing operational deficits, the Stadium is projected to return a negative NPV of $755.59m.
- The 'discounted residual value' of the asset at the end of 30 years of operations is projected to be $60.03m.
- When incorporating the discounted residual value, the overall NPV improves to negative $695.56m.

As described previously in Section 1.2 this result reflects that stadia are economic and social, not financial assets. While it is a negative result, it is not uncommon when it comes to stadia projects of this nature – and is why governments are typically required to fund such projects. Cost escalation in recent years has resulted in higher capital expenditures than had previously been the norm, and resultingly, this has a significant direct impact on the Stadium's NPV.

1.7 Financial sensitivity / scenario analysis

As part of the sensitivity / scenario analysis conducted on the project financials, the following areas have been investigated:

- **Event calendar**: An alternate "Optimistic" event calendar was developed to assess the impact on the project's financial outcomes (Alternative Scenario 1. The 'optimistic' event calendar is presented in Appendix B).
- **Inclusion of revenue generating elements**: This scenario utilises the current capital cost estimate ($775m) as per the Core Scenario, however assumes those revenue generating items listed in the Core Scenario are able to be incorporated within the cost estimate through ongoing MPDC value management exercises (Alternative Scenario 2).
- **Capital expenditure**: As the largest driver of cost for the project, the analysis tests the impact of delivering the project on budget (Alternative Scenario 3).
- **Delay to Stadium Completion**: An additional sensitivity analysis considering the impact of a delay on the project's financial outcomes was also undertaken. This was agreed (with MPDC) to consider a two-year delay to construction, with 12 months of planning delays at the start of the construction period, and 12 months of

additional construction timeline (a total two year delay). It is noted that this could also include potential payments to the AFL based on lost revenue (in addition to providing a suitable alternative venue) as per the Club Funding and Development Agreement,[11] however this has not been modelled in this exercise (Alternative Scenario 4).

Alternative Scenario 1: Optimistic event calendar

The 'Optimistic' scenario analysis considers the impact on the project's financial outcomes as a result of an expanded event calendar being delivered at the Stadium. The event calendar can be found in Appendix B. As this scenario is designed to test the potential 'upside' from an expanded event calendar,[12] generally expenditure has been held constant with the increase in resourcing requirements as a result of the expansion of the event calendar assumed to be absorbed within the existing assumed staffing structure, etc. The exception to this rule is turf maintenance costs, which increase proportionally in line with the event calendar.

Note, Appendix D presents a comparison of the P&L in an average year under Alternative Scenario 1 relative to the Core Scenario.

Table 10 presents the results of the scenario from a nominal cash flow perspective and shows the impact of an expanded event calendar.

Table 11: Alternative Scenario 1 analysis – Cash flow ($000s; $ nominal)

Description	2024	2025	2026	2027	2028	2029	2030	2031	Total
Operating revenue	-	-	-	-	-	14,677	10,583	10,833	36,093
Operating expenditure	-	-	-	-	-	11,405	11,690	11,983	35,078
EBITDA	**-**	**-**	**-**	**-**	**-**	**3,272**	**(1,108)**	**(1,149)**	**1,015**
Lifecycle costs	-	-	-	-	-	-	(1,126)	(1,215)	(2,341)
Operating impact (incl. lifecycle)	**-**	**-**	**-**	**-**	**-**	**3,272**	**(2,233)**	**(2,364)**	**(1,326)**
Capital expenditure	(7,400)	(66,651)	(237,281)	(377,506)	(84,616)	(1,450)	-	-	(774,905)
Total impact	**(7,400)**	**(66,651)**	**(237,281)**	**(377,506)**	**(84,616)**	**1,822**	**(2,233)**	**(2,364)**	**(776,231)**
# event days[13]	**-**	**-**	**-**	**-**	**-**	**46**	**47**	**48**	**141**

The expanded event calendar results in an improved EBITDA in the order of $1.4m-$1.5m per annum in operations, resulting in a lessened total impact on the State Government.

The impact on the NPV is presented in Table 11. The greater operational results delivered by the expanded event calendar result in an improved NPV in the order of $16.08m relative to the Core Scenario.

Table 12: Alternative Scenario 1 analysis – NPV ($m; $2024)

	Core scenario	Alternative Scenario 1
NPV incl. discounted residual value (4.87%)	(695.56)	(679.48)

Alternative Scenario 2: Core capital cost estimate, with value managed revenue generating assets included, utilising the core event calendar

This scenario utilises the current capital cost estimate ($775m) as per the Core Scenario, however assumes those revenue generating items listed in the Core Scenario are able to be incorporated within the cost estimate through ongoing MPDC value management exercises. This Scenario includes a more typical commercial structure with

[11] Club_Funding_and_Development_Agreement_-_Signed_3_May_2023.PDF (stategrowth.tas.gov.au)
[12] Note that the analysis only considers the impact to the Stadium's financials, rather than the whole-of-state financials that would likely fund event attraction / hosting fees to support the event calendar.
[13] Fewer event days occur in Years 1 and 2 due the assumption that the Test Match is not hosted at the Stadium until Year 3.

third parties, where the Stadium owns the inventory (i.e. kitchen and F&B fitout). Those revenue streams that benefit include:

- F&B revenue: The Stadium receives a share of gross catering revenue ($1.78m increase in 2029).
- Signage revenue: The Stadium receives a share of signage revenue as a result of LED signage and audio-visual fitout ($0.65m increase in 2029).
- Supply rights: The Stadium receives increased supply rights related to F&B ($0.26m increase in 2029).
- Functions revenue: The Stadium now receives a share of gross catering revenue and is able to retain the full room hire fee as a result of the inclusion of audio-visual fitout ($0.64m increase in 2029).

Note, Appendix D presents a comparison of the P&L in an average year relative to the Core Scenario.

Table 12 presents the results of this scenario analysis.

Table 13: Alternative Scenario 2 analysis – Cash flow ($000s; $ nominal)

Description	2024	2025	2026	2027	2028	2029	2030	2031	Total
Operating revenue	-	-	-	-	-	16,062	11,872	12,764	40,698
Operating expenditure	-	-	-	-	-	10,948	11,169	11,502	33,619
EBITDA	**-**	**-**	**-**	**-**	**-**	**5,114**	**703**	**1,262**	**7,079**
Lifecycle costs	-	-	-	-	-	-	(1,126)	(1,215)	(2,341)
Operating impact (incl. lifecycle)	**-**	**-**	**-**	**-**	**-**	**5,114**	**(423)**	**47**	**4,738**
Capital expenditure	(7,400)	(66,651)	(237,281)	(377,506)	(84,616)	(1,450)	-	-	(774,905)
Total impact	**(7,400)**	**(66,651)**	**(237,281)**	**(377,506)**	**(84,616)**	**3,664**	**(423)**	**47**	**(770,167)**
# events[14]	**-**	**-**	**-**	**-**	**-**	**34**	**33**	**37**	**104**

The incorporation of revenue generating line items improves the operations relative to the Core Scenario by approximately $3.3m-$3.8m per annum in the first three years of operations, with this operational result flowing down to an improved 'total impact' line.

The greater operational performance of the venue results in an improved NPV in the order of $39.76m relative to the Core Scenario.

Table 14: Alternative Scenario 2 analysis – NPV ($m; $2024)

	Core scenario	Alternative Scenario 2
NPV incl. discounted residual value (4.87%)	(695.56)	(655.80)

Alternative Scenario 3: $715m with value managed revenue generating assets included, with the core event calendar

This scenario is based on the current MPDC budget for the Stadium of $715m. It assumes that significant value management efficiencies are able to be achieved, with revenue generating items excluded from the Core Scenario incorporated within the cost estimate.

In this Scenario, the operating performance of the Stadium is generally aligned to Alternative Scenario 2, with savings being generated in maintenance, lifecycle costs, and capital expenditure.

Table 13 presents the results of the scenario from a nominal cash flow perspective and shows the impact of delivering the project within the stated budget.

[14] Fewer event days occur in Years 1 and 2 due the assumption that the Test Match is not hosted at the Stadium until Year 3.

Table 15: Alternative Scenario 3 analysis – Cash flow ($000s; $ nominal)

Description	2024	2025	2026	2027	2028	2029	2030	2031	Total
Operating revenue	-	-	-	-	-	16,062	11,872	12,764	40,698
Operating expenditure	-	-	-	-	-	10,532	10,744	11,066	32,342
EBITDA	**-**	**-**	**-**	**-**	**-**	**5,529**	**1,129**	**1,698**	**8,356**
Lifecycle costs	-	-	-	-	-	-	(1,039)	(1,121)	(2,160)
Operating impact (incl. lifecycle)	**-**	**-**	**-**	**-**	**-**	**5,529**	**90**	**577**	**6,196**
Capital expenditure	(7,400)	(66,503)	(220,491)	(341,737)	(77,418)	(1,450)	-	-	(715,000)
Total impact	**(7,400)**	**(66,503)**	**(220,491)**	**(341,737)**	**(77,418)**	**4,079**	**90**	**577**	**(708,804)**
# events days[15]	**-**	**-**	**-**	**-**	**-**	**34**	**33**	**37**	**104**

Relative to the Core Scenario, there is a 'total impact' cumulative improvement of $71.84m. This is a result of the reduced maintenance, lifecycle costs and capital expenditure, as well as the incorporation of revenue generating streams. Relative to Alternative Scenario 2, there is a cumulative improvement of $61.36m. This is a result of the reduced maintenance, lifecycle costs and capital expenditure.

The impact on the NPV is presented in Table 15. The reduced upfront capital expenditure in particular has a results in a significant improvement to the NPV of the project. There is a reduction in the discounted residual value as a result of the lower capital expenditure. Alternative Scenario 3's NPV improves by $95.56m relative to the Core Scenario, and $55.80m relative to Alternative Scenario 2.

Table 16: Alternative Scenario 3 analysis – NPV ($m; $2024)

	Core Scenario	Alternative Scenario 2	Alternative Scenario 3
NPV incl. discounted residual value (4.87%)	(695.56)	(655.80)	(600.00)

Alternative Scenario 4: Delay to Stadium completion

Alternative Scenario 4 considers the impact of a delay on the project's financial outcome, in line with the PoSS requirements. This was agreed (with MPDC) to consider a two-year delay to construction, with 12 months of planning delays at the start of the construction period, and 12 months of additional construction timeline (a total two year delay).

An updated capital cost cashflow was provided by WT Partnership, which was utilised in this Scenario. The updated cash flow totals $857.21m (an increase of $82.30m relative to the core capital cost estimate). A key driver of this increase is the impact of cost escalation, which contributes $126.00m to the overall cost estimate (an increase of $67.00m relative to the core capital estimate). The remaining differences are explained by increased consultant fees and MPDC resourcing due to the longer planning and development timeframes.

In this scenario, due to the delay, Stadium operations are expected to commence in January 2031. Table 16 presents the results of the scenario from a nominal cash flow perspective.

Table 17: Alternative Scenario 4 analysis – Cash flow ($000s; $ nominal)

Description	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Total
Operating revenue	-	-	-	-	-	-	-	13,371	8,979	9,403	31,754
Operating expenditure	-	-	-	-	-	-	-	12,102	12,350	12,715	37,167
EBITDA	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,270**	**(3,371)**	**(3,312)**	**(5,413)**

[15] Fewer event days occur in Years 1 and 2 due the assumption that the Test Match is not hosted at the Stadium until Year 3.

Lifecycle costs	-	-	-	-	-	-	-	-	(1,183)	(1,277)	(2,460)
Operating impact (incl. lifecycle)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1,270**	**(4,554)**	**(4,588)**	**(7,872)**
Capital expenditure	(12,200)	(26,700)	(77,148)	(161,265)	(340,248)	(189,620)	(48,492)	(1,532)	-	-	(857,205)
Total impact	**(12,200)**	**(26,700)**	**(77,148)**	**(161,265)**	**(340,248)**	**(189,620)**	**(48,492)**	**(262)**	**(4,554)**	**(4,588)**	**(865,077)**
# event days[16]	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**34**	**33**	**37**	**104**

In addition to the above, the Club Funding and Development Agreement indicates that the Tasmanian Government may be required to pay the Club an additional $4.5 million per annum should the Stadium not be available for the Club's use.[17] There are also clauses related to potential compensation if Stadiums Tasmania is unable to or unwilling to provide the AFL and the Club with Equivalent Stadium Access Terms – and this would be determined based on actual versus expected match revenue.[18] Any such costs would be likely be borne by the Tasmanian Government and have therefore been excluded from the table above.

It is noted that the outputs provided above do not consider reputation impacts driven by the uncertainty regarding the opening of the Stadium. This uncertainty could impact the Stadium's ability to deliver its expected event calendar in the early years of operations as content owners commit content to other venues.

The impact on the NPV is presented in Table 17. Due to the effect of discounting, the delays in the capital expenditure offer a beneficial offset to the overall increase in capital costs, however the NPV deteriorates in Alternative Scenario 4 by approximately $27.58m.

Table 18: Alternative Scenario 4 analysis – NPV ($m; $2024)

	Core Scenario	Alternative Scenario 4
NPV incl. discounted residual value (4.87%)	(695.56)	(723.14)

[16] Fewer event days occur in Years 1 and 2 due the assumption that the Test Match is not hosted at the Stadium until Year 3.
[17] Part A – S9,10 Club_Funding_and_Development_Agreement_-_Signed_3_May_2023.PDF (stategrowth.tas.gov.au)
[18] Part A – S5.9 Club_Funding_and_Development_Agreement_-_Signed_3_May_2023.PDF (stategrowth.tas.gov.au)

1.8 Financial impacts analysis

This section of the report focuses on the broader financial implications of the Stadium's construction and operations on the State of Tasmania. In particular, it explores the following:

- Funding source breakdown;
- Impact on the State's fiscal aggregates (General Government Sector); and
- Impact of Commonwealth contribution on Horizontal Fiscal Equalisation.

Funding sources and assumptions

Commitments have been made by various parties to support the funding of the Stadium. The stated budget for the Stadium is $715m, with contributions being made by the State Government ($375m), Federal Government ($240m) and the AFL ($15m), while $85m remains unfunded.

Given the current capital cost estimates developed by WT Partnership ($775m), this unfunded gap increases by $60m to $145m. This section of the report considers two funding scenarios, including:

1. Based on the core capital cost estimate, the unfunded balance is funded by other parties (other than the State Government)
2. The project is delivered within the stated budget, with the unfunded balance funded by other parties.

These funding scenarios are presented below in Table 18. This breakdown is the basis for the remainder of the section.

Table 19: Funding source breakdown

Funding	Funding Scenario 1: Core capital cost estimate ($775m) with balance funded by other parties	Funding Scenario 2: Stated budget ($715m)
Capital expenditure	**$775m**	**$715m**
State Government	$375m	$375m
Federal Government	$240m	$240m
AFL	$15m	$15m
Unfunded	$145m	$85m

In both of these scenarios, the operational performance assumes a similar approach to the Core Scenario utilised in the previous analysis, with revenue generating elements treated as 'below the line' with resulting impact on the Stadium's returns.

There are a number of key assumptions that underpin the findings throughout the remainder of this section.

Ownership of Stadium and related fund flows

- MPDC (a Public Non-Financial Corporation (PNFC))[19] is the delivery entity responsible for construction.
- The capital funding during construction will be provided from the General Government Sector (GGS) to MPDC, and this is expected to be treated as an equity injection.
- The ownership of the Stadium will transfer from MPDC to Stadiums Tasmania upon completion. Stadiums Tasmania is also a PNFC.
- As both MPDC and Stadiums Tasmania will be operating as a PNFC, there is no impact to the GGS resulting from the transfer of the Stadium from MPDC to Stadiums Tasmania on completion.

The State's contribution to capital development

- It has been assumed that the State's contribution to capital costs is funded through additional GGS borrowings and the capital amount provided to MPDC as an equity injection.
- The timing of State Government funding is as per MPDC advice.

[19] This analysis does not include an assessment of entity (MPDC or Stadiums Tasmania) classification as a PNFC nor has it assessed whether the transaction will impact the PNFC classification of these entity.

- The Commonwealth Government and AFL contributions will be payments to the State (GGS) that are then transferred to MPDC.

Capital development funding shortfall

Table 18 outlined that there is a current capital cost funding shortfall in both funding scenarios for the Stadium's construction. The source of this funding is currently unknown, however it is currently assumed that the asset owning entity will borrow to make up any shortfall.[20] It is noted that the impact on the State would be lessened should alternative funding sources be reached.

Alternative funding approaches for capital development – Debt in the PNFC

Discussions were held with Department of Treasury and Finance on the options for funding the State's contribution to the capital development. One alternative option discussed was for the delivery entity, MPDC (and ultimately Stadiums Tasmania), to take on the debt directly.

The capacity for the PNFCs to borrow will be dependent on the operating cash flows of Stadiums Tasmania. If this option is preferred, MPDC would take on the debt, before transferring it to Stadiums Tasmania along with the asset upon completion.

This approach will reduce the impact of the project on the GGS net debt metric as the debt will be held within the PNFC. However, additional grant expenses will likely be required from the GGS to fund the interest expense of the borrowings.

Impact on State's fiscal aggregates (General Government Sector and Total State Sector) & impact relative to a 'do nothing'

Table 19 and Table 20 sets out the impact of the project on the State's key fiscal aggregates (including net operating balance and net debt). The project is also expected to worsen the net operating balance (with some improvements in years whereby grant funding is received from other funding sources) in the operational phase due to the additional grant expenditure required by the GGS into the PNFC sector to fund the ongoing cash deficits associated with the Stadium specifically (excluding additional appropriations required for general Stadiums Tasmania funding). The net operating balance is also impacted by interest expense on borrowings and event attraction funding. The project is expected to increase net debt, due to an increase in borrowings required to fund the State's contribution to the capital expenditure as well as additional funding to fund cash deficits during operations.

On a Total State Sector (TSS) basis (i.e. where the PNFC sector is consolidated), the impact on net debt remains similar however is impacted by the profit / loss within the PNFC, however the impact on net operating balance is larger as the consolidation of the PNFC results in the recognition of the depreciation relating to the Stadium infrastructure.

This is presented in more detail for Funding Scenario 1 in Table 20 and Funding Scenario 2 in Table 21.

Assumptions supporting development of impact on fiscal aggregates

- State funding is assumed to be sourced from external borrowings at the TSS.
- GGS entities are to enter into borrowings from the market on the same basis as the TASCORP Bond Programme.[21] TASCORP is assumed to be net neutral.
- Depreciation has been calculated on a straight line basis assuming a 50-year useful life.
- Funding related to ongoing operations of the Stadium (i.e. the funding of deficits) is assumed to be a grant expense from the GGS.
- The PNFC has been assumed to meet the funding shortfall. The GGS will incur a further grant expense to support the PNFC in making interest payments.
- Lifecycle costs are assumed to be capitalised. Funding for lifecycle costs is assumed to be provided via an equity injection.
- Event attraction funding will be required to attract events. This is assumed to be administered by Events Tasmania through the Department of State Growth (DSG).

[20] Department of Treasury and Finance
[21] TASCORP rate sourced from https://tascorp.com.au/financial-markets (8 August 2024)

Table 20: Funding Scenario 1 – Impact of project on General Government Sector & Total State Sector Fiscal aggregates (nominal)

Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Capital expenditure	900	20,600	141,369	373,179	213,758	24,600	500	-
Capital funding committed (other sources) [22]	-	-	80,000	100,000	75,000	-	-	-
Capital funding unfunded (other sources)[23]	-	-	-	85,000	59,905	-	-	-
General State Government funds required	15,000	15,000	60,000	125,000	140,000	20,000	-	-
Impact on the PNFC								
Operating expenditure	-	-	-	-	-	(5,474)	(11,059)	(11,336)
Operating revenue	-	-	-	-	-	8,364	8,636	8,748
Net profit in PNFC	-	-	-	-	-	2,890	(2,422)	(2,588)
Cash in PNFC	-	-	-	-	-	2,890	468	(2,120)
Equity injection for lifecycle costs	-	-	-	-	-	-	563	1,170
Impact on General Government Sector								
Impact on net operating balance [2425]	(713)	(1,346)	77,094	92,270	57,565	(19,252)	(20,105)	(23,558)
Impact on net debt	15,713	16,346	62,906	132,730	157,435	37,752	18,868	17,487
Cumulative impact on debt	15,713	32,059	94,965	227,695	385,131	422,883	441,751	459,238
Impact on Total State Sector								
Impact on net operating balance[26]	(713)	(1,346)	77,094	94,182	62,366	(19,132)	(32,859)	(36,283)
Impact on net debt	15,713	16,346	62,906	217,730	217,340	36,363	23,090	23,075
Cumulative impact on debt	15,713	32,059	94,965	312,695	530,036	566,398	589,488	612,564

[22] Based on expected timing of cash flows based of Commonwealth Government and AFL Club Funding and Development Agreements.
[23] For the purposes of this analysis, assumed to be funded by borrowings in the PNFC.
[24] GGS assumed to not fund or reduce funding to PNFC for operational expenditure in some years due to surplus in prior year(s)
[25] Incorporates interest expense and event attraction funding
[26] Incorporates depreciation

Table 21: Funding Scenario 2 – Impact of project on General Government Sector & Total State Sector Fiscal aggregates (nominal)

Description	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Capital expenditure	900	20,600	136,942	339,791	193,336	22,932	500	-
Capital funding committed (other sources) [27]	-	-	80,000	100,000	75,000	-	-	-
Capital funding unfunded (other sources)	-	-	-	85,000	-	-	-	-
General State Government funds required	15,000	15,000	60,000	125,000	140,000	20,000	-	-
Impact on the PNFC								
Operating expenditure	-	-	-	-	-	(5,266)	(10,638)	(10,905)
Operating revenue	-	-	-	-	-	8,364	8,636	8,748
Net profit in PNFC	-	-	-	-	-	3,097	(2,002)	(2,157)
Cash in PNFC	-	-	-	-	-	3,097	1,096	(1,061)
Equity injection for lifecycle costs	-	-	-	-	-	-	519	1,080
Impact on General Government Sector								
Impact on net operating balance [2829]	(713)	(1,346)	77,094	92,270	60,410	(15,522)	(16,083)	(17,728)
Impact on net debt	15,713	16,346	62,906	132,730	154,590	35,522	16,602	16,685
Cumulative impact on debt	15,713	32,059	94,965	227,695	382,285	417,807	434,409	451,095
Impact on Total State Sector								
Impact on net operating balance[30]	(713)	(1,346)	77,094	92,270	60,410	(19,574)	(32,384)	(34,185)
Impact on net debt	15,713	16,346	62,906	217,730	154,590	32,424	18,604	18,842
Cumulative impact on debt	15,713	32,059	94,965	312,695	467,285	499,709	518,313	537,156

[27] Based on expected timing of cash flows based of Commonwealth Government and AFL Club Funding and Development Agreements.
[28] GGS assumed to not fund or reduce funding to PNFC for operational expenditure in some years due to surplus in prior year(s)
[29] Incorporates interest expense and event attraction funding
[30] Incorporates depreciation

Impact on State credit rating

Credit ratings, while focused on a financial assessment, include an assessment of a range of other factors such as environmental, social and governance matters. Importantly, credit ratings also reflect a focus beyond the GGS to include the impact of government businesses and other non-GGS entities.[31] Tasmania's current rating is AA2 (Stable) (Moody's) and AA+ (Stable) (S&P), with Moody's indicating that the State's debt burden is moderate compared to its peers.[32]

While there will be additional incremental debt as a result of the Stadium, it is challenging to assess the potential impact of the proposed Stadium project on the State's credit rating (and flow on into the cost of financing) given that rating agencies consider a variety of broader economic drivers and apply a number of complex variables in order to determine ratings which are beyond the scope of this analysis however have recently been explored as part of an Independent Review of Tasmania's State Finances by Saul Eslake, Corinna Economic Advisory, released on 19 August 2024 .

Impact of Commonwealth contribution on Horizontal Fiscal Equalisation

Horizontal Fiscal Equalisation (HFE) refers both to a mechanism and to an objective. The mechanism is the process through which revenues collected by the Commonwealth Government from Goods and Services Tax (GST) are distributed to the States.

Ultimately, the Commonwealth's contribution to the development cost may have an impact on HFE payments in the future. This is highly complex and uncertain and will depend on relative spend / position of other States as well as what the contribution is used for. Furthermore, the calculation is determined retrospectively (not prospectively), and the Commonwealth Grants Commission (CGC) is currently undertaking its regular five-yearly review of the methodology it uses to distribute GST to the states and territories. There is a risk that changes to the CGC's methodology from 2025 may result in reductions in Tasmania's relativity, noting that on 6 December 2023, National Cabinet extended the 'no-worse-off guarantee' until 2029-30.

Furthermore, the Tasmanian GST distribution is also affected by the State's share of the national population, and if the forecasts continue to show a weakening, this will have a negative impact on Tasmania's GST revenue.

There may be some impacts depending on how the Commonwealth Government's contributions are expected to be applied (Stadium versus the broader precinct). Additionally, the use of funds and whether they will be quarantined will likely have an influence on HFE payments (e.g. its application to transport / other urban development could affect the HFE). There is high complexity and uncertainty in considering impacts, given it requires understanding of what the contribution is spent on and what other States / Territories will do in the timeframe.

For the purpose of this analysis, it is impractical to model the impact on the HFE, due to the complexities and interdependencies listed above.

[31] 2023-24 BP1-3 Fiscal Strategy, Department of Treasury and Finance
[32] Premiers release, 14 August 2023 – *Moody's confirms Tasmania's sound economic management*

Appendix A: Stadium modelling assumptions

The table below presents the modelling approach undertaken in developing the operational P&L for the Stadium. This includes is aligned to Alternative Scenario 2, wherein all assumed revenue generating components are included within the P&L. The table below notes the impacts to the Core Scenario, where revenue generating components are not included within the capital cost estimate.

Table 22: Stadium modelling assumptions

Category	Assumption	Source(s)	Corresponding line item
Revenue streams			
Venue Hire Fees	As previously discussed, there are many ways in which a hiring agreement can be negotiated. For this analysis, a 'simple' hiring agreement has been assumed, with venue hire fees representing the external revenue accruing to the venue, with no ticketing share assumed. The venue hire fees account for shared ticket revenue and the size of stadium membership as a percentage of overall capacity. The venue hire fees vary between event.	• Draft Ground Occupancy Agreement between Tasmanian Government and the AFL • Industry benchmarks	Venue hire fees
Ticketing Revenue Share – General Admission (GA)	Ticketing revenue (i.e. face value of tickets) is assumed to remain with the hirer and does not flow through the Stadium's P&L.	• NA	NA
Ticketing Revenue – Corporate	Based on the mix of corporate product, two blended price points have been developed. The higher price point represents premium corporate product including inventory items such as suites and the President's function space, while the lower price point represents a more casual corporate product, inclusive of open corporate reserves and party decks. The price points also vary based on the type of event. The venue is assumed to retain 7% of corporate inventory, with the remainder accruing to the hirer. Due to the uncertainty regarding the final designs and inventory mix, corporate product (such as suites) has not been modelled to be sold on an annual basis, but rather on a per person casual basis (and the ticket prices account for this).	• Corporate breakdown as provided by MPDC (7/6/2024) • Price points – Industry benchmarks	Ticketing revenue
Ticketing – Inside Charge / Booking Fees	A share of inside charge / booking fees has been assumed to generate revenue for the Stadium. This applies only to GA tickets sold, with the proportion of GA tickets that the inside charge / booking fee is attributable to varying based on event type. For regular season content (AFL, AFLW, BBL and WBBL), a lower proportion of GA tickets sold will be attributable to the venue based on the extent of members from Stadium based clubs attending.	• Draft Ground Occupancy Agreement between Tasmanian Government and the AFL • Price points – Industry benchmarks	

Category	Assumption	Source(s)	Corresponding line item
	For the majority of event types, it is assumed that this inside charge / booking fee on GA tickets sold will accrue to the venue.		
Stadium Membership Model	Based on conversations with Stadiums Tasmania, the membership model has been assumed to be an egalitarian model (similar to that of the Gabba in Brisbane). As such, there is expected to be a greater number of members than seats available (approximately 2.3 x the members reserve space). Furthermore, there is expected to be a waiting list for joining with a nominal annual fee, along with an assumed churn rate as members do not renew. Stadium Membership has been assumed to entitle the holder to the following events: • All AFL and AFLW Content; • All domestic cricket content (BBL / WBBL); and • International Cricket (Men's and Women's). Membership servicing costs are assumed to be covered within the proposed venue management overhead.	• Stadiums Tasmania • Industry Benchmarks	Membership and other revenue
Stadium Membership – Joining Fee	To join the Stadium Membership, a once-off joining fee will be required to be paid.	• Stadiums Tasmania • Industry benchmarks	
Stadium Membership – Ongoing Subscription	Following acceptance into the Stadium Membership, an ongoing annual subscription will be required to maintain an individual's membership.	• Stadiums Tasmania • Industry benchmarks	
Stadium Membership – Waiting List Fees	As the Stadium Membership product is expected to be oversubscribed, a nominal average waiting list fee will be charged to provide a mechanism for curating the waiting list.	• Industry benchmarks	
Stadium Membership – Payment of Members attendance to gate receipts	This represents the per person ticket fee the venue will pay into the gate when a member attends an event that forms part of the Stadium Membership to compensate the hirer for the cost of the member attending the event.	• Stadiums Tasmania • Industry benchmarks	
Food & Beverage (F&B) – Revenue to Stadium	For the purposes of this analysis, it has been assumed that the Stadium adopts an outsourced catering arrangement. An average Spend Per Head (SPH) has been applied to the various Stadium attendees, including GA, Stadium Members, and Corporate, and varies between event types. The Stadium is assumed to retain a share of the gross F&B revenue. The hirer is also assumed to receive a small share of gross F&B revenue. *Note, under the Core Scenario, no revenue is retained by the Stadium.*	• Draft Ground Occupancy Agreement between Tasmanian Government and the AFL • Price points – Industry benchmarks	F&B revenue
Signage	The majority of signage inventory has been assumed to be retained by the hirer.	• Industry benchmarks	

Category	Assumption	Source(s)	Corresponding line item
	A small allocation of inventory within the Stadium has been assumed to be retained by the venue, along with Internet Protocol Television (IPTV). Signage revenue varies based on the commerciality of events, with only IPTV revenue applicable to concerts / entertainment events. The extent of signage available within the Stadium is still to be determined. *Note, under the Core Scenario, no revenue is retained by the Stadium.*		Membership and other revenue
Naming rights	Naming rights are assumed to be retained by the Stadium and the value of these rights is driven by the commercial content events schedule. Note that a formal valuation of naming rights (including market sounding) was not in scope for this project.	• Industry benchmarks	
Supplier rights	Supplier rights, including ticketing, pourage and other consumables scale on a per person rate based on the total number of attendees. Note that a formal valuation of supplier rights (including market sounding) was not in scope for this project. *Note, under the Core Scenario, no revenue relating to pourage or other related consumables is retained by the Stadium. Ticketing supplier rights are retained.*	• Industry benchmarks	
Other revenue – venue experience	The final Stadium design is expected to offer 'experience' products, such as a Stadium roof walk or Stadium Tour. A benchmark penetration rate of total visitors to the Stadium has been utilised to determine the number of potential patrons, with the operation of the product assumed to be outsourced. The Stadium would receive a share of the yield from the experience sales.	• Stadiums Tasmania • Industry benchmarks	Membership and other revenue
Other revenue – functions revenue	The design of the Stadium features significant function opportunities (approximately 1,500 person capacity divisible into three operable rooms). The number of functions and average attendance has been informed by stakeholder consultation. Catering is expected to be delivered by the outsourced F&B provider, with a share of gross revenue to be returned to the Stadium. Additionally, a net return per person has been assumed to represent hire fees and other revenue sources (audio-visual hire etc.). *Note, under the Core Scenario, no F&B revenue is retained by the Stadium. Additionally, due to audio-visual not being included, the room hire fee has been halved (with the balance accruing to a third party supplier).*	• Business Events Tasmania • Industry Benchmarks	
Other revenue not included	Other revenue items, including merchandise, parking and hospitality tenancies, have not been included.	NA	NA
Expenditure			

Category	Assumption	Source(s)	Corresponding line item
Event Day Costs	Event day costs (such as ushers, emergency services, security, cleaning, etc.) have been assumed to be 100% passed through to the hirer for the majority of event types. The exception to this is for concerts (both Full Stadium and Arena mode), and ad hoc sport / entertainment events, whereby 80% of event day costs have been assumed to be passed through to the hirer, with 20% remaining with the Stadium. This is to reflect consultation outcomes with major promoters, ensuring the venue is positioned to attract events and to partially offset some of the additional costs associated with staging events in Tasmania.	• Industry Benchmarks	Event Day Costs not passed through
Salaries and Wages	A staffing structure for the venue has not yet been established by Stadiums Tasmania and, as such, a proposed 'in house' staffing structure has been developed (for modelling purposes only) to service the Stadium operations. This includes an allocation of Stadiums Tasmania management overhead based on the expected Stadiums Tasmania portfolio. The Stadium is assumed to have 22.6 Full-Time Equivalent (FTE) staff, with an average salary (inclusive of superannuation and on-costs) of $112,500. The functions within the proposed staffing structure include: • Stadiums Tasmania executive overhead; • Venue Operations; • Corporate services (inclusive of finance, governance and people / culture); • Marketing and Commercial (inclusive of membership, marketing and communications); • Facilities Management; and • Turf maintenance.	• Industry Benchmarks	Salaries and Wages
Turf maintenance costs	The turf maintenance costs assumes: • Approximately 500m2 of turf replacement costs are incurred on an annual basis; • Installation and removal of drop in wickets; • Consumables • Water; and • Turf grow lights electricity. No costs relating to turf farms has been included within this cost item (with the exception of transportation costs). Turf maintenance costs exclude any significant turf replacement (beyond 500m^2) resulting from concerts or entertainment events as it is assumed this is passed onto the hirer.	• Industry Benchmarks	Turf maintenance

Category	Assumption	Source(s)	Corresponding line item
Admin / overheads	A general administration / overhead cost figure has been developed based on benchmark venues, and covers the following line items (not exhaustive): • Utilities; • Insurance; • Information Technology (assumed to be outsourced); • Marketing; • Legal; • Accounting; and • Uniforms.	• Industry Benchmarks	Admin / overheads
Maintenance costs	The annual maintenance cost of a Stadium is significant, and an assumption has been developed based on benchmarks from interstate venues.	• Industry Benchmarks	Maintenance
Lifecycle costs	Previously described.	• WT Partnership	Lifecycle costs

Appendix B: Optimistic event calendar

Table 23 presents the 'optimistic' event calendar developed by DHW Ludus which is explored as part of the sensitivity / scenario analysis.

The basis for the optimistic event calendar is the conversations with key stakeholders (particular event owners). In essence, the optimistic event schedule differs from the Base Case in that includes additional events that could be available to the Stadium, but are either:

- Less likely to be staged in Hobart because of competition from other jurisdictions; or
- The staging of the events in Hobart doesn't necessarily align with the event owner's strategic interests (i.e. Tasmania may not be a strategic growth market).

The Optimistic Event Calendar also includes having more of a specific event (such as concerts) to present a less conservative estimate of event numbers.

In addition to the event calendar, the optimistic scenario includes 156 functions / business events, compared to 104 in the Core Scenario.

Table 24 presents a side by side comparison of the core and optimistic event calendars, and also provides indicates which events will require event attraction funding.

Table 23: Optimistic event calendar

Event category	Event	Annual event days	Average event day attendance	Commentary
AFL	AFL (TFC)	7	20,825	As per core event calendar
	AFL (TFC) Finals	1 in every 4 years	23,275	Included in optimistic event calendar to reflect the uncertainty of reaching finals and the fixture being hosted at home.
	AFLW (TFC)	3	4,900	As per core event calendar
	Other AFL (Marquee Game)	1	20,825	Attendances for AFL matches across a selection of major stadiums around Australia (outside of Victoria) in 2023, as a percentage of venue capacity, typically ranged between 44% to 75%. The adoption of a high attendance percentage at the venue considers a 'block buster game' with two alternative AFL Clubs. The attendance estimate of 85% (as a percentage of capacity) also reflects 'no shows' and unsold tickets which is a standard occurrence for all events and provides an element of conservatism.
	AFL pre-season	1	6,125	As per core event calendar
	AFLW pre-season	1	2,450	As per core event calendar
Cricket	Test Match	4 (1 event)	14,088	As per core event calendar
	Men's ODI / T20	1	15,313	As per core event calendar
	Big Bash League (BBL)	4	10,413	As per core event calendar
	Women's ODI / T20	1	4,900	As per core event calendar
	Women's Big Bash League (WBBL)	4	2,450	As per core event calendar
Football	Socceroos (Tier 2 friendly)	1 in every 2 years	20,050	Increased regularity should the facility become a favoured destination.
	Matildas (Tier 2 friendly)	1 in every 2 years	20,050	Increased regularity should the facility become a favoured destination.
	ALM / ALW Double Header	1	8,575	Assumes only 1 game per annum in 'Optimistic Case' as implications and funding challenges potentially impacting further A-League expansion (to include a Tasmanian team) and further commitment by Western United FC impacted by the establishment of new home including a new match day venue. Potential for teams including Melbourne Victory FC and Melbourne City FC to play games (as a double header - men's and women's). Typically for A-League matches across a selection of major stadiums around Australia, attendance as a percentage of venue capacity averages approximately 30%. The adoption of a high attendance percentage (35%) considers the venue being of a smaller capacity, being roofed and the event being a 'one off'.
	Youth International	1	2,450	As per core event calendar

Event category	Event	Annual event days	Average event day attendance	Commentary
	Marquee Friendly (i.e., Tier 2 International vs. Victory)	1 in every 4 years	18,375	Generally played at larger capacity venues or as part of a broader State attraction strategy. Included in optimistic event calendar.
Rugby Union	Wallabies (Tier 2)	1 in every 4 years	18,375	Unlikely to attract Tier 1 content. Rugby Australia uses a competitive process for event placement. Securing a Tier 2 event every 4 years is considered possible.
	Wallaroos	1 in every 3 years	4,900	Rugby Australia uses a competitive process for event placement. Securing an event every 3 years is considered possible.
	Super Rugby	1	8,575	Rugby Australia advice is that current commercial arrangements for NSW Waratahs and Melbourne Rebels (noting the Melbourne Rebels have ceased operating) limit the capacity to move games, however there is possibly greater flexibility in the future.
Rugby League	State of Origin – Women's	1 in every 5 years	13,475	National Rugby League uses a competitive process for event placement. Included in 'Optimistic Case' with the potential to secure an event every 5 years.
	NRL Mens Club Match	1	17,763	As per core event calendar
Entertainment	Concerts (Full Stadium)	2	30,000	Expanded from core event calendar
	Concerts (Arena Mode)	4	10,000	Expanded from core event calendar
	Adhoc sport / entertainment	1	12,000	As per core event calendar
	Festivals	1	10,000	Considered Optimistic given the existing size of infrastructure used for such festivals in Tasmania, and pressure on existing festivals.
Community and local events	Local Football Grand Final	1	4,900	As per core event calendar
	VFL Tasmania Devils	1	1,225	As per core event calendar
	VFL Tasmania Devils / VFLW Tasmania Devils (Double Header)	2	2,450	As per core event calendar
	Coates Talent League (Double Header)	1	613	As per core event calendar
	Existing Mass Participation Events	1	1,500	As per core event calendar
	Existing Local Events	1	1,500	As per core event calendar
Total		**48-51**	**513,943 – 569,068**	

Table 24: Event calendar comparison (Core vs Optimistic)

Event category	Event	Core event calendar		Optimistic calendar		Event attraction funding / support required	Event attraction funding / support comments
		Annual event days	Average event day attendance	Annual event days	Average event day attendance		
AFL	AFL (TFC)	7	20,825	7	20,825	-	-
	AFL (TFC) Finals	-	-	1 in every 4 years	23,275	-	-
	AFLW (TFC)	3	4,900	3	4,900	-	-
	Other AFL (Marquee Game)	-	-	1	20,825	✓	Assumed to be a relocated 'home game' for non Tasmanian team. Event attraction funding required to secure event
	AFL pre-season	1	6,125	1	6,125	-	-
	AFLW pre-season	1	2,450	1	2,450	-	-
Cricket	Test Match	4 (1 event)	14,088	4 (1 event)	14,088	✓	Event attraction funding required to secure event in competitive market.
	Men's ODI / T20	1	15,313	1	15,313	✓	Event attraction funding required to secure event in competitive market.
	Big Bash League (BBL)	4	10,413	4	10,413	-	-
	Women's ODI / T20	1	4,900	1	4,900	-	-
	Women's Big Bash League (WBBL)	4	2,450	4	2,450	-	-
Football	Socceroos (Tier 2 friendly)	1 in every 4 years	20,050	1 in every 2 years	20,050	✓	Lower procurement costs (compared to Tier 1 events) to secure event. Event attraction funding required to secure event
	Matildas (Tier 2 friendly)	1 in every 4 years	20,050	1 in every 2 years	20,050	✓	
	ALM / ALW Double Header	-	-	1	8,575	✓	Assumed to be a relocated 'home game'. Event attraction funding required to secure event
	Youth International	1	2,450	1	2,450	-	Advice from Football Australia is that these games are better suited to smaller rectangular pitch venue.
	Marquee Friendly (i.e., Tier 2 International vs. Victory)	-	-	1 in every 4 years	18,375	✓	High procurement costs and would require event attraction funding to secure event
Rugby Union	Wallabies (Tier 2)	-	-	1 in every 4 years	18,375	✓	

Event category	Event	Core event calendar		Optimistic calendar		Event attraction funding / support required	Event attraction funding / support comments
		Annual event days	Average event day attendance	Annual event days	Average event day attendance		
	Wallaroos	-	-	1 in every 3 years	4,900	✓	Rugby Australia adopts a competitive process for event placement. Event attraction funding required to secure event.
	Super Rugby	-	-	1	8,575	✓	Assumed to be a relocated 'home game' for non Tasmanian team. Event attraction funding required to secure event.
Rugby League	State of Origin – Women's	-	-	1 in every 5 years	13,475	✓	NRL adopts a competitive process for event placement. Event attraction funding required to secure event
	NRL Mens Club Match	1	17,763	1	17,763	✓	Assumed to be a relocated 'home game' for non Tasmanian team. Event attraction funding required to secure event.
Entertainment	Concerts (Full Stadium)	1	30,000	2	30,000	-	Generally assumes no event attraction funding is required, however likely a need for some financial incentive initially (either via event attraction fund or venue operator) to prove the market due to increased costs associated with location
	Concerts (Arena Mode)	1	10,000	4	10,000	-	
	Adhoc sport / entertainment	1 in every 2 years	12,000	1	12,000	-	
	Festivals	-	-	1	10,000	-	-
Community and local events	Local Football Grand Final	1	4,900	1	4,900	-	-
	VFL Tasmania Devils	1	1,225	1	1,225	-	-
	VFL Tasmania Devils / VFLW Tasmania Devils (Double Header)	2	2,450	2	2,450	-	-
	Coates Talent League (Double Header)	1	613	1	613	-	-
	Existing Mass Participation Events	1	1,500	1	1,500	-	-
	Existing Local Events	1	1,500	1	1,500	-	-
Total		**36-38**	**370,693-404,743**	**48-51**	**513,943–569,068**		
Business events / functions		**104**	**26,000**	**156**	**39,000**		

Appendix C: Stadium Cash Flows

Table 25: Whole of life stadium cash flows ($000s)

Mac Point: Nominal Cash Flow - All years ($)	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
Revenue																	
Event day revenue	-	-	-	-	-	1,473	1,275	1,644	1,439	1,829	1,615	1,815	1,588	2,019	1,783	2,003	1,753
Ticketing revenue	-	-	-	-	-	817	818	954	957	1,077	1,082	1,053	1,056	1,189	1,194	1,163	1,166
Membership and other revenue	-	-	-	-	-	10,437	6,453	6,351	6,492	6,707	6,856	7,011	7,167	7,404	7,568	7,740	7,911
F&B revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	**-**	**-**	**-**	**-**	**-**	**12,727**	**8,546**	**8,950**	**8,888**	**9,613**	**9,553**	**9,879**	**9,811**	**10,612**	**10,545**	**10,906**	**10,830**
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Event day costs	-	-	-	-	-	282	237	297	249	312	262	328	275	344	289	362	304
Salaries and wages	-	-	-	-	-	2,921	2,994	3,069	3,146	3,225	3,305	3,388	3,473	3,560	3,649	3,740	3,834
Turf maintenance	-	-	-	-	-	424	434	445	456	468	480	492	504	517	529	543	556
Administration / overhead costs	-	-	-	-	-	1,947	1,996	2,046	2,097	2,150	2,204	2,259	2,315	2,373	2,432	2,493	2,556
Maintenance	-	-	-	-	-	5,373	5,507	5,645	5,786	5,931	6,079	6,231	6,387	6,547	6,711	6,879	7,051
Total expenses	**-**	**-**	**-**	**-**	**-**	**10,948**	**11,169**	**11,502**	**11,736**	**12,085**	**12,330**	**12,697**	**12,955**	**13,341**	**13,611**	**14,016**	**14,301**
EBITDA	**-**	**-**	**-**	**-**	**-**	**1,779**	**(2,623)**	**(2,552)**	**(2,848)**	**(2,472)**	**(2,777)**	**(2,818)**	**(3,144)**	**(2,729)**	**(3,065)**	**(3,110)**	**(3,470)**
Lifecycle costs	-	-	-	-	-	-	1,126	1,215	1,329	1,079	13,013	4,612	7,008	5,467	11,005	10,206	10,294
Operating result	**-**	**-**	**-**	**-**	**-**	**1,779**	**(3,749)**	**(3,768)**	**(4,177)**	**(3,551)**	**(15,790)**	**(7,430)**	**(10,151)**	**(8,196)**	**(14,070)**	**(13,317)**	**(13,764)**
Capital expenditure	7,400	66,651	237,281	377,506	84,616	1,450	-	-	-	-	-	-	-	-	-	-	-
Net Position	**(7,400)**	**(66,651)**	**(237,281)**	**(377,506)**	**(84,616)**	**329**	**(3,749)**	**(3,768)**	**(4,177)**	**(3,551)**	**(15,790)**	**(7,430)**	**(10,151)**	**(8,196)**	**(14,070)**	**(13,317)**	**(13,764)**

Mac Point: Nominal Cash Flow - All years ($)	2041	2042	2043	2044	2045	2046	2047	2048	2049	2050	2051	2052	2053	2054	2055
Revenue															
Event day revenue	2,228	1,968	2,212	1,935	2,460	2,173	2,441	2,136	2,715	2,398	2,695	2,358	2,997	2,647	2,975
Ticketing revenue	1,312	1,318	1,283	1,287	1,449	1,455	1,417	1,421	1,599	1,606	1,564	1,569	1,765	1,773	1,726
Membership and other revenue	8,174	8,355	8,544	8,733	9,023	9,223	9,431	9,641	9,960	10,181	10,411	10,642	10,995	11,238	11,492
F&B revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total revenue	**11,714**	**11,641**	**12,039**	**11,956**	**12,931**	**12,850**	**13,289**	**13,198**	**14,274**	**14,185**	**14,670**	**14,569**	**15,757**	**15,659**	**16,194**
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Event day costs	380	319	399	335	419	352	441	370	463	389	486	409	511	429	537
Salaries and wages	3,930	4,028	4,128	4,232	4,338	4,446	4,557	4,672	4,788	4,908	5,031	5,157	5,286	5,418	5,553
Turf maintenance	570	584	599	614	629	645	661	678	695	712	730	748	767	786	806
Administration / overhead costs	2,620	2,685	2,752	2,821	2,892	2,964	3,038	3,114	3,192	3,272	3,354	3,438	3,524	3,612	3,702
Maintenance	7,227	7,408	7,593	7,783	7,978	8,178	8,382	8,592	8,807	9,027	9,253	9,485	9,722	9,965	10,214
Total expenses	**14,727**	**15,025**	**15,472**	**15,786**	**16,256**	**16,585**	**17,079**	**17,426**	**17,945**	**18,308**	**18,854**	**19,237**	**19,810**	**20,210**	**20,812**
EBITDA	**(3,013)**	**(3,384)**	**(3,433)**	**(3,831)**	**(3,325)**	**(3,735)**	**(3,790)**	**(4,229)**	**(3,671)**	**(4,123)**	**(4,184)**	**(4,668)**	**(4,052)**	**(4,552)**	**(4,619)**
Lifecycle costs	3,792	7,256	11,385	28,573	3,407	9,384	5,688	18,409	26,068	11,606	5,627	16,538	5,197	36,581	4,361
Operating result	**(6,805)**	**(10,640)**	**(14,819)**	**(32,404)**	**(6,732)**	**(13,119)**	**(9,478)**	**(22,638)**	**(29,739)**	**(15,730)**	**(9,811)**	**(21,206)**	**(9,249)**	**(41,133)**	**(8,980)**
Capital expenditure	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net Position	**(6,805)**	**(10,640)**	**(14,819)**	**(32,404)**	**(6,732)**	**(13,119)**	**(9,478)**	**(22,638)**	**(29,739)**	**(15,730)**	**(9,811)**	**(21,206)**	**(9,249)**	**(41,133)**	**(8,980)**

Appendix D: Comparative P&L

Table 26 presents the profit and loss for the Core Scenario, as well as Alternative Scenario 1 and Alternative Scenario 2. It demonstrates the impact on revenues as a result of an expanded event calendar.

Table 26: P&L Comparison between options ($2024; $000s)

Macquarie Point Multipurpose Stadium: Real Cash Flow - Average year ($2024)			
	Core Scenario	Alternative Scenario 1 (Optimistic)	Alternative Scenario 2 (VM lines included)
Revenue			
Venue hire fees	1,246	2,523	1,246
Ticketing revenue	834	1,044	834
Membership and other revenue	5,289	5,462	6,773
F&B revenue	-	-	1,744
Total revenue	**7,370**	**9,028**	**10,598**
Expenses			
Event day costs not passed through	202	523	202
Salaries and wages	2,550	2,550	2,550
Turf maintenance	370	493	370
Administration / overhead costs	1,700	1,700	1,700
Maintenance	4,690	4,690	4,690
Total expenses	**9,512**	**9,956**	**9,512**
EBITDA	**(2,142)**	**(928)**	**1,085**
Lifecycle costs	5,706	5,706	5,706
Operating result	**(7,848)**	**(6,634)**	**(4,620)**
Number of events	37	49	37
Attendance (pax)	392,743	537,218	392,743

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KPMG

Social and Cultural Analysis

Macquarie Point Multipurpose Stadium

9 September 2024

KPMG.com.au

Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Macquarie Point Development Corporation Scope Section in Attachment 2: Specification of the Contract dated 30 April 2024. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Macquarie Point Development Corporation management and personnel consulted as part of the process. KPMG has indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

Projections

Where any of the Services relate to assumptions about circumstances and events that have not yet transpired, we do not warrant that any assumptions determined by you are reasonable.

Where any of the Services relate to forecasts, projections or other prospective financial information prepared by us, we do not warrant that the forecasts, projections or information will be achieved.

Where any of the Services relate to the analysis or use of forecasts, projections or other prospective financial information supplied or prepared by you, we do not warrant that:

a) The forecasts, projections or information are reasonable;

b) The forecasts, projections or information will be achieved; or

c) The underlying data and assumptions provided to us are accurate, complete or reasonable.

Notice to Third Parties

This report is solely for the purpose set out in Attachment 2: Specification of the Contract dated 30 April 2024 and for Macquarie Point Development Corporation's information for the purpose of providing reports to the Tasmanian Planning Commission for the purposes of their undertaking an integrated assessment of the Macquarie Point Multipurpose Stadium as a Project of State Significance and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of Macquarie Point Development Corporation in accordance with the terms of the Contract dated 30 April 2024. Other than our responsibility to Macquarie Point Development Corporation, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Electronic distribution of reports

The report is dated September 2024 and KPMG accepts no liability for and has not undertaken work in respect of any event subsequent to that date which may affect the report.

Any redistribution of this report requires the prior written approval of KPMG and in any event is to be complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of Macquarie Point Development Corporation and KPMG accepts no liability if the report is or has been altered in any way.

Contents

Executive summary

This report outlines and provides an assessment of the anticipated social and cultural impacts of the multipurpose stadium project. Mitigations of negative impacts and enhancement measures for positive impacts have also been identified.

The objective of the SCA for the Macquarie Point Multipurpose Stadium is to systematically assess and document the potential social and cultural impacts of the proposed development, in line with the guidelines set out by the Tasmanian Planning Commission (specifically Section 3.4 – Social and cultural analysis report). In accordance with the guidelines, of particular interest are:

- Effects related to sporting and other events and programs which would not occur without the Stadium;
- Effects of Tasmania having AFL and AFLW clubs;
- Effects on environmental values of the site and associated social and cultural impacts;
- Effects on people with a cultural association with the Cenotaph or the Macquarie Point headland; and
- Effects due to changes in the cost and supply of residential accommodation in the greater Hobart area during construction.

This SCA has considered all of the effects above in the context of a comprehensive Value Framework (see Section 1.2.1 below for further detail). This Framework articulates the potential outcomes and impacts of the project, including through the construction and operation of the Stadium as well as the introduction of the new AFL and AFLW teams. Some of the effects outlined in the guidelines have been explored directly through one specific impact within the Value Framework, while others have been explored through multiple impacts.

This assessment has included a collation of an evidence base for each impact informed by grey and academic literature, case studies and project-specific information, an assessment of the likelihood and consequence of impacts occurring and proposed mitigation and enhancement measures to minimise negative and maximise positive impacts.

As per the Tasmanian Planning Commission guidelines, in order to gain an understanding of the views and opinions of individual Tasmanians, community groups and stakeholders in relation to the project, the report has analysed and utilised the data and feedback from community consultations undertaken by MPDC, in particular regarding the development of the Mac Point Precinct Plan. The Precinct Plan provides a layout and guide for how the site will be developed to deliver a mixed-use precinct of which a multipurpose stadium will be a key component. The Precinct Plan has been subject to two rounds of public and targeted consultation undertaken over more than 16 weeks. The development of the draft Precinct Plan was informed by over 2,000 survey responses and written submissions, and meetings with more than 100 individuals and organisations. Following the release of the draft Plan, MPDC undertook a further 6-week period of consultation with members of the public and organisations providing feedback on the Plan, and in particular, input on its implementation. The report also draws on the over 500 submissions made by individual Tasmanians, organisations and stakeholder groups to the Tasmanian Planning Commission's consultation on the Macquarie Point Multipurpose Stadium Guidelines. The feedback, results and data from these consultations and engagements has provided a diverse range of issues and community opinions related to the development of the site which has informed the development of the SCA.

The SCA report has also been informed by contextual and planning documents related to the Macquarie Point Multipurpose Stadium – including project principles and objectives and information relating to project options – which were current at the time of writing. This document has not been updated to reflect any changes to these documents and the information provided therein subsequent to its finalisation. More information on the documents relied on is outlined below in our Approach.

This report should be read in conjunction with the Economic Development and Social, Cultural and Community Wellbeing Introduction and attached disclaimers.

The SCA was developed across three phases as outlined below.

PHASE 1
Developing the Value Framework

Mapping streams, mechanisms, outcomes and impacts related to the project

PHASE 2
Research and Analysis

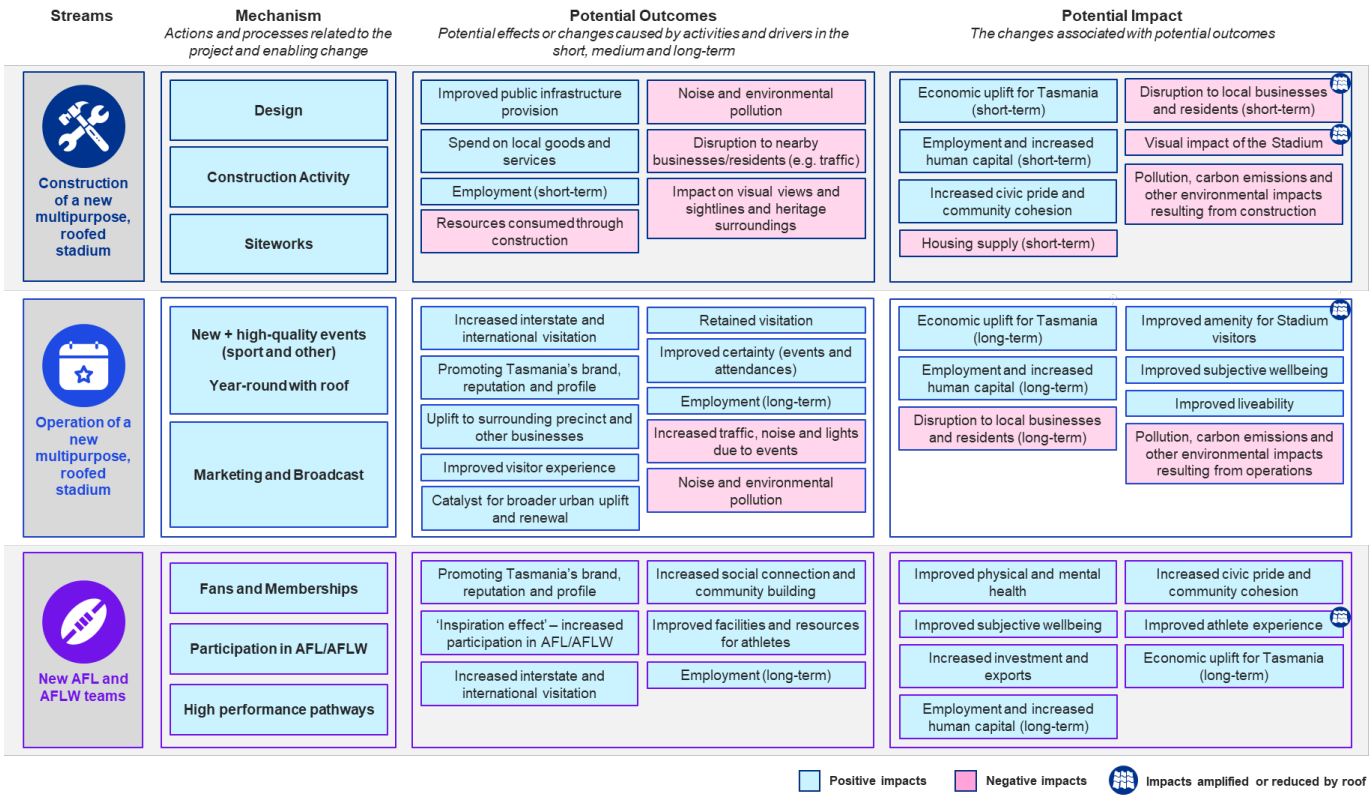
Reviewing grey and academic literature alongside MPDC consultation data and available project documentation

PHASE 3
Impact Assessment and Risk Mitigation

Assessment of the likelihood and consequence of impact alongside intervention strategies

As per above, to underpin this analysis a Value Framework was created which documents the key mechanisms the Stadium will use to cause change, the outcomes of those mechanisms, and the impacts related to those outcomes. The Value Framework formed the basis of the scope of impacts considered in this report and is provided below.

Figure 1: Value Framework



To ensure consistency across analyses, this Framework also underpins the scope of impacts considered through the EIA and CBA. Impacts that are economic in nature have been considered at a high-level and qualitatively in this report, with more detailed and quantitative analysis provided in the EIA and CBA reports.

The anticipated likelihood and consequence of each impact was assessed based on the available evidence base to provide a comparative view of these impacts.

- **Likelihood**: The probability of each impact occurring is measured on a scale from "Rare" to "Almost Certain". This scale allows for a uniform assessment of the potential for various identified impacts to unfold.
- **Consequence Measures**: The severity of impacts is classified from 'Insignificant' to 'Significant'. This classification system aids in quantifying the potential repercussions on the social and cultural landscapes. For negative impacts, 'Insignificant' signifies small-scale effects to which the community could easily adapt, while 'Significant' refers to changes that would present very significant challenges to mitigate. For positive impacts, 'Insignificant' signifies small-scale opportunities on which the community could easily capitalise, while 'Significant' refers to long-term demonstrable change to the community.

Where relevant, project-specific enhancement measures (i.e. measures anticipated to increase the likelihood or consequence) were identified for positive impacts and mitigation measures (i.e. measures anticipated to reduce the

likelihood or consequence) for negative impacts. Each impact was then re-assessed and given a rating of 'negligible', 'low', 'medium' or 'high'.

Key findings

The two figures below summarise the results of this assessment, both pre- and post-enhancement or mitigation.

Figure 2: Positive impacts - impact assessment results

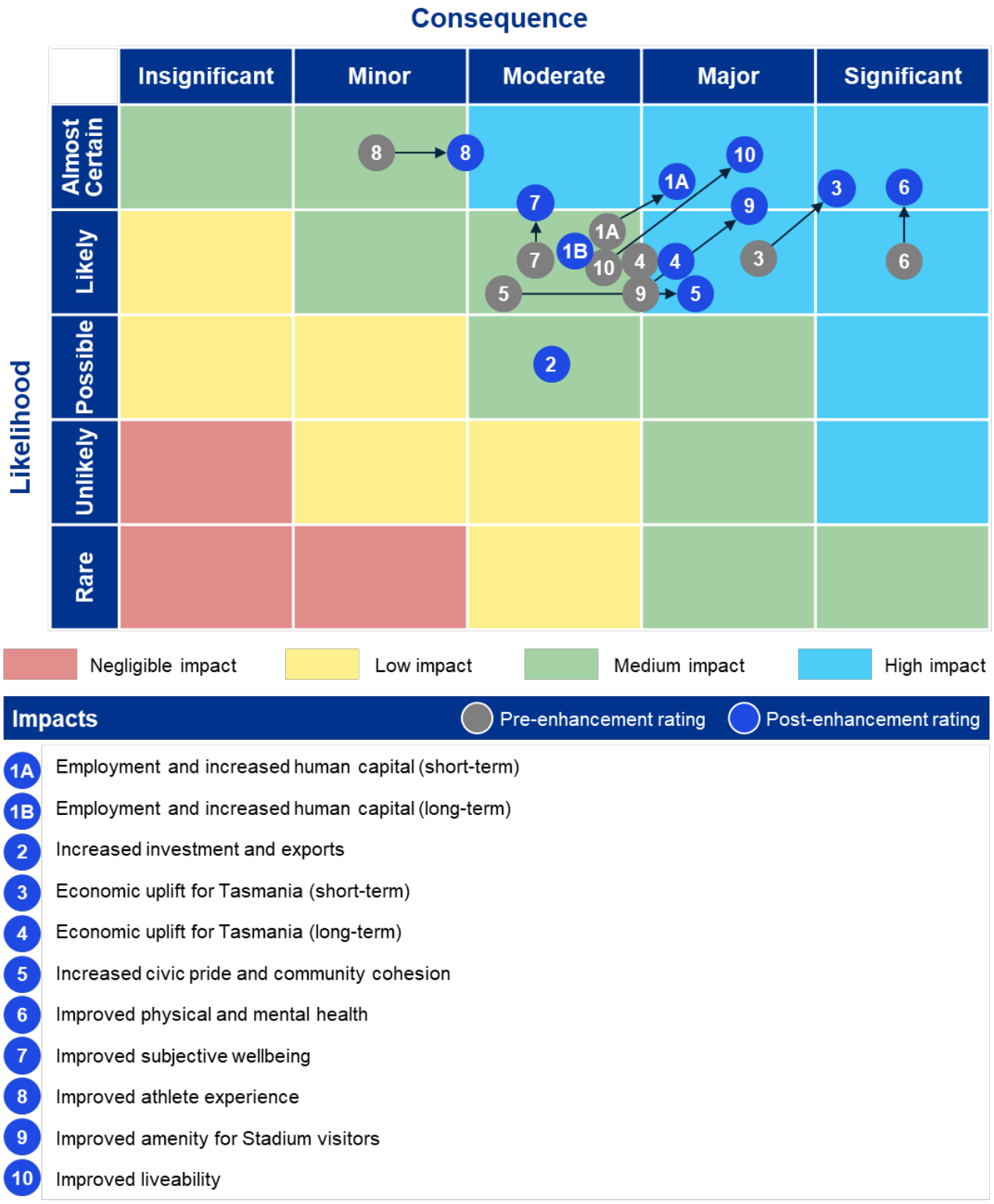
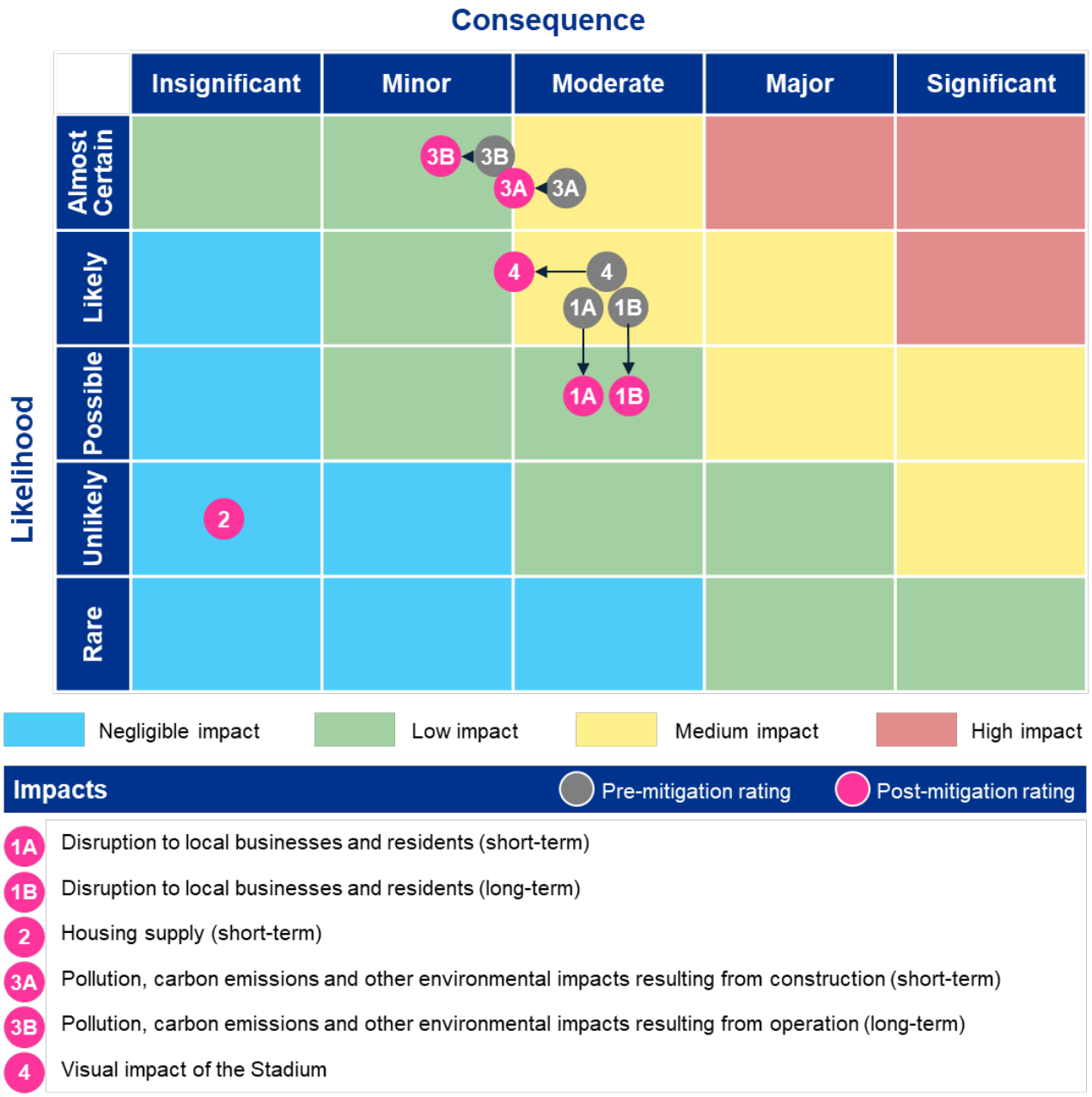


Figure 3: Negative impacts - impact assessment results



1 Introduction

This report outlines and provides a qualitative assessment of the anticipated social and cultural impacts of the project. Mitigations of negative impacts and enhancement measures for positive impacts have also been identified.

1.1 Purpose

The objective of the Social and Cultural Analysis (SCA) is to systematically assess and document the potential social and cultural impacts of the proposed development, in line with the Tasmanian Planning Commission Macquarie Point Multipurpose Stadium Guidelines as at 16 February 2023, section 3.4 – social and cultural analysis report. This primarily concerns effects which cannot be quantified in the cost benefit analysis. However, key effects raised by community groups, as well as potential impacts with a significant evidence base, were considered. In accordance with the guidelines, of particular interest were the:

- Effects related to sporting and other events and programs which would not occur without the Stadium;
- Effects of Tasmania having AFL and AFLW clubs (i.e. the Devils);
- Effects on environmental values of the site and associated social and cultural impacts;
- Effects on people with a cultural association with the Cenotaph or the Macquarie Point headland; and
- Effects due to changes in the cost and supply of residential accommodation in the greater Hobart area during construction.

This SCA has considered all of the effects above, as well as broader social and cultural impacts, in the context of a comprehensive Value Framework (see Section 1.2.1 below for further detail). This Framework articulates the potential outcomes and impacts of the project, including through the construction and operation of the Stadium as well as the introduction of the new AFL and AFLW teams. Some of the effects outlined in the guidelines have been explored directly through one specific impact within the Value Framework, while others have been explored through multiple impacts.

This assessment has included a collation of an evidence base for each impact informed by grey (i.e. guidance provided by other State Governments and reports published online) and academic literature, case studies and project-specific information, an assessment of the likelihood and consequence of impacts occurring and proposed mitigation and enhancement measures to minimise negative and maximise positive impacts. Through this assessment, impacts were only considered qualitatively.

As per the Tasmanian Planning Commission guidelines, in order to gain an understanding of the views and opinions of individual Tasmanians, community groups and stakeholders in relation to the project, the report has analysed and utilised the data and feedback from community consultations undertaken by MPDC, in particular regarding the development of the Mac Point Precinct Plan. The Precinct Plan provides a layout and guide for how the site will be developed to deliver a mixed-use precinct of which a multipurpose stadium will be a key component. The Precinct Plan has been subject to two rounds of public and targeted consultation undertaken over more than 16 weeks. The development of the draft Precinct Plan was informed by over 2,000 survey responses and written submissions, and meetings with more than 100 individuals and organisations. Following the release of the draft Plan, MPDC undertook a further 6-week period of consultation with members of the public and organisations providing feedback on the Plan, and in particular, input on its implementation. The report also draws on the over 500 submissions made by individual Tasmanians, organisations and stakeholder groups to the Tasmanian Planning Commission's consultation on the Macquarie Point Multipurpose Stadium Guidelines. The feedback, results and data from these consultations and engagements has provided a diverse range of issues and community opinions related to the development of the site which has informed the development of the SCA.

The SCA report has also been informed by contextual and planning documents related to the Macquarie Point Multipurpose Stadium – including project principles and objectives and information relating to project options – which were current at the time of writing. This document has not been updated to reflect any changes to these

documents and the information provided therein subsequent to its finalisation. More information on the documents relied on is outlined below in our Approach.

1.2 Approach

1.2.1 Phase 1 – Developing the Value Framework

The approach to undertaking this SCA is bespoke given the unique requirements of the PoSS guidelines, but is based on Social Impact Assessment approaches adopted in business case and equivalent process guidelines in other states as well as previous approaches adopted by KPMG in the assessment of social impact and value for sporting infrastructure.

The approach is underpinned by a Value Framework which was developed through consideration of the following documentation:

- Background planning documents, including the Macquarie Point Draft Precinct Plan, Hobart Arts Entertainment and Sports Precinct – Business Case and the associated appendices, and the Tasmanian Government's Proposed Hobart Stadium Feasibility Planning Process Interim Report;
- Thematic analysis of stakeholder consultation documentation, including the outcomes of MPDC's precinct design survey (including written community submissions made to MPDC through the survey period). The survey questions related to the broader precinct plan, not the stadium project. However, a number of responses made relevant comments regarding the perceived cultural and social impact of the Stadium;
- Thematic analysis of public submissions made on the draft PoSS guidelines by individuals and organisations; and
- Impact assessments for similar projects.

The Value Framework was developed to consider, among broader social and cultural impacts, the specific focus areas outlined in the PoSS guidelines (and in Section 1.1 above). Table 1 below documents the alignment between these focus areas and individual impacts assessed through this report.

Table 1: PoSS guidelines requirement and Value Framework alignment

<table>
<tr><th>PoSS guidelines requirement</th><th>Aligned Value Framework impact/s</th></tr>
<tr><td>Effects related to sporting and other events and programs which would not occur without the Stadium.</td><td>An event calendar outlining anticipated new events and programs that will be made possible as a result of the Stadium was developed through the Financial Impact Assessment. The effects of these events have been considered throughout this report. However, they are primarily explored through:
Positive impact 4: Economic uplift for Tasmania (long-term)
Positive impact 6: Improved physical and mental health
Positive impact 7: Improved subjective wellbeing
Positive impact 10: Improved liveability</td></tr>
<tr><td>Effects of Tasmania having AFL and AFLW clubs.</td><td>The effects of having Tasmanian AFL and AFLW teams were explicitly considered through the "New AFL and AFLW teams" stream of the Value Framework. The following anticipated impacts of the new teams were identified:
Positive impact 1: Employment and increased human capital (short-term and long-term)
<table>
<tr><th colspan="2">Pre-enhancement</th><th colspan="2">Post-enhancement</th><th>Fina</th></tr>
<tr><th>Likelihood</th><th>Consequence</th><th>Likelihood</th><th>Consequence</th><th>Mediu</th></tr>
<tr><td>Likely</td><td>Moderate</td><td>Likely</td><td>Moderate</td><td></td></tr>
</table>
Positive impact 2: Increased investment and exports
Positive impact 4: Economic uplift for Tasmania (long-term)</td></tr>
</table>

- Positive impact 5Positive impact 5: Increased civic pride and community cohesion
- Positive impact 6: Improved physical and mental health
- Positive impact 7: Improved subjective wellbeing
- Positive impact 8: Improved athlete experience

Effects on environmental values of the site and associated social and cultural impacts.

These effects were considered directly through the following impact:

- Negative impact 3: Pollution, carbon emissions and other environmental impacts resulting from construction or operations (short-term and long-term)

Note that MPDC has commissioned a number of studies that have investigated specific environmental impacts and values, as per the requirements of Section 8 of the PoSS guidelines. These reports have been referenced in the SCA. However, more detailed and quantitative information about specific environmental impacts can be found in these reports.

Effects on people with a cultural association with the Cenotaph or the Macquarie Point headland.

Analysis of community feedback found that the primary effect of relevance to cultural association with the Cenotaph or the Macquarie Point headland was the visual impact and potential disruption to sightlines. This has been explored through:

Negative impact 3B: Environmental impacts resulting from construction (long-term)

Pre-mitigation		Post-mitigation		Fina
Likelihood	**Consequence**	**Likelihood**	**Consequence**	Low
Almost Certain	Minor	Almost Certain	Minor	

- Negative impact 4: Visual impact of the Stadium
- Positive impact 5: Increased civic pride and community cohesion

Effects due to changes in the cost and supply of residential accommodation in the greater Hobart area during construction.

These effects were considered directly through the following impact:

Negative impact 1B: Disruption to local businesses and residents (long-term)

Pre-mitigation		Post-mitigation		Fina
Likelihood	**Consequence**	**Likelihood**	**Consequence**	Low
Likely	Moderate	Possible	Moderate	

- Negative impact 2: Housing supply (short-term)

1.2.2 Phase 2 – Research and Analysis

Once the Value Framework was developed and refined, grey and academic literature, alongside MPDC consultation data, was reviewed to compile an evidence base for each impact, alongside available project documentation.

1.2.3 Phase 3 – Impact Assessment and Risk Mitigation

The evidence base for each impact was reviewed and an assessment of each impact – in terms of likelihood and consequence of occurring – was undertaken. Additionally, mitigation interventions that could minimise negative impacts and enhancement interventions that could maximise positive impacts were identified, and a post-intervention assessment was conducted. This assessment was undertaken in collaboration with MPDC.

1.3 Overview of this Document

This report is structured as follows:

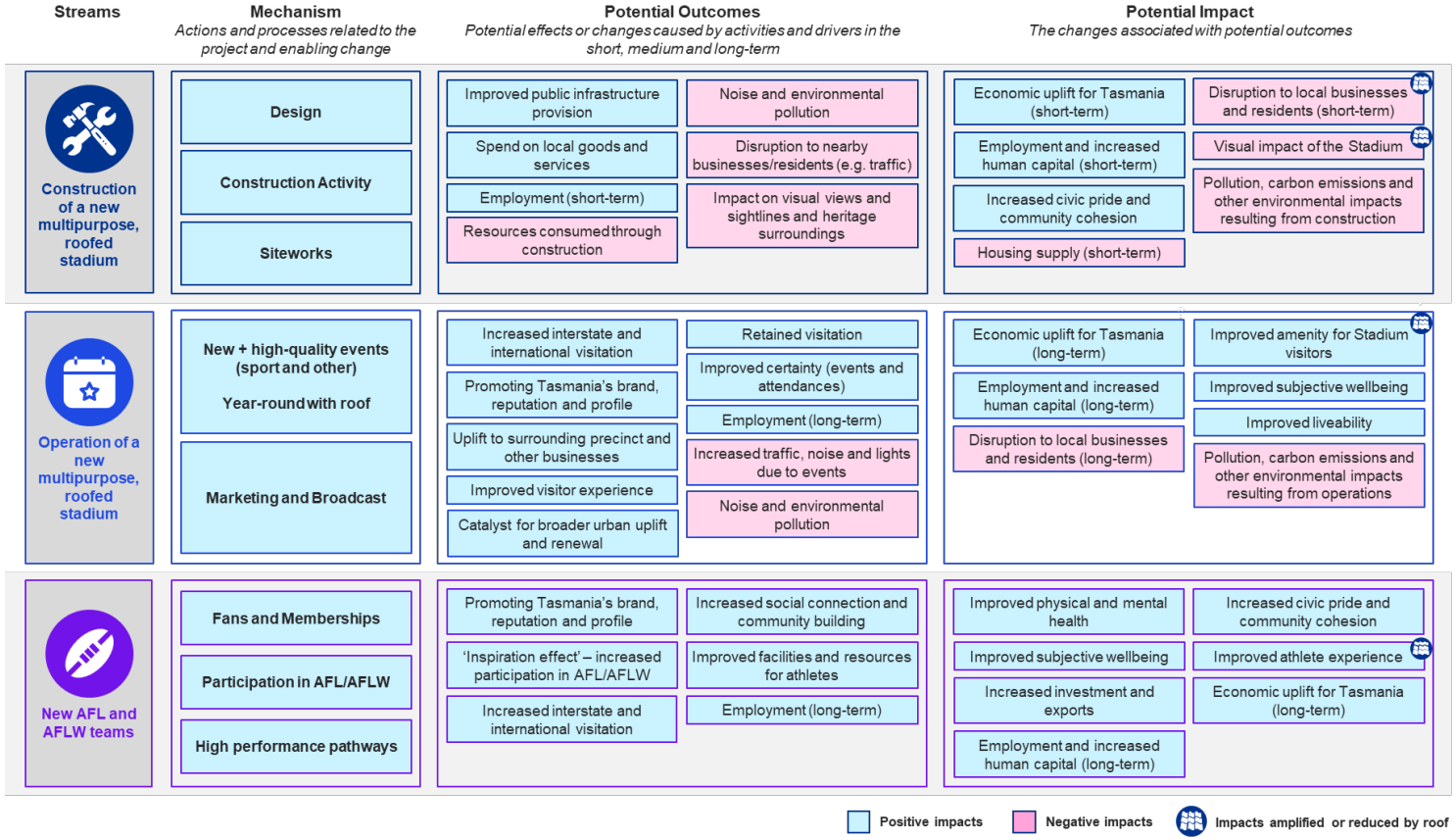
- Executive summary;
- Section 1 – Introduction (this section);
- Section 2 – Presentation of the Value Framework;
- Section 3 – Profiles for the identified positive impacts providing a description, summary of relevant evidence and literature and proposed enhancement measures; and
- Section 4 – Profiles for the identified negative impacts providing a description, summary of relevant evidence and literature and proposed mitigation measures; and
- Section 5 – Impact assessment including their consequence, likelihood and intervention strategies.

2 Value Framework

2.1 Value Framework overview

The Value Framework articulates the link between different components of the project and the outcomes and impacts they are anticipated to deliver. It represents a holistic view of impacts, including impacts that are economic as well as social in nature. All of these impacts are explored in greater detail in this report.

Figure 4: Macquarie Point Multipurpose Stadium Value Framework



2.2 Key components of the Value Framework

The Framework contains the following elements:

- **Streams:** These are specific components of the project that relate to the mechanisms that drive change;
- **Mechanisms:** These are actions and processes related to the project that enable change;
- **Potential Outcomes:** These are potential effects or changes caused by activities and drivers in the short, medium and long-term; and
- **Potential Impacts:** These are changes associated with potential outcomes. Impacts have been classified as 'positive' (i.e. they represent a net benefit for the community) and 'negative' (i.e. they represent a net cost for the community). There are a number of positive impacts that are anticipated to be amplified or magnified by the inclusion of a roof as part of the Stadium design. These have been specifically identified in the Framework.

3 Profiles of positive impacts

This section outlines the evidence base for each potential positive impact explored, and the outcomes which could drive them, as identified through the Value Framework.

3.1 Positive impact 1: Employment and increased human capital (short-term and long-term)

3.1.1 Outcomes potentially driving the impact

3.1.2 Relevant cohorts

- Tasmanian Residents
- Tasmanian Businesses

3.1.3 Evidence of impacts and enhancements

The construction and subsequent operation of the Stadium represents a significant opportunity for employment in Hobart. The project's lifecycle, from breaking ground to daily operations, entails varied layers of job creation that will influence the region's employment landscape.

Note: Employment benefits related to Stadium construction and operation are explored further in the EIA. A separate report detailing an estimation of workforce as well as a housing study have been completed to assess the likely impact potential workers will have on the housing and rental market in Tasmania. This report, titled 'Macquarie Point Stadium: Housing for Workforce', has been included as part of the PoSS Submission. Please refer to the studies for information specific to the project.

Employment during construction

The Stadium's construction phase will create a range of employment opportunities, from skilled trades such as carpentry and electrical work, to more general labour and administrative positions. Based on the capital cost estimate, WT Partnership have estimated that a total of 1,221 FTE jobs will be supported across the construction period with approximately 588 FTE concurrently on site during construction peak.

Enhancement measures: Employment during construction

MPDC have implemented strategies to provide maximum opportunities for local labour during construction. MPDC is working with Skills Tasmania to develop a Stadium Workforce and Training Plan. This plan would include numbers and types of occupations, apprenticeship pathways and training models and likely sources of workforce (including current availability and impact on other sectors). This plan can help support MPDC's goal of sourcing primarily local labour, as well as enhance the pathways and training for upcoming professionals. In addition to the Stadium Workforce and Training Plan, MPDC's procurement policies are targeted at maximising local employment and skills outcomes. This includes preferencing Tasmanian suppliers and workers for those suppliers.

In addition to this, given the project is State led, it must adhere to State procurement criteria, including the Tasmanian Economic and Social Benefits Test – a criteria used in the Tasmanian Government's procurement of potential suppliers. This test has recently been announced to increase from a 25 percent to a 30 percent weighting for local Tasmanian businesses and suppliers in procurement decisions. This created additional incentivisation from the Tasmanian Government to ensure the project is providing social and economic opportunities for

Tasmanians, such as through local jobs. This obligation would not exist if the project were privately owned and funded. In addition, MPDC has stated their intention to preference Tasmanian suppliers, and maximise local employment and skills outcomes.

Ongoing employment in Stadium operations

Once completed, the Stadium will transition from a construction site to an active venue providing further ongoing employment with roles including catering staff, event staff, security, arena preparation and an operations team. Initial estimates provided by Stadiums Tasmania show that up to 1,010 - 1,210 staff (including casual workers) will be required on certain event days (e.g. Test Match or full Stadium concert) with the lower end of the range required for AFL fixtures. A smaller workforce is anticipated to work at the Stadium across the year.[1]

The Stadium project aligns with the State's workforce development objectives by promoting upskilling among its workforce, giving employees the opportunity to refine their skills or acquire new skills in a dynamic and growing organisation. Given the dynamic nature of Stadium operations, they can serve as an effective training ground for the local workforce, facilitating partnerships with higher educational institutions, with other stadia of similar sizes elsewhere providing both internships[2] and work experience opportunities.[3]

Enhancement measures: Ongoing employment in Stadium operations

The Stadium also provides the opportunity for academic partnerships to be considered in future. These collaborations can dovetail into internships and work-placement programs, providing students with the real-world exposure necessary to transition successfully into their chosen careers. These graduate pathways would serve as an integral pipeline supplying skilled staff for the various functions of the Stadium.

These pathways and experiences have historically not been available in Tasmania, with those looking to pursue these opportunities often needing to relocate to mainland Australia. As such, these pathways retain professional expertise within the State.

Supporting the growth of Tasmania's professional sports industry

The introduction of the Devils, along with the JackJumpers (a Tasmanian addition to the National Basketball League introduced in the 2021-22 season) not only offers employment opportunities directly but has contributed to the development of a professional sports ecosystem in Tasmania, creating critical mass that will allow for:

- The generation of talent pipelines for Tasmanians wishing to pursue careers in sport through the creation of job and training opportunities, including for those pursuing adjacent careers in fields such as sports science, coaching, sports management and sports-specific training in physiotherapy and data science.
- Attraction of interstate talent to Tasmania.
- The retention of Tasmanian talent.

This ecosystem includes all sports, but particularly ones with new content to be hosted at the Stadium. For example, the Stadium has been designed to be the first in the world to host test cricket under a roof which will open up new opportunities for the sport in Tasmania. As part of the AFL's commitment to spend $360 million to support AFL in Tasmania, the AFL has stimulated their talent pipeline through a $33 million investment in young player development.[4] This has involved the creation of three academies to create a direct pathway to professional sports employment, as well as a need for professional trainers. The AFL predicts they will need 135 staff to support AFL in Tasmania, by 2028. This includes administration, commercial and football staff for the junior AFL (Coates), VFL/W and AFLW. In addition to the direct employment opportunities, the Devils are looking for ways to maximise education opportunities through the club (further detail is provided below).

Enhancement measures: Supporting the growth of Tasmania's professional sports industry

In addition to the existing AFL investment, the Devils plan to have a variety of strategic partnerships to support the growth of Tasmania's professional sports industry. These partnerships focus on one of their key strategic pillars, educational attainment. Examples of these partnerships include:

[1] KPMG has relied upon figures provided by Stadiums Tasmania. These figures have not been independently verified.
[2] Kean, Shiri. "Tips on How to Get a Sports Stadium Internship." *Torrens University*, 1 Dec. 2022, www.torrens.edu.au/stories/blog/business/tips-on-how-to-get-a-sports-stadium-internship. Accessed 30 May 2024.
[3] Adelaide Oval. "Career Opportunities." *Adelaide Oval*, www.adelaideoval.com.au/careers/.
[4] AFL. (2023). 'AFL's $360m Tassie pledge hinges on new stadium deal'. Available at https://www.afl.com.au/news/876737/afls-360m-tasmanian-team-pledge-hinges-on-new-stadium-deal#:~:text=THE%20AFL%20has%20pledged%20to,three%20new%20%22talent%20academies%22.

- The Devils have begun conversations with UTAS and TasTAFE to give all Devils athletes an education plan (giving both benefit to the athlete and aspiration and inspiration benefit to the fans).
- Two full-time, paid social creative cadetships will be created, presenting an opportunity for homegrown talent to develop their skills as key playmakers for the Devils. Cadets will be mentored in their chosen specialty, writing or design, by local agency The20. As two of the first members of the Devils, cadets will be given the opportunity to set the standard with social content that unites, entertains, and inspires.

3.1.4 Impact assessment

Positive Impact 1A: Employment and increased human capital (short-term)

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**High impact**
Likely	Moderate	Almost certain	Major	

Positive Impact 1B: Employment and increased human capital (long-term)

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**Medium impact**
Likely	Moderate	Likely	Moderate	

3.2 Positive impact 2: Increased investment and exports

3.2.1 Outcomes potentially driving the impact

3.2.2 Relevant cohorts

- Tasmanian Residents
- Tasmanian Businesses
- Tasmanian Government

3.2.3 Evidence of impacts and enhancements

The introduction of new, high-profile content to Tasmania, as well as the new AFL and AFLW teams headquartered at the Stadium, are anticipated to catalyse increased investment and export opportunities for Tasmanian businesses.

Increased brand reputation and export opportunities

The Stadium is anticipated to attract new cultural and sporting content to Tasmania and will create opportunities to promote the State through broadcast and other media. For example, the AFL is a highly popular sport, attracting 142.88 million television viewers across the 2023 season, a 13 percent increase from 2022. Preliminary finals had audiences of over two million each.[5]

The inclusion of Tasmanian teams in such a high-profile competition provides a stage for showcasing Tasmania to a broad audience, bolstering the State's visibility and brand. This could create a variety of opportunities for Tasmanian suppliers and businesses, including:

- Increases in sponsorships and commercial partnerships through the Devils and associated activities and events. These sponsorships often go beyond the immediate realm of sports and extend to various sectors of

[5] Lassey, Jason. "State of the Game 2023: AFL Attendance, Social Media, Support, Participation, Memberships and TV Ratings." *Sports Industry AU*, 3 Oct. 2023, www.footyindustry.com/2023/10/04/state-of-the-game-2023-afl-attendance-social-media-memberships-and-tv-ratings/.

the Tasmania economy, including hospitality, retail, and services.[6] Businesses can capitalise on the inflow of visitors and the global exposure, culminating in a more vibrant local economy and attracting further attention from investors seeking vibrant, growing markets. Moreover, hosting high profile sporting events at the Stadium (e.g. AFL finals, international test cricket matches) has the potential to instil confidence among existing and potential investors about Tasmania's capacity for staging large-scale events and handling increased tourist and business visitor numbers.

- Leveraging the profile of the Devils to directly promote Tasmanian brands through merchandise and other commercial opportunities, with the club having adopted a Tasmania-preferred procurement policy and actively seeking opportunities to partner with local businesses. Examples have included:
  - Contracting The20 creative agency in Hobart to design their entire brand identity, including logo; and
  - Partnering with a local puppet-making organisation to design and develop upcoming mascots.

The Stadium is also anticipated to draw football and rugby fixtures which have never been hosted in Tasmania before, promoting the State to new audiences within these markets.

Enhancement measures: Increased brand reputation and export opportunities

MPDC has made strategic partnerships and design decisions to ensure Tasmania's brand is effectively showcased, reaching the full potential of export opportunities. These include:

- Working with Brand Tasmania to showcase and highlight Tasmania's unique brand; and
- Implementing design principles and approaches to ensure the Stadium has a distinctly Tasmanian feel that will be obvious to both in-person attendees and television viewers.

Increased business events

The Stadium will provide additional capacity to host and attract business events to Hobart. It is estimated (informed by consultation with Business Events Tasmania and other key stakeholders) that between 104 and 156 business events will be held at the Stadium annually. The benefits of business events can include:

- **Increased investment in the City** due to increased awareness of business opportunities in the region.
- **Enhanced profile leading to repeat visitation** by business travellers and / or 'bleisure' tourism (i.e. the extension of business travel to include a leisure component). Business travellers are usually 'high yield' relative to other types of tourists, spending a comparatively high amount on accommodation, food and recreation.
- **Improvements in innovation and productivity** due to the creation of new networks and the exchange of ideas and concepts.

Enhancement measures: Increased business events

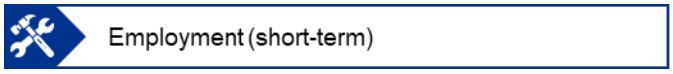
Partnerships with key stakeholders will be cultivated (e.g. Business Events Tasmania) to facilitate the increased number of business events.

3.2.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**Medium impact**
Possible	Moderate	Possible	Moderate	

3.3 Positive impact 3: Economic uplift for Tasmania (short-term)

3.3.1 Outcomes potentially driving the impact



[6] Alhadad, Suffyan. "Study on Sports Sponsorship Effectiveness." *International Journal of Academic Management Science Research (IJAMSR)* , vol. 3, no. 2, Feb. 2019, pp. 46–52.

3.3.2 Relevant cohorts

- Tasmanian Residents
- Tasmanian Businesses
- Tasmanian Government

3.3.3 Evidence of impacts and enhancements

The construction of the Stadium represents significant investment and is likely to create a substantial economic benefit in the context of an economy the size and scale of Tasmania.

Note: An EIA has been completed as part of the PoSS Submission which can be referred to for a quantitative assessment of this impact.

Use of Tasmanian goods in design and construction of the Stadium

The construction of the Stadium poses the opportunity to generate significant economic activity in Tasmania through the use of local labour and materials. The Macquarie Point Draft Precinct Plan stipulates a need for the Tasmanian brand to be reflected in the Stadium and broader precinct, noting the use of Tasmanian materials as a key opportunity to do so. Additionally, the Stadium user brief notes the strength of Tasmania's food and beverage industry, and states that local food and beverage should be integrated into the design and operation of the Stadium.

Enhancement measures: Use of Tasmanian goods in design and construction of the Stadium

As discussed in Positive impact 1: Employment and increased human capital (short-term and long-term), MPDC has implemented multiple strategies to ensure the use of local labour is maximised. These strategies include a Stadium Workforce and Training Plan developed in collaboration with Skills Tasmania, MPDC's procurement policies which aim to maximise local labour, as well as the State's procurement criteria which has recently increased weighting for Tasmanian businesses and suppliers for Government contracts.

Worker spending associated with construction of the Stadium

MPDC anticipates that the majority of workers on this project are anticipated to be local. However, an influx of workers during construction in the area will provide a significant short-term boost in business for eateries, retailers, and service providers surrounding the site (with this short-term boost to translate into a longer-term uplift as a result of increased foot traffic when the Stadium is operational). Spending at work is common, with 95 percent of working Australians spending their own money on food and beverages during work times. Additionally, further money will be injected into the economy through travel costs associated with workers, whether within or between States.[7] Interstate workers (including potential contractors, professional services, or construction workers not sourced within the State) will also spend within the Tasmanian economy through flights and accommodation.

3.3.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**High impact**
Likely	Major	Almost Certain	Significant	

[7] McCrindle Research Pty Ltd. "The Cost of Work: What We Pay to Work." McCrindle, 15 Aug. 2015, mccrindle.com.au/article/the-cost-of-work-what-we-pay-to-work/. Accessed 29 May 2024

3.4 Positive impact 4: Economic uplift for Tasmania (long-term)

3.4.1 Outcomes potentially driving the impact

3.4.2 Relevant cohorts

- Tasmanian Residents
- Tasmanian Businesses
- Tasmanian Government

3.4.3 Evidence base

The ongoing operation of the Stadium is likely to bring further economic benefit through tourism, retained visitation and expenditure and investment associated with the increased AFL presence in the State. Moreover, the ongoing operation of the Stadium, including employment (as outlined in Positive impact 1), utilities and supply of goods and services will create a range of opportunities for local suppliers. As a State-owned and operated venue, the State could benefit from sharing in a range of potential revenue streams generated by the Stadium. Further detail related to Stadium revenue can be found in the Financial Impact Report.

Note: An EIA has been completed as part of the PoSS Submission which can be referred to for a quantitative assessment of this impact.

Increased visitation

The new Stadium and events held there are anticipated to attract an increased number domestic and international tourists, particularly given the demonstrated interest in the Devils from across the country (as outlined in Positive impact 5Positive impact 5: Increased civic pride and community cohesion). Estimates developed to support the CBA report suggest that the new Stadium will drive an uplift in annual interstate and international visitor nights of 2.5 percent (302,000 nights) when compared to the 10-year State average. These visitors will spend money on flights, transport, accommodation, food and beverage and retail, providing a boost to the local economy. Moreover, events such as sports fixtures and concerts require teams of people to visit the State, further increasing spending.

Retained visitation

The Stadium is set to bring new events to Tasmania, including the AFL, cricket, rugby and entertainment events such as concerts. While these events have previously existed in some capacity in Tasmania, the Stadium will significantly increase their variety, quality and scale. This will not only bring visitors from outside the State, but will prevent leakage of Tasmanians to other States, as Tasmanians will not be required to travel interstate to experience these types of events. These retained visitors will, in turn, spend money on local businesses.

Similarly to the short-term boost in activity and spending for businesses close to the site, it is anticipated that the ongoing operation of the Stadium is anticipated to significantly increase foot traffic and activity across what is currently an empty lot. This should result in a longer-term boost to adjacent businesses from both Tasmanian and interstate visitors to the site.

Enhancement measures: increased visitation and retained visitation

To increase the economic benefit of increased and retained visitors, the Stadium has been situated within a precinct, to encourage increased spending on nearby food and beverage, encouraging patrons to ‘extend’ their event experiences before and after events. Additionally, MPDC could partner with local tourism and hospitality businesses to encourage visitors to the State to extend their stay in Hobart, or travel around the State, increasing their overall spend.

It should be noted that the event calendar provided in the FIR, which has informed the SCA assessment of this impact, is underpinned by an assumption that event attraction funding is provided to secure specific events.

Ongoing Stadium operations

The operation of the Stadium (to be managed by Stadiums Tasmania) will involve the procurement of goods and services on an ongoing basis. These will likely include (amongst other operational expenditures):

- Provision of food and beverage services;
- Security and cleaning contracts; and
- Stadium maintenance.

Tasmanian businesses and suppliers will be involved at various stages across the supply chain for these goods and services.

Enhancement measures: Ongoing Stadium operations

To further enhance investment in Tasmania, Stadiums Tasmania has indicated that the vast majority of goods and services required to operate the Stadium over its decades long life cycle will be locally sourced and that procurement policies will be designed to maximise the economic benefit and participation of local Tasmanian businesses.

Additionally, the Stadium and the new AFL and AFLW teams will provide a range of sponsorship and advertising opportunities for Tasmanian businesses to reach new audiences (both live and broadcast).

AFL investment in Tasmania

The establishment of the Devils will result in an investment of $360 million over a 10-year period. This expenditure will be invested across the sporting sector, including in the Stadium itself and the construction of an AFL High Performance Centre as a training and administration centre for the Devils, club establishment, game development and talent pipeline development.[8] This is likely to provide ongoing employment and other economic opportunities for Tasmania.

3.4.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**High impact**
Likely	Moderate/Major	Likely	Major	

3.5 Positive impact 5: Increased civic pride and community cohesion

3.5.1 Outcomes potentially driving the impact

3.5.2 Relevant cohorts

- Hobartian Residents
- Tasmanian Residents

3.5.3 Evidence of impacts and enhancements

The establishment of a new Stadium at Macquarie Point – as well as new AFL and AFLW teams for the State – has the potential to instil significant community and civic pride within Tasmania.

[8] AFL (2023). 'AFL's $360m Tassie pledge hinges on new stadium deal'. Available at https://www.afl.com.au/news/876737/afls-360m-tasmanian-team-pledge-hinges-on-new-stadium-deal#:~:text=THE%20AFL%20has%20pledged%20to,three%20new%20%22talent%20academies%22.

The Stadium as a source of civic pride

Stadiums are increasingly seen as landmarks, points of community reference, and sources of civic pride.[9] As discussed in

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**Medium impact**
Likely	Moderate	Likely	Moderate	

Positive impact 2: Increased investment and exports, a Stadium can increase brand recognition and profile for a city and can act as a focal point for community support of a team. The Stadium's effect on community pride is supported by a community survey conducted by MPDC collecting feedback on the Mac Point Draft Precinct Plan. When asked what would make Tasmania unique, 23 percent of responses mentioned a Stadium, supporting the potential of the Stadium to act as a cultural landmark.[10] One response stated, "A stadium would put Tasmania on the map", with several mentioning the Stadium as the "centrepiece" of its location in Hobart. Furthermore, of the total survey responses that mentioned the Stadium specifically, approximately 75 percent expressed positive and supportive sentiments.

In addition to the impact of the Stadium itself on civic pride, the increased variety of cultural and sporting offerings that will be available to Tasmanians is likely to positively contribute towards community building. These offerings – which are anticipated to include concerts, festivals and other local community and mass participation events – can create opportunities for improved community connection and social cohesion, building shared identity and pride in place.[11] Access to both sport and culture is considered to be a key contributor to liveability.[12] As discussed in Positive impact 6: Improved physical and mental health, attending events like sports games and concerts can also have a significant impact on individual and community wellbeing.

A guidance note developed for the Western Sydney Stadium outlined the importance of the design of the Stadium to enhance civic pride benefits, stating the need for the Stadium to be "coherent" to achieve its goal of civic pride.[13] This indicates that ensuring the design fits in with the larger city aesthetic is important for it to be representative of the community.

Enhancement measures: the Stadium as a source of civic pride

MPDC recognises the importance of ensuring the Stadium reflects its surroundings and is designed to be identifiably Tasmanian. The Macquarie Point Draft Precinct Plan acknowledges this, stating that the precinct should "be an expression of the Tasmanian brand". This will be achieved through:

- Working with Brand Tasmania to showcase and highlight Tasmania's unique brand;
- Using local architects to bring a local design understanding and experience (MPDC has already engaged COX Architecture who has partnered with local architecture firm Cumulus Studio to deliver the concept design for the Stadium); and
- Preferencing the use of Tasmanian materials and other local supply in the design and construction of the Stadium.

In addition to the Aboriginal Culturally Informed Zone which will be located to the west of the Stadium and which carries the intention of the Reconciliation Park which formed part of previous plans for the site, has begun, and is committed to continue, working with the Tasmanian Aboriginal community for design inputs on the Stadium. This has included specific inputs on the concept design and landscaping provided by Palawa community members to support the development of culturally informed designs. This will continue to be a focus during the detailed design

[9] Groothuis, Peter A, et al. "Public Funding of Professional Sports Stadiums: Public Choice or Civic Pride?" *Eastern Economic Journal*, vol. 30, no. 4, 1 Jan. 2004, pp. 515–526. Accessed 15 May 2024.
[10] Based on analysis of survey results collected by MPDC in response to the Mac Point Draft Precinct Plan. There were no questions in this survey that asked specifically about the Stadium. However, several responses expressed views on the Stadium proposal. In particular, 23 percent of respondents when asked "What would you like to experience at Mac Point that is new or different?" provided a response that included reference to a stadium.
[11] Smith, A, et al. (2021). "The Social Value of Community Events: A Literature Review". Published by the University of the West of Scotland. Retrieved from https://spiritof2012.org.uk/wp-content/uploads/2022/01/Job-5270-The-Social-Value-of-Community-Events-A-Literature-Review-WEB.pdf.
[12] For example, both are included in the Economist Intelligence Unit's Global Liveability Index assessment criteria.
[13] Infrastructure NSW. *Western Sydney Stadium Design Excellence*. 6 Mar. 2017.

process, including identifying opportunities for Tasmanian Aboriginal people to contribute artworks, opportunities to potentially highlight cultural practices and share stories, and to culturally inform the detailed design process as guided by consultation with community. As outlined in Positive impact 9: Improved amenity for Stadium visitors, this will enhance the visitor experience by creating a connection to the rich and extensive history of the land. Additionally, it will likely increase the cultural safety of the space, making Aboriginal peoples of Tasmania feel more welcomed in the space.

The new AFL team and associated games as a source of civic pride

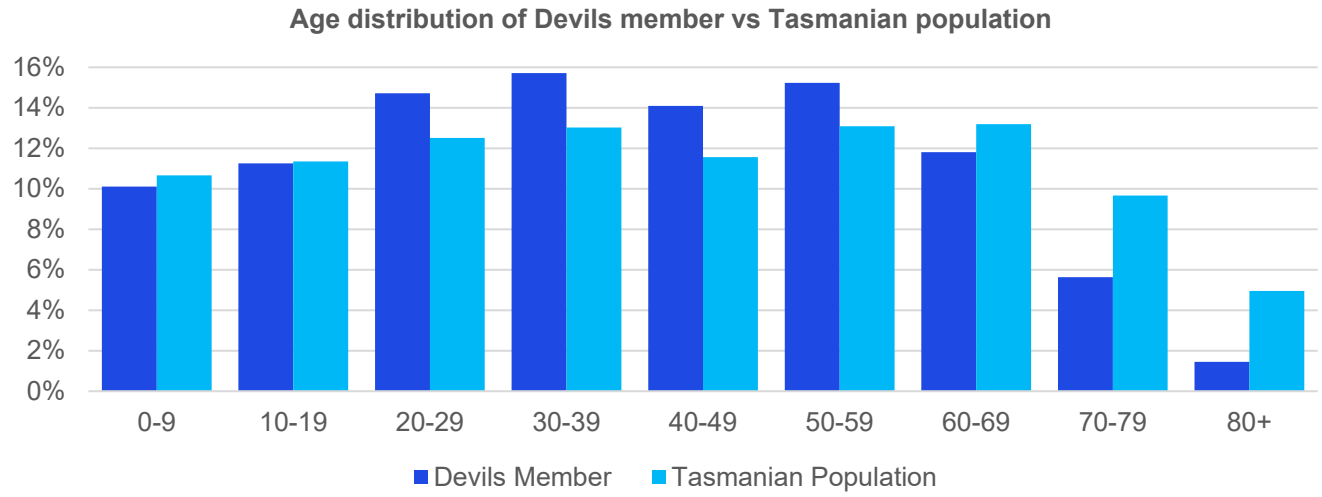
Tasmania has a strong affinity with sport, and a demonstrated appetite for a local AFL team. This is evidenced through the success of the Devils launch, signing 150,000 founding members within days of its launch and reaching over 190,000 within three months.

Data from the Devils' membership base suggests that support for the team is broad reaching, transcending a range of different age groups and geographic spread. For example:

- As seen in Figure 5*: Age distribution of* Devils members vs Tasmanian population, the team has resonated with many different age groups with membership spread reflecting the overall age distribution of the Tasmanian population.
- Members come from all across Australia, with 46 percent of members living outside of Tasmania.
- Five out of the top ten postcodes for member origin are outside of Hobart, suggesting that support for the team is spread across the State.

Additionally, more than 70 percent of members do not have existing membership with another AFL club, and more than 10 percent do not currently support any other club, suggesting that support for the new team has reached members of the community who are not traditional AFL fans.

Figure 5: Age distribution of Devils members vs Tasmanian population[14]



As public figures, individual Devils players also have an opportunity to role model positive behaviours to contribute towards community outcomes, such as increased physical activity, teamwork, leadership and the pursuit of education.

Enhancement measures: The new AFL team and associated games as a source of civic pride

The Devils have expressed a strong desire to be embedded into the community and be representative of all Tasmanians. This will enhance the civic pride and social cohesion generated from the AFL team. Activities which demonstrate this commitment to community include:

- The Devils' launch was co-designed with the community following extensively engagement through state-wide roadshows and a survey to ensure all elements of the club, including its branding, logo and colours, are representative of Tasmanians. This included the Put Your Say Into Play panel events which saw key figures of

[14] Data provided to KPMG by Tasmania Football Club.

the AFL travel across Tasmania to engage with the community and collect stories to support Devils club design.

- The Devils have developed six pillars that represent key aspects of Tasmanian life. These form the foundations of the club brand and the team culture. The six pillars are:
  - The Human - A powerhouse of heart.
  - The Edge - Our literal advantage.
  - The Gravel - Our grassroots commitment.
  - The Shack - Our humble determination.
  - The Bumper Sticker - Our collective devotion.
  - The Little Devil - Our playful side.
- The Devils have also begun conversations to build partnerships with a range of partners, including Tasmania Police with the intention of using the profile of the club and its players to dissuade anti-social behaviour and increase general wellbeing in the Tasmanian community.
- The Devils have partnered with Tasmanian businesses and social enterprises to manufacture merchandise, helping them to grow their profile. Many of these businesses are small and have a focus on creating employment opportunities for those with disadvantage. These include:
  - Kingston-based apparel manufacturer Savage Merch to produce a range of beanies and scarves.
  - Hobart-based manufacturer The Sewing Room which provides jobs for immigrant workers to deliver t-shirts, hoodies and polos, all as part of the Devil's merchandise offering.
  - Tas Textiles, which is producing handcrafted woollen beanies and scarves for the Devils from their Glenorchy-based factory.

3.5.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**High impact**
Likely	Moderate	Likely	Major	

3.6 Positive impact 6: Improved physical and mental health

3.6.1 Outcomes potentially driving the impact

'Inspiration effect' – increased participation in AFL

3.6.2 Relevant cohorts

- Tasmanian Residents

3.6.3 Evidence of impacts and enhancements

The introduction of AFL and AFLW teams to Tasmania and the associated investment in grassroots participation, as well as the increased profile of other sports such as football and cricket that could result from improved access to professional sporting events, can support participation increases which, in turn, can improve mental and physical health.

AFL investment encouraging sport participation

In addition to the introduction of the Devils, as part of the AFL's investment into Tasmania, it has specifically committed $90 million in funding for game development, and $33 million to develop young players in new talent

academies.[15] This investment is informed by AFL's '28 by 28' strategy – a goal of doubling registered participants to 28,000 by the time the Devils are competing in AFL and AFLW competitions in 2028.

This will include doubling NAB AFL Auskick participation in the same period from 2,500 to 5,000 as well as upgrading facilities, ensuring every child has a touchpoint with AFL within their home and school and increased recruitment and participation pathways for umpires, volunteers and players.[16]

Effects encouraging sport participation

The presence of a local AFL team, as well as the introduction of new sporting content not previously available in Tasmania, is anticipated to inspire increased sports participation through several mechanisms. Firstly, research has indicated that successful sports teams can galvanise community interest and stimulate involvement in the sport at the community level. This phenomenon is commonly referred to as the "demonstration effect" or the "inspiration effect". However, for the inspiration effect to be successful, factors such as age, location, ethnic background, current engagement in sports, and access to sporting opportunities need to be considered.[17]

The local AFL team, as well as any visiting or domestic cricket, rugby or other professional sporting teams, can create a "role model effect." High-profile sportspeople have the potential to inspire people to be more active through direct community engagement and serving as role models. Whether it is through school visits, junior clinics, or public health campaigns, the interaction of professional athletes with the community can inspire fans to, themselves, participate in sports.[18]

Another mechanism is the "host city effect," wherein the development of a new Stadium, and its associated publicity, can elevate the profile of a particular sport within a community or region, leading to increased public participation. Evidence from previous sporting events, such as Olympic and Paralympic Games or FIFA World Cup, suggests that hosting high-profile sports can lead to increased grassroots involvement in sport in the host city or region.[19]

Physical and mental health benefits of sport

The benefits on physical health of being physically active through sport are well documented. Regular physical activity can substantially decrease the risk of obesity, helping to prevent a host of obesity-related conditions, such as cardiovascular disease[20,21] and type 2 diabetes.[22] It can also help reduce the risk of other chronic diseases, such as breast cancer,[23] bowel cancer,[24] and dementia.[25,26,27] Given the significant burden of chronic physical health conditions, both globally and within Australia, the establishment of the new Stadium and AFL team could play a pivotal role in advancing public health objectives, targeting a large portion of the population through sport as a vehicle for healthier lifestyles.[28]

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[15] AAP. "AFL's $360m Tassie Pledge Hinges on New Stadium Deal." *AFL*, 23 Feb. 2023, www.afl.com.au/news/876737/afls-360m-tasmanian-team-pledge-hinges-on-new-stadium-deal.
[16] Doole, Jacob. "AFL Tasmania Unveils "28 by 28" Vision | AFL Tasmania." *AFL Tasmania*, 24 Mar. 2024, www.afltas.com.au/2024/03/25/afl-tasmania-unveils-28-by-28-vision/. Accessed 21 June 2024.
[17] Ramchandani, Girish, et al. "Factors Influencing the Inspirational Effect of Major Sports Events on Audience Sport Participation Behaviour." *World Leisure Journal*, vol. 56, no. 3, 3 July 2014, pp. 220–235, https://doi.org/10.1080/16078055.2014.938296.
[18] Mutter, Felix, and Tim Pawlowski. "Role Models in Sports – Can Success in Professional Sports Increase the Demand for Amateur Sport Participation?" Sport Management Review, vol. 17, no. 3, Aug. 2014, pp. 324–336, www.sciencedirect.com/science/article/pii/S1441352313000533, https://doi.org/10.1016/j.smr.2013.07.003.
[19] Australian Sports Commission. "Community and Social Engagement." Australian Sports Commission, 20 Jan. 2023, www.clearinghouseforsport.gov.au/major-event-impact-and-legacy/community-and-social-engagement#sport_participation. Accessed 15 May 2024.
[20]Australian Institute of Health and Welfare. (2019). *Australian Burden of Disease Study: Impact and causes of illness and death in Australia 2015*. Retrieved from https://www.aihw.gov.au/getmedia/c076f42f-61ea-4348-9c0a-d996353e838f/aihw-bod-22.pdf.aspx?inline=true.
[21] Oakley, R., 1999, *Shaping Up: A Review of Commonwealth Involvement in Sport and Recreation in Australia – A Report to the Federal Government, Commonwealth of Australia*. Retrieved from https://www.clearinghouseforsport.gov.au/__data/assets/pdf_file/0017/634013/Shaping_Up-_A_Review_of_Commonwealth_Involvement_in_Sport_and_Recreation_in_Australia.pdf.
[22] Al Tunaiji, H., Davis, J.C., Mackey, D.C., & Khan, K.M. (2014). Population attributable fraction of type 2 diabetes due to physical inactivity in adults: a systematic review. *BMC Public Health*, 14(469).
[23] Brenner, D.R. (2014). Cancer incidence due to excess body weight and leisure-time physical inactivity in Canada: implications for prevention. Preventative Medicine, 66, 131-139.
[24] Ballard-Barbash, R., Schatzkin, A., Albanes, D., Schiffman, M.H., Kreger, B.E., Kannel, W.B., Anderson, K.M. & Helsel, W.E. (1990). Physical activity and risk of large bowel cancer in the Framingham Study. Cancer Research, 50(12), 3610-3613.
[25] Mandolesi, L. et al. (2018). 'Effects of physical exercise on cognitive functioning and wellbeing: biological and psychological benefits'. Frontiers in Psychology, 9: 1-11.
[26] Wu, C. et al. (2008). 'Exercise enhances the proliferation of neural stem cells and neurite growth and survival of neuronal progenitor cells in dentate gyrus of middle-aged mice'. *Journal of Applied Physiology*, 105: 1585-1594.
[27] Blondell, S., Hammersley-Mather, R., Veerman, J., (2014) Does physical activity prevent cognitive decline and dementia?: A systematic review and meta-analysis of longitudinal studies. *BMC Public Health*, 14, 510.
[28] Australian Institute of Health and Welfare. "Chronic Conditions and Multimorbidity." *Australian Institute of Health and Welfare*, 14 Dec. 2023, www.aihw.gov.au/reports/australias-health/chronic-conditions-and-multimorbidity. Accessed 15 May 2024.

The psychological benefits resulting from increased engagement in sports are notable. Participation in physical activity has also been shown to both reduce the risk of developing[29,30,31] and improve the treatment of,[32,33] several serious mental illnesses, including both anxiety and depression. A 2019 study by Choi et al. correlated increased physical activity with lower instances of major depressive disorders,[34] while Dunn et al. in 2005 confirmed exercise effectiveness in managing depression.[35] A study by Chekroud et al. in 2018, involving over 1.2 million American participants, attests to the overarching mental health advantages of exercise, highlighting reduced mental health burden for those with depression who maintain active lifestyles.[36]

While the positive mental health effects of physical activity can be partially linked to the release of chemicals in the brain which improve mood, sports – particularly team sports – also have social benefits which contribute to increased wellbeing. When individuals engage in team sports, such as those offered by local clubs galvanised by the new content offered by the Stadium and Tasmanian AFL team, they experience teamwork, achievement, and community acceptance – all key to sound mental wellbeing.[37] Through sport as a conduit, they gain a strong support network and social camaraderie, which are essential in tackling feelings of isolation and loneliness.[38]

Enhancement measures: Effects encouraging sport participation

The Stadium poses the opportunity to increase sport participation by providing opportunities to engage in sport before, during or after the game. The precinct plans provision additional public open space adjacent to the Stadium, enabling the local population to enjoy sport. This space, in addition to the Stadium, can be utilised for active participation zones, to encourage participation before or after the game, or at half time.

3.6.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**High impact**
Likely	Significant	Almost certain	Significant	

3.7 Positive impact 7: Improved subjective wellbeing

3.7.1 Outcomes potentially driving the impact

Improved certainty (events and attendance)

Increased social connection and community building

3.7.2 Relevant cohorts

- Tasmanian Residents

[29] Sibold, J., Edwards, E., Murray-Close, D. & Hudziak, J.J. (2015). Physical activity, sadness, and suicidality in bullied US adolescents, *Journal of the American Academy of Child and Adolescent Psychiatry*, 54(10), 808-815.
[30] Willis, B et al. (2018). 'Association of midlife cardiorespiratory fitness with incident depression and cardiovascular death after depression in later life'. *JAMA Psychiatry*, 75(9): 911-917.
[31] Brown, H.E.; Gilson, N.D., Burton, N.W. and Brown, W.J. (2012) Does Physical Activity Impact on Presenteeism and Other Indicators of Workplace Well-Being?, *Sports Medicine*, 41 (3), pp.249-262.
[32] Craft, L & Perna, F. (2003). 'The benefits of exercise of the clinically depressed'. *Primary Care Companion: Journal of Clinical Psychiatry*, 6(3): 104-111
[33] Kremer P., Elshaug C., Leslie E., Toumbourou J.W.4, Patton G.C., & Williams J. (2014). Physical activity, leisure-time screen use and depression among children and young adolescents, *Journal of Science and Medicine in Sport*, 17(2), 183-187.
[34] Choi, K. W., Chen, C.-Y., & Stein, M. B. (2019, January). Assessment of Bidirectional Relationships Between Physical Activity and Depression Among Adults: A 2-Sample Mendeleian Randomization Study. *JAMA Psychiatry*, 76(4), 399-408. doi:10.1001/jamapsychiatry.2018.4175
[35] Dunn, A. L., Trivedi, M. H., Kampert, J. B., Clark, C. G., & Chambliss, H. O. (2005). Exercise treatment for depression: efficacy and dose response. *28*(1).
[36] Chekroud, S. et al. (2018). 'Association between physical exercise and mental health in 1.2 million individuals in the USA between 2011 and 2015: a cross-sectional study'. Lancet Psychiatry, 5: 739-746.
[37] Mynard, Lorrae, et al. “Belonging to a Community-Based Football Team: An Ethnographic Study.” *Australian Occupational Therapy Journal*, vol. 56, no. 4, Aug. 2009, pp. 266–274, https://doi.org/10.1111/j.1440-1630.2008.00741.x.
[38] Andersen, Marie Høstrup, et al. “The Social and Psychological Health Outcomes of Team Sport Participation in Adults: An Integrative Review of Research.” *Scandinavian Journal of Public Health*, vol. 47, no. 8, 1 Dec. 2019, pp. 832–850, https://doi.org/10.1177/1403494818791405.

3.7.3 Evidence of impacts and enhancements

Attending sport, live music and entertainment events, such as those to be hosted in the new Stadium, are well documented to have a significant and positive effect on subjective wellbeing.

Wellbeing associated with watching team sport and sports fandom

Watching live sport provides wellbeing benefits, through increased positive physiological responses, social connection with community and the positive psychological effects of identifying with a team. The physiological responses to the exciting and unpredictable nature of live sports, such as the boost of adrenaline from witnessing a spectacular goal or save, provide natural highs that contribute positively to one's mood. Incorporating regular physical activity, even through vicarious engagement like cheering or clapping, activates endorphins and contributes to better physical and mental health.[39] The new sporting content in Tasmania, enabled by the construction of the Stadium, will increase the opportunity to experience these physiological effects.

Another opportunity the new sporting content provides is increased social and community connection – a key contributor to subjective wellbeing. Sport events provide a number of opportunities for social connection before, during, and after the game, including participation in fan chants, discussions about the play, or simply the shared sense of presence which can foster a significant sense of belonging. In fact, for many individuals, the social aspect is as important as the game itself and its role in wellbeing cannot be overemphasised.[40] The opportunity to support a Tasmanian AFL team is likely to amplify these effects, creating a sense of social unity, encouraging community engagement by speaking to people with known, like-minded interests.

The positive social and psychological effects of identifying with a team are well documented. While there is some evidence to suggest that the positive effects of team identification are tied to team performance, studies have found that this is not the case for those supporting a team with whom they have a geographical association.[41] The Devils will be the first club within the AFL to represent an entire State, and it will join the JackJumpers (Tasmania's National Basketball League team which entered the League in 2021 and has proven very popular with the Club reporting strong demand for home games which frequently sell out[42]) as one of a small number of teams that represent Tasmania in professional sporting leagues. Associations with a team, often seen as extensions of individual identity, promote camaraderie and loyalty which can be a source of pride and collective joy. For many, the act of witnessing their team compete, experiencing the highs and lows in real-time alongside fellow supporters, can greatly enhance personal happiness and contentment.[43,44] The Stadium will also provide increased access to live sport experiences for Tasmanian fans of other sports (such as rugby league and other footballing codes).

Enhancement measures: Wellbeing associated with watching team sport and sports fandom

The Devils have already begun embedding themselves into the community, enabling the positive social and psychological effects of identifying with a team. As explored in Positive impact 5Positive impact 5: Increased civic pride and community cohesion, the Devils have already begun this cultivation of identity through co-designing the launch with the community, centring their branding and culture pillars around Tasmanian life, and partnerships with a variety of Tasmanian organisations.

Wellbeing associated with watching live concerts

The wellbeing generated through the Stadium extends beyond sport, with significant evidence supporting the wellbeing benefits of attending live music and concerts. Immersion in the live music environment, with its unique blend of sound, lights, and movement, can provide a deeply sensory, and at times, transcendental experience. This sensory immersion can facilitate an intense emotional release.[45] Studies have found that live concert attendance

[39] Kinoshita, Keita, et al. "Watching Sport Enhances Well-Being: Evidence from a Multi-Method Approach." *Sport Management Review*, 22 Mar. 2024, pp. 1–25, https://doi.org/10.1080/14413523.2024.2329831.
[40] Kim, Min Jung, and Luke Lunhua Mao. "Sport Consumers Motivation for Live Attendance and Mediated Sports Consumption: A Qualitative Analysis." *Sport in Society*, vol. 24, no. 4, 21 Oct. 2019, pp. 1–19.
[41] Branscombe, Nyla R., and Daniel L. Wann. "The Positive Social and Self Concept Consequences of Sports Team Identification." *Journal of Sport and Social Issue*s, vol. 15, no. 2, Sept. 1991, pp. 115–127, https://doi.org/10.1177/019372359101500202.
[42] Pulse Tasmania. (2024). 'JackJumpers Hobart championship game sells out within minutes'. Available at https://pulsetasmania.com.au/news/jackjumpers-hobart-championship-game-sells-out-within-minutes/.
[43] Wann, Daniel. "APA PsycNet." *Group Dynamics: Theory, Research and Practice*, vol. 10, no. 4, 2006, pp. 272–296, psycnet.apa.org/record/2006-22548-002?doi=1, https://doi.org/10.1037/1089-2699.10.4.272. Accessed 14 May 2024.
[44] Wann, Daniel. "Understanding the Relationship between Sport Team Identification and Dimensions of Social Well-Being." *North American Journal of Psychology*, vol. 11, no. 2, June 2009, pp. 219–230.
[45] Rama Rao Gogineni. The WASP Textbook on Social Psychiatry. Oxford University Press, 2023.

has demonstrable effects on one's health and wellbeing, with fortnightly attendance having the potential to extend life expectancy by nine years, and 20 minutes of attendance increasing wellbeing by 21 percent.[46]

Live concerts also provide an opportunity for self-expression and group cohesion. Among the crowd, individuals can find space to express themselves freely, without restraint, and experience the collective ingenuity of an assembled audience passionately responding to the music. This collective effervescence, a concept where a community comes together in shared emotional experiences, has been shown to have long-term benefits for psychological health.[47]

Wellbeing from anticipation of events

Anticipation and engagement with the entire event lifecycle at the Stadium can significantly influence subjective wellbeing. The preparation and build-up to an event contribute to a positive mindset and generate excitement.[48] Moreover, attending leisure events can have restorative effects, providing a much-needed break from daily stressors.[49] Engaging with events within the precinct's unique blend of cultural, arts, sports, and commercial experiences serves to magnify these sensations, offering a comprehensive wellbeing package that extends beyond the timeframe of the event itself.

Enhancement measures: Improved subjective wellbeing

The wellbeing of Stadium visitors will be improved through a positive experience of the Stadium (as outlined further in Positive impact 9: Improved amenity for Stadium visitors). Specific elements that may enhance benefits for both event attendees and the broader community may include:

- The ability to leverage Stadium amenities and infrastructure outside of event days for community activities; and
- Use of the precinct facilities around the Stadium, including the concourse space, and access to food and beverage venues.

3.7.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	Medium / High impact
Likely	Moderate	Likely/Almost Certain	Moderate	

3.8 Positive impact 8: Improved athlete experience

3.8.1 Outcomes potentially driving the impact

Improved facilities and resources for athletes

3.8.2 Relevant cohorts

- Tasmanian and Visiting Athletes

3.8.3 Evidence of impacts and enhancements

The construction of the new Stadium marks a significant development in Tasmania's sports infrastructure and delivers an improved experience for all athletes who play at the venue through a modern design. This benefit is expected to be most significant for Tasmanian athletes who are able to enjoy a high-quality sporting venue in their home state, and who may not otherwise have the opportunity to play in a venue of this calibre. It is expected to be less significant for mainland athletes who frequently play in high-calibre venues.

[46] Virgin Media O2. "Science Says Gig-Going Can Help You Live Longer and Increases Wellbeing." *Virgin Media O2*, 27 Mar. 2018, news.virginmediao2.co.uk/archive/science-says-gig-going-can-help-you-live-longer-and-increases-wellbeing/.
[47] Gabriel, Shira, et al. "Creating the Sacred from the Profane: Collective Effervescence and Everyday Activities." *The Journal of Positive Psychology*, vol. 15, no. 1, 13 Nov. 2019, pp. 129–154, https://doi.org/10.1080/17439760.2019.1689412.
[48] Alexander, Rebecca, et al. "The Neuroscience of Positive Emotions and Affect: Implications for Cultivating Happiness and Wellbeing." *Neuroscience & Biobehavioral Reviews*, vol. 121, Feb. 2021, pp. 220–249, https://doi.org/10.1016/j.neubiorev.2020.12.002.
[49] Kleiber, Douglas A., et al. "Leisure as a Resource in Transcending Negative Life Events: Self-Protection, Self-Restoration, and Personal Transformation." *Leisure Sciences*, vol. 24, no. 2, Apr. 2002, pp. 219–235, https://doi.org/10.1080/01490400252900167.

Stadium design features to improve the athlete experience

Impacts enhanced by the roof

The presence of a roof is one feature that elevates the Stadium above existing Tasmanian venues. The roof helps to mitigate the disruptive influence of the weather which, in turn, allows athletes to compete in a more predictable and stable environment. This Stadium is particularly unique in that its roof height allows for test cricket to be played in all conditions[50]. This controlled setting is helpful for athletes whose performance can be impacted by rainy or cool weather conditions.[51] Additionally, as discussed in Positive impact 9: Improved amenity for Stadium visitors, the roof of the Stadium retains atmosphere and experience created by cheering fans, maximising the impact on players.

It is well understood by both athletes and fans that cheering from the crowds increases athlete performance, and while not well studied, there is some academic evidence to support this.[52,53]

The capacity of the Stadium to accommodate 23,000 seated spectators (plus 1,500 standing) for sporting events surpasses that of other local venues, offering athletes the opportunity to perform in front of larger audiences. MPDC's ambition is to design the tiered seating in a way which brings the crowd close to the action more so than any other Stadium. This will further the connection between the players and the audience.

The Stadium's ability to host a variety of athletic events is also beneficial. The Stadium can host new AFL, soccer, rugby union and rugby league games and the transfer of cricket games, as outlined in the event calendar provided in the Financial Impact Report. This flexibility allows for a multitude of sporting opportunities, catering to athletes from different disciplines and adding to the Stadium's utilitarian value.

Finally, the proximity to the CBD enables a variety of benefits associated with closeness to accommodation. Reduced travel time reduces time spent commuting, potentially increasing opportunities for rest and game preparedness.

Enhancement measures: Stadium design features to improve the athlete experience

As discussed in the proposed enhancement measures in Positive impact 9: Improved amenity for Stadium visitors, the positioning of the Stadium within a precinct will enhance the visitor's experience. With dining, hospitality, and entertainment options in close proximity, athletes can easily extend their enjoyment past the event's conclusion, or before its beginning.

Another key factor in athlete experience is the quality of facilities, with the facilities in the new Stadium aiming to be state-of-the-art. A report by the NSW Office of Sport supports the notion that high-quality facilities improve the performance and development of athletes.[54] The report also highlights the need to be adaptable to respond to the changing needs of systems, calling out multipurpose facilities as good investments for this reason. Additionally, these facilities can help improve an athlete's holistic experience, extending beyond their performance during a game.[55]

The Mac Point Precinct Plan states that the Stadium will be designed in collaboration with key stakeholders (such as the user brief requirements), with provisions of ancillary sites such as fitness and medical centres.

AFL athlete pathways

As part of the introduction of the new team to Tasmania, the AFL has committed to spending $360 million over a decade, which includes $33 million to develop young players in three new talent academies.[56] These talent academies began operations at the end of May 2024, inducting nearly 300 13-15-year-old males and females. The academies aim to initially focus on skills development, with players working with top coaches and receiving

[50] Subject to ICC approval.
[51] Gatterer, Hannes, et al. "Practicing Sport in Cold Environments: Practical Recommendations to Improve Sport Performance and Reduce Negative Health Outcomes." *International Journal of Environmental Research and Public Health*, vol. 18, no. 18, 15 Sept. 2021, p. 9700, www.ncbi.nlm.nih.gov/pmc/articles/PMC8471173/, https://doi.org/10.3390/ijerph18189700.
[52] Kimberly Epting, L, et al. "Cheers vs. Jeers: Effects of Audience Feedback on Individual Athletic Performance." *North American Journal of Psychology*, vol. 13, no. 2, June 2011, pp. 299–312, www.researchgate.net/publication/281766861_Cheers_vs_Jeers_Effects_of_audience_feedback_on_individual_athletic_performance.
[53] Rovetta, Alessandro, and Alessandro Abate. "The Impact of Cheering on Sports Performance: Comparison of Serie a Statistics before and during COVID-19." *Cureus*, vol. 13, no. 8, 23 Aug. 2021, https://doi.org/10.7759/cureus.17382.
[54] NSW Office of Sport. *Future Champions: Pathways to Sporting Success*. Dec. 2019.
[55] Brown, Alex. "Sports Training Facilities: Creating Successful Environments Focused on High Performance and Athlete Wellbeing." *Civil + Structural Engineer Media*, 1 Nov. 2023, csengineermag.com/sports-training-facilities-creating-successful-environments-focused-on-high-performance-and-athlete-wellbeing/. Accessed 3 June 2024.
[56] (AAP, 2023)

specialised support from strength and conditioning to wellbeing.[57] These academies, as well as the broader investment, will improve athlete experience by enabling them to play for the same team from youth to elite stages of their career. The AFL has also partnered with AFL Clubs on Next Generation Academies, aimed at increasing opportunities for young people (aged 11 to 18) to learn about and play AFL, with a focus on multicultural and Indigenous communities to learn about and play AFL.

The creation of these pathways which lead into the Devils intends to reduce the loss of Tasmanian AFL players to the mainland. There are currently 24 Tasmanian AFL players, 16 AFLW players, and 20 AFL / AFLW umpires and coaches contracted in other states.[58] This exodus of players is not only a loss of talent and economic activity for the State, but also alludes to the wider migration of their families and local support networks. By establishing an AFL team in Tasmania, along with a clearly defined pathway towards it, the perception that players need to migrate to the mainland for success is being rewritten.

It is noted that a Tasmanian AFL High Performance Centre is to be developed which will be the home of the Devils. This Centre is expected to further contribute towards improved athlete experience. However, it is not considered within the scope of this report.

Enhancement measures: AFL athlete pathways

Further to the AFL investment, the Devils have begun conversations with UTAS and TasTAFE to give all Devils athletes an education plan. This sets the athlete up for future success beyond their career with the team.

3.8.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	Medium / High impact
Almost certain	Minor	Almost certain	Minor/Moderate	

3.9 Positive impact 9: Improved amenity for Stadium visitors

3.9.1 Outcomes potentially driving the impact

Improved visitor experience

3.9.2 Relevant cohorts

- Tasmanian Residents

3.9.3 Evidence of impacts and enhancements

The Stadium is expected to enhance the attendee experience through its design features and convenient location.

Improved attendee amenity and experience

Impacts enhanced by the roof

The decision to include a roof as part of the new Stadium's design ensures year-round usability, providing shelter from the unpredictable Tasmanian weather. This can encourage greater attendance as spectators are guaranteed protection from the elements, which is significant for both the comfort and the health of attendees. The presence of a roof negates weather-related disruptions, ensuring that events can proceed as scheduled, irrespective of rain or strong winds.[59]

A roofed Stadium creates an atmosphere conducive to enhanced acoustics for concerts and other performances. For sports events, the acuity of sound from the crowd can elevate the level of excitement and

[57] Doole, Jacob. "New Talent Academies Welcome First Intake of 300 | AFL Tasmania." *AFL Tasmania*, 15 May 2024, www.afltas.com.au/2024/05/15/new-talent-academies-welcome-first-intake-of-300/. Accessed 21 June 2024.
[58] AFL Tasmania. "Tasmanians in the AFL / AFLW | AFL Tasmania." *AFL Tasmania*, www.afltas.com.au/tasmanians-in-afl/.
[59] Aurecon. "Designing Retractable Roofs for Multi-Purpose Stadiums." *Aurecon Group*, 23 Apr. 2023, www.aurecongroup.com/insights/designing-retractable-roofs-for-multi-purpose-stadiums.

engagement within the venue. This controlled environment could attract a higher calibre of musical and cultural acts, confident in the knowledge that their performances will be seen and heard at optimal quality.

Additionally, the location of the Stadium near the Hobart CBD allows for easier access and the improvement of the attendee experience. As explored further in Positive impact 10: Improved liveability, the Macquarie Point Draft Precinct Plan considers the access to the site, both on event days and non-event days. It notes walking and cycling, buses, coaches, ferries, and the wider road network as viable options to be able to access the site. Walking and cycling paths will also be available to access the immediate surrounds of the Stadium. The Stadium would also be situated near a variety of restaurants, bars and cafés, offering attendees plenty of options to dine and socialise before or after an event. This proximity can significantly enhance the overall experience by facilitating seamless transitions from dining to entertainment. For those travelling from outside Hobart, a Stadium near the CBD means easy access to a range of accommodation options, as well as nearby attractions including the Salamanca Place, Battery Point and the waterfront.

While specific elements of the Stadium design are still being resolved, it will represent a significant modernisation when compared to existing venues, with potential features including:

- A diverse range of food and beverage options;
- High-quality technological systems including audio, visuals and Wi-Fi; and
- Contemporary safety and security measures.

Research suggests that all the above factors are likely to encourage fans to want to attend events in-person.[60]

Additionally, the building will be in alignment with modern accessibility requirements. This includes ensuring wheelchair accessible seating from a variety of viewing angles and price points, wheelchair accessible bathrooms, accommodation of service animals and ramps and power-assisted doors to ensure entrances and exits are accessible.

Enhancement measures: Maximising attendee amenity through specific design features

Further to the base design requirements, MPDC has made several design decisions to further enhance the attendee experience at the Stadium. These include:

- MPDC has worked with local Tasmanian architects in the design process for the Stadium so that it is recognisably Tasmanian with local character elements. Considered options for these elements include the use of Tasmanian resources such as timber, and a transparent roof allowing for views of the Cenotaph and the Tasmanian landscape.
- The design of the Stadium will also be informed by the user brief. Based on the brief, considerations include:
  - Potential for future expansion in number of seats;
  - Improved view lines to the field from seats within the Stadium;
  - Variety of offerings and experiences within the Stadium;
  - Adoptions of new technologies to improve wayfinding; and
  - Food and beverage provision within the Stadium.
- As outlined in the user brief, the design intention is that the Stadium exceeds compliance with requirements of the National Construction Code and other relevant standards to form a new benchmark for public sporting infrastructure that embraces and champions universal access.
- As outlined in Positive impact 5: Increased civic pride and community connection, to further establish the Stadium as an inclusive space, MPDC has begun, and is committed to continue, working with the Tasmanian Aboriginal community for design inputs on the Stadium which will likely increase the cultural safety of the space, making Aboriginal peoples of Tasmania feel more welcomed in the space.

Enhancement measures: Maximising attendee amenity through proximity and co-location

The Stadium's location within the Arts, Entertainment and Sports Precinct, particularly in relation to the complementary mixed-use zone, promises to substantially enhance the amenity and experience for Stadium

[60] Glebova, Ekaterina, et al. "Changes in Stadium Sports Spectators Customer Experiences." *Testnevelés, Sport, Tudomány*, vol. 4, no. 3-4, 2019, pp. 65–75, https://doi.org/10.21846/tst.2019.3-4.6. Accessed 30 May. 2024.

visitors. For instance, with dining, hospitality, and entertainment options in close proximity, visitors can easily extend their enjoyment past the event's conclusion, or before its beginning. This proximity is expected to encourage attendees to take full advantage of the precinct, thereby elevating the overall appeal of the Stadium as a destination.[61] Additionally, consumers are increasingly appreciating the value of a variety of tastes and dining experiences when attending Stadium events, with some venues opting to include restaurant-style eateries within the Stadium to cater to this demand.[62]

The Stadium's situation within a precinct will also enable visitors to enjoy the newly remediated surrounding public space, on both event and non-event days. The ability to enjoy this space will further strengthen the connection locals have to the Stadium, improving their experience when attending events.

3.9.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**High impact**
Likely	Moderate/Major	Likely/Almost Certain	Major	

3.10 Positive impact 10: Improved liveability

3.10.1 Outcomes potentially driving the impact

Catalyst for broader urban uplift and renewal

Improved certainty (events and attendance)

3.10.2 Relevant cohorts

- Tasmanian Residents

3.10.3 Evidence of impacts and enhancements

The development of the Stadium is anticipated to not only improve amenity for those attending events, but to contribute to the broader liveability of Hobart as follows.

Urban renewal and broader uplift

An important benefit of the development of the Stadium is its influence on urban renewal (i.e. the process of upgrading and modernising parts of a city including infrastructure, housing, and community spaces). Stadiums commonly trigger infrastructural improvements, commercial investments, and residential upgrades, beyond the immediate vicinity of the Stadium. These upgrades cumulatively enhance the urban fabric of the location. This effect has been explored in prior assessments, which detail how projects of this nature can broadly uplift a community's standards of living, making it more appealing for residents and potential investors alike.[63] For the effects of urban renewal to be realised, planning based on mixed-use, multi-faceted developments has been found to be most effective.[64] The literature also notes that it is important to take a place-based approach informed by consultation with the community to ensure they feel part of the project, and that their views are being considered.[65] The Stadium will have a catalytic effect on broader precinct development which is anticipated to result in a variety of cultural enhancement uses for the land, as well as options for housing and hospitality venues.

Transport and accessibility

The Stadium is also set to capitalise on transport investment in the State, a fundamental aspect of liveability, through its strategic placement in the Hobart CBD. Reliable transport links enable ease of access, not just to the Stadium but to other locations within the precinct and beyond, allowing for a seamless integration into residents'

[61] Panagopoulos, Alkiviadis, et al. "Football Stadiums as Alternative Tourists' Entertainment Points of Interest: The Perceptions of Managers and Local Authorities in the City of Patras." *Recent Advancements in Tourism Business, Technology and Social Sciences*, 28 Apr. 2024, pp. 595-608, link.springer.com/chapter/10.1007/978-3-031-54342-5_37#citeas. Accessed 30 May 2024.
[62] McLellan, Craig, and Michael Urie. "Sports Venues - Redefining Hospitality." 29 July 2019.
[63] PricewaterhouseCoopers. "Game on Delivering Sustained Infrastructure Outcomes through Major Sports and Cultural Events." 2022.
[64] Chapin, Timothy S. "Sports Facilities as Urban Redevelopment Catalysts: Baltimore's Camden Yards and Cleveland's Gateway." *Journal of the American Planning Association*, vol. 70, no. 2, 30 June 2004, pp. 193–209, https://doi.org/10.1080/01944360408976370.
[65] Brockhoff, John. "Planning for Great Stadiums Needs Great Public Policy." *The Fifth Estate*, 11 Apr. 2018, thefifthestate.com.au/columns/spinifex/planning-for-great-stadiums-needs-great-public-policy/. Accessed 19 May 2024.

daily lives. Evidence shows that improved transport accessibility around stadiums amplifies liveability benefits generated by the Stadium.[66] Specifically, the strategic business case highlights the Stadium's capacity to activate existing proposed infrastructure improvements, such as through implementation of the Government's planned Rapid Bus solution, the northern suburbs transit corridor and the Derwent River ferry network. This enhanced accessibility ensures the Stadium's positive impact is widely distributed, making it a keystone in the fabric of urban liveability.

Increased sporting and cultural offering

The Stadium will enhance the availability of sport and cultural offerings for the people of Tasmania, with a variety of different types of events anticipated to be held at the venue, including AFL and AFLW fixtures, soccer, rugby and cricket matches, concerts and other entertainment events.

With facilities capable of hosting premier sports events, the community gains not only a platform for entertainment but also the social benefits that come from participating in and watching sports. The physical and mental health benefits of increased sport participation are explored further in Positive impact 6: Improved physical and mental health, with the broader improvements to subjective wellbeing explored in Positive impact 7: Improved subjective wellbeing. Additionally, these improvements to the sporting and cultural offering improve the liveability of the area through increased social cohesion and community pride, as outlined in Positive impact 5: Increased civic pride and community cohesion.

As a venue that also accommodates arts events, such as concerts, the venue will offer residents access to an array of experiences that would previously only be accessible by travelling interstate. The Stadium's design allows for flexibility in concert mode – allowing both a 'full stadium' and 'arena' (i.e. a reduced) mode – to broaden its appeal and market with promoters. A lively cultural scene is an essential component of liveable cities, driving engagement and contributing to a well-rounded quality of life.[67]

Enhancement measures: Additional measures to enhance liveability

There are several additional activities MPDC is taking and commitment to improve the liveability of the area, as part of the Stadium construction, beyond the base design requirements. These enhancements include:

- A locally-based accessibility panel will be consulted through the Stadium design to ensure the accessibility requirements of the community are met and exceeded, where possible. Additionally, the design process has included consultation with local experts in design and local heritage to ensure that the design of the Stadium is authentically Tasmanian, enriching the already existing culture within Hobart.
- In addition to the design panel, MPDC has committed to ongoing engagement with the community and Stadiums Tasmania to ensure the Stadium meets user needs and enhances the liveability of the Stadium and surrounds, where appropriate.
- MPDC is also aiming to engage in a Green Star Communities accreditation process for the precinct. Part of this accreditation process involves a review of the design by the panel, measuring a variety of categories, including liveability which is measured in terms of the delivery of safety, accessibility and culturally rich activities, as well as the encouragement of healthy and active lifestyles. The accreditation seeks to reward communities that have a high level of amenity, activity and inclusiveness. Aiming for this accreditation will help guide decision making towards planning that maximises amenity and liveability improvements.
- The location of the Stadium at the Macquarie Point site situates it within an arts, entertainment and cultural precinct, enhancing the liveability benefits the Stadium brings. Given the Stadium's ability to draw crowds of up to approximately 30,000 in concert mode it will contribute significantly to the activation of the precinct, uplifting the surrounding Antarctic Facilities Zone, Aboriginal Culturally Informed Zone and the hospitality venues in the mixed-use zone. This will encourage additional private commercial investment wrapping around the Stadium, creating a new large-scale piece of social infrastructure on a site previously unusable by the general public.

Effective transport planning is essential to ensure the successful operation of the Stadium. A Transport Study has been developed by WSP which assesses potential impacts on people movement and develops strategies to mitigate traffic congestion and promote sustainable travel options. This study explored various transport scenarios, including encouraging non-car modes of transport, with a target of 60% of attendees using public transport, walking or cycling. Other elements in the transport plan include the development of a dedicated event bus plaza, to improve public transport access, and a focus on pedestrian connectivity. Supporting infrastructure and initiatives will be

[66] Transport and Infrastructure Council. "Australian Transport Assessment and Planning Guidelines: O3 Urban Amenity and Liveability." May 2018.
[67] Untaru, Stevan , et al. "Culture and the Metropolis." May 2001.

required to optimise spectator travel and reduce reliance on private vehicles. The Stadium's location benefits from existing public transport options, including bus stops, ferry terminals and proximity to the CBD.

3.10.4 Impact assessment

Pre-enhancement		Post-enhancement		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**High impact**
Likely	Moderate	Almost Certain	Major	

4 Profiles of negative impacts

This section outlines the evidence base for each potential negative impact explored, and the outcomes which could drive them, as identified through the Value Framework.

4.1 Negative impact 1: Disruption to local businesses and residents (short-term and long-term)

4.1.1 Outcomes potentially driving the impact

4.1.2 Relevant cohorts

- Tasmanian Residents
- Tasmanian Businesses

4.1.3 Evidence of impacts and mitigations

This section provides information on the likely disruption created by the construction of the Stadium through limitations to access, noise and vibration issues. It also assesses the likely ongoing impact of Stadium operations as due to the scale of events proposed to be held at the Stadium, ongoing access disruptions and noise and light pollution are potential hindrances to nearby businesses and residents. The area surrounding the Stadium (i.e. the statistical area the precinct sits within that extends approximately five kilometres north and one kilometre west of the site, including the Hobart CBD and areas of North Hobart) has approximately 4,000 businesses and 9,000 residents,[68] indicating that the area is predominantly commercial, rather than residential, in nature.

Note: This evidence base is gathered from desktop research of academic and grey literature. The below reports have been completed as part of the PoSS Submission. Please refer to the studies for information specific to the project:

- *Construction Management Plan, Zancon*
- *Noise and Vibration Assessment, AECOM*
- *Lighting Assessment, Introba*
- *Transport Study, WSP*

Access to the site and surrounding businesses during construction and operations

The construction phase of major infrastructure projects inevitably creates disruption to the surrounding area and can disrupt access by members of the public to surrounding businesses, resulting in loss of footfall. The Macquarie Point Site itself is currently an industrial site that does not have a significant degree of public access. While some interim tenancies are in place, these are expected to be concluded prior to construction, and therefore access to and through the site will not be a consideration for these stakeholders. The site is bordered by retail and hospitality businesses to the southwest, port operations to the southeast and the shoreline in the northeast. It is not anticipated based on the position of the site that access to the retail and hospitality businesses will be significantly impacted. These businesses are accessed from the front along Hunter Street, facing the CBD, while the site sits behind the businesses.

[68] Based on Statistical Area (SA) 2 level data retrieved from Australian Bureau of Statistics. "2021 Hobart, Census All Persons QuickStats." *Australian Bureau of Statistics*, 2021, www.abs.gov.au/census/find-census-data/quickstats/2021/601051027. Note that an SA2 boundary refers to a geographical boundary developed for statistical analysis, taking into account factors such as population, functional relationships and growth.

Once the Stadium is operational, it is likely that limited road closures will be put in place for short durations before and after events, to enable high volumes of patrons to enter and exit the site. This is outlined in detail in the *Transport Study* completed by WSP. In addition, a pedestrian bridge over Davey Street to Collins Street will limit the need for lane closures on Davey Street during peak times.

The Royal Hobart Regatta Association has also raised concerns in relation to access to the foreshore for Regatta activities. MPDC have provided information that the activation of the Mac Point Precinct will not impede access to the foreshore or jetty, and that ground floor activation of the Precinct should enhance engagement with the Regatta Grounds foreshore. They have also provided information that the Stadium footprint will not impact on land and facilities used by the RHRA.

Mitigation measures: Access to the site and surrounding businesses during construction and operations

Outside of commissioning the *Construction Management Plan* completed by Zancon and *Transport Study* completed by WSP which collectively outline how traffic and movement impacts will be managed during construction, MPDC has engaged in collaboration and partnerships with key stakeholders to ensure access impacts are minimised.

- Evans Street, the key access for the ports, will remain open through construction. On occasion where a shutdown may be required, MPDC will work with TasPorts to ensure this is done in a way that does not impact port operations. MPDC has regular meetings with TasPorts to coordinate issues affecting both sites; and
- Due to a steep escarpment, direct access to the Cenotaph from the precinct site is prevented. Therefore, access to the Cenotaph will not be interrupted during construction or operations of the Stadium.

Note: In addition to potential short-term disruption to local businesses that may be caused by construction activity, it is anticipated that the project will create an economic uplift for these businesses as a result of spend by construction workers. This impact is outlined in Positive impact 3: Economic uplift for Tasmania (short-term).

Noise impacts during construction and operation

Noise from construction activities, such as heavy machinery, power tools, and demolition, can interrupt or distract residents, workers, patrons of nearby businesses and passers-by.[69] One organisation that has raised particular concern about the noise impacts of the Stadium construction (as well as ongoing impacts during Stadium operations) is the Tasmanian Symphony Orchestra (TSO), with the organisation's key rehearsal and performance venue, Federation Concert Hall, located 200 metres from the proposed Stadium site. MPDC have already developed a collaborative relationship with TSO to minimise noise impacts related to existing remediation efforts, and will continue close engagement efforts through construction.

Additionally, there is likely to be some ongoing noise pollution created by the operation of the Stadium and events held within it (including music, crowd noise, sirens and announcements), which may have negative impacts on the local community. An independent survey was undertaken for Perth Stadium in 2017, due to residents raising such concerns, but ultimately demonstrated a certain degree of tolerance of event-based noise.[70]

Survey results found that construction noise, as well as traffic noise and congestion, were the main issues raised by residents within a two-kilometre radius (noting that there are limited residences in the immediate surrounds of Perth Stadium). Noise from music festivals and concerts only presented a major concern to 10 and 5 percent of residents, respectively. The study also found that event type significantly impacted residents' acceptance of the disruption the events created. While 85 percent of residents found up to six single evening concerts per annum acceptable, residents only had tolerance for a single car or motor bike event per annum. Furthermore, it is important to note that the events specified in the Perth Stadium study are open-air events, which will create a higher level of noise than is likely in a roofed stadium.

The current 'core' event calendar presented in the FIR projects fewer than six concerts[71], and it is anticipated there will only be a small number of ad hoc events (which may include motorsport events) once every two years. Additionally, the roof of the Stadium will further reduce noise impacts, meaning Hobart residents will likely be less affected than the Perth residents, and their open-air stadium.

[69] Lee, Pyoung Jik, and Jin Yong Jeon. "Relating Traffic, Construction, and Ventilation Noise to Cognitive Performances and Subjective Perceptions." *The Journal of the Acoustical Society of America*, vol. 134, no. 4, 1 Oct. 2013, pp. 2765–2772, pubmed.ncbi.nlm.nih.gov/24116415/, https://doi.org/10.1121/1.4818776. Accessed 30 Sept. 2022.
[70] Patterson Research Group. "Perth Stadium Nearby Resident Survey 2017." *City of Vincent*, 17 Aug. 2017, vincent.infocouncil.biz/Open/2019/10/CO_20191015_AGN_4220_AT_files/CO_20191015_AGN_4220_AT_Attachment_12560_2.PDF. Accessed 21 June 2024.
[71] The core event calendar presented in the FIR contains two concerts annually while the optimistic event calendar contains up to six annually.

Mitigation measures: Noise impacts during construction and operation

To mitigate noise issues, MPDC and Stadiums Tasmania will collaborate with the TSO, in particular to avoid clashes in TSO live concert programming and Stadium event scheduling. MPDC will undertake noise monitoring from the TSO site during construction and has been working with the TSO during day-time practice, rehearsal and recording sessions to develop a strategy that avoids construction noise impacts. Additionally, construction contractors will be required to adhere to a site-specific construction noise management plan. Other noise-mitigation measures include requiring that Stadium operators develop an event noise mitigation policy.

Note: Further mitigation measures and studies into the impact of the noise can be found in the Construction Management Plan completed by Zancon and the Noise and Vibration Assessment completed by AECOM.

Impact of Stadium light on surrounding residents

Stadium lighting – used for evening events – is often bright and sustained for several hours and has the potential to alter the natural light patterns of the area. Light spill and glare can affect local wildlife and their behaviour patterns[72] and have negative impacts on nearby residents.[73] However, the available research primarily examines the impact of outdoor or open sports lighting, whereas the light pollution in the Stadium will largely be contained by the enclosed, roofed structure.

Grow lights are used increasingly to support grass growth, particularly in lower light climates and where a roof covers the Stadium some or all of the time. Grow lights can contribute to increased light pollution. However, the use of a transparent Ethylene Tetrafluoroethylene (ETFE) roof on the Stadium will reduce the need for grow lights (see further detail in the mitigation measures below).

In addition to potential impacts on nearby residents, light spill may have an impact on the operation of the nearby port and mitigation measures to reduce light pollution will be important to prevent an operational disruption and impacts on marine life.[74] Mitigation strategies include targeted lighting for the field to ensure light is appropriately directed and distributed as well as the design of the lights, including the use of light shield, in order to further control the direction and distribution of the light.[75]

Mitigation measures: Impact of Stadium light on surrounding residents

To mitigate light leakage, MPDC has included a roof as part of the Stadium design, as well as inward facing lighting in both the Stadium and precinct. The lights will be mounted on the interior of the roof, and therefore be closer to the ground than they would on a light pole on a traditional stadium, which will reduce light spill. The lighting design has been assessed against AS/NZS 4282: 2023: Outdoor Lighting Obtrusive Effects, it is currently compliant and will continue to be assessed as the design proceeds. A Lighting Assessment conducted by Introba has found that the impact on port operations, decorative lighting on the Cenotaph, and flora and fauna have been assessed as minimal.

The Stadium will have a transparent Ethylene Tetrafluoroethylene (ETFE) roof which allows a full light spectrum through and creates a greenhouse effect for the growth of grass. This, alongside lighting design which ensures all light is focussed on the pitch, will reduce the need for grow lights, with any remaining impact from grow lights being mitigated by the enclosed structure.

Note: Further assessment of the lighting effects and proposed mitigation measures can be found in Lighting Assessment completed by Introba.

4.1.4 Impact assessment

[72] Schoeman, M. C. “Light Pollution at Stadiums Favors Urban Exploiter Bats.” *Animal Conservation*, vol. 19, no. 2, 24 July 2015, pp. 120–130, https://doi.org/10.1111/acv.12220.
[73] Ntarara, E, et al. “The Impact of Lighting Trespass on Nearby Buildings and Their Inhabitants Which Derives from Municipal Stadiums. Early Results from a Post Occupancy Evaluation Survey.” *IOP Conference Series. Earth and Environmental Science*, vol. 1123, no. 1, 1 Dec. 2022, pp. 012034–012034, https://doi.org/10.1088/1755-1315/1123/1/012034. Accessed 2 June 2024.
[74] Byrnes, Troy A., and Ryan J. K. Dunn. “Boating- and Shipping-Related Environmental Impacts and Example Management Measures: A Review.” *Journal of Marine Science and Engineering*, vol. 8, no. 11, 12 Nov. 2020, p. 908, www.mdpi.com/2077-1312/8/11/908, https://doi.org/10.3390/jmse8110908. Accessed 21 June 2024.
[75] UPowerTek. “6 Design Considerations on Stadium Lights.” *UPowerTek*, 6 Mar. 2023, www.upowertek.com/6-design-considerations-on-stadium-lights/.

Negative impact 1A: Disruption to local businesses and residents (short-term)

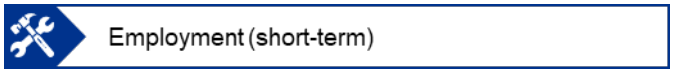
Pre-mitigation		Post-mitigation		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**Low impact**
Likely	Moderate	Possible	Moderate	

Negative impact 1B: Disruption to local businesses and residents (long-term)

Pre-mitigation		Post-mitigation		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**Low impact**
Likely	Moderate	Possible	Moderate	

4.2 Negative impact 2: Housing supply (short-term)

4.2.1 Outcomes potentially driving the impact



4.2.2 Relevant cohorts

- Tasmanian Residents

4.2.3 Evidence of impacts and mitigations

Construction of the Stadium has raised concerns related to the impact of a significant interstate workforce on Hobart's housing supply. However, analysis findings suggest that this impact is likely to be minimal.

Note: A separate report detailing an estimation of workforce as well as a housing study have been completed to assess the likely impact potential workers will have on the housing and rental market in Tasmania. This report, titled 'Macquarie Point Stadium: Housing for Workforce', has been included as part of the PoSS Submission. This impact profile provides a summary of the findings of that report as well as some background analysis on the issue. KPMG has relied on these findings. Please refer to the report for further detail.

Current Tasmanian housing supply

Similar to the rest of Australia, there have been concerns in Hobart and Tasmania more broadly about the capacity of the housing and rental markets and supply pressures resulting in cost increases. This sentiment was consistent with some responses within the public consultation process. However, analysis presented in the 'Housing for Workforce' report commissioned by MPDC shows that private rental vacancies have increased in recent times with the rental vacancy rate in Hobart increasing from 0.6 to 1.4 percent between December 2022 and April 2024 (compared to a decrease in the national rate from 1.3 to 1.1 percent in the same time period). This suggests growing capacity in Hobart's rental market.

Moreover, the report indicates that there is capacity in the short-term and tourist accommodation markets with a 73 percent occupancy rate across the short-term accommodation market and approximately 3,000 hotel rooms in the greater Hobart area with occupancy fluctuating from 62 to 89 percent across the year.

Anticipated impact on Tasmanian housing supply

As outlined in the 'Housing for Workforce' report, it is expected that no more than 100 dwellings in the private rental market would be needed to house workers looking for that tenure (peak construction period). Based on existing market conditions, there is sufficient supply to meet that need and this increase in demand would not have any significant impact on the cost of rents and the availability of rental properties in the market.

Mitigation measures: Anticipated impact on Tasmanian housing supply

As discussed in Positive impact 1: Employment and increased human capital (short-term and long-term), MPDC has implemented multiple strategies to ensure the use of local labour is maximised. These strategies include a

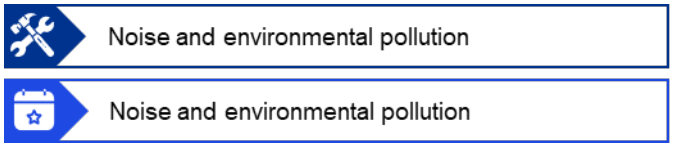
Stadium Workforce and Training Plan developed in collaboration with Skills Tasmania, MPDC's procurement policies which aim to use primarily local labour, as well as the State's procurement criteria which has recently increased incentives to use more local labour.

4.2.4 Impact assessment

Pre-mitigation		Post-mitigation		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**Negligible impact**
Unlikely	Insignificant	Unlikely	Insignificant	

4.3 Negative impact 3: Pollution, carbon emissions and other environmental impacts resulting from construction or operations (short-term and long-term)

4.3.1 Outcomes potentially driving the impact



4.3.2 Relevant cohorts

- Tasmanian Residents
- Tasmanian Natural Environment

4.3.3 Evidence of impacts and mitigations

The construction and operation of the Stadium is anticipated to have some negative environmental impacts, as pollution and emission will be created through any construction at this scale. However, MPDC is actively considering measures that can minimise environmental impacts, both during construction and on an ongoing basis, once the Stadium is operational.

Note: This evidence base is gathered from desktop research of academic and grey literature. The below reports have been completed as part of the PoSS Submission. Please refer to the studies for information specific to the project:

- *Natural Values Assessment, North Baker*
- *Water Quality and Management, BMT*
- *Coastal Inundation Assessment, BMT*
- *Flood Assessment, BMT*
- *Climate Change and Heat Risk Assessment, BMT*
- *Waste Report, Incognitus*
- *Contaminated Land, including Acid Sulphate Soil, AECOM*
- *Wind Effects Report, AECOM and Walker Ingenieure*

Environmental context of the site

Tasmania has cultivated a strong reputation as an environmentally conscious State through its early adoption of renewable energy, significant protected wilderness areas, promotion of sustainable tourism experiences, and

Aboriginal cultural connections to the land.[76] The State has recorded net zero emissions for the last seven years,[77] and achieved 100 percent self-sufficient renewable electricity generation in 2020, with ambitions to achieve a renewable energy output of 200 percent by 2040.[78] It is anticipated that the development of the Stadium will occur in the context of broader government policy and ambition, with opportunities to minimise carbon output adopted where possible.

Before its decommissioning in 2014, the site was used for large-scale industrial buildings which created extensive contamination requiring remediation. The majority of these efforts are already complete. MPDC expect final remediation to be completed prior to development.

Mitigation measures: Environmental context of the site

Environmental implications of Stadium construction

In Australia, life cycle assessments (LCA) have been used to measure the environmental impacts of stadiums through the measurement of greenhouse gas (GHG) emissions. This assessment includes construction, operations, and end-of-life waste management. One study utilising a LCA found that operations accounted for 72.5 percent of GHG emissions, construction impacts accounted for 24.7 percent of emissions, and end-of-life management accounted for the remaining 2.8 percent of emissions.[79]

In common with all major construction projects, during the construction phase, sustainability challenges include the acquisition and transport of materials as well as the use of heavy machinery. Materials such as steel and concrete, often used in construction, have substantial carbon footprints.[80] This impact is further exacerbated by transport, with many of these materials requiring trucking.[81] Additionally, heavy machinery is the primary source of GHG emissions during the construction stage of large infrastructure projects, expelling pollution. However, these effects are short-term in nature.[82]

Mitigation measures: Environmental implications of Stadium construction

MPDC's procurement policy for goods and materials used in the construction of the Stadium will have an emphasis on sustainability.

Environmental implications of Stadium operations

In the operations phase, attendance at and utilisation of the Stadium generates increased GHG emissions. In particular, travel (particularly by interstate or international event visitors) is the primary contributor to the emissions created by attendees, followed by the production and consumption of food and beverages. Lighting and refrigeration systems, as well as baseload heating, ventilation and cooling, are the primary contributors to the negative environmental impacts of the operation of a stadium itself.[83] These systems all consume energy and water which, when calculated over its size and lifetime, contribute significantly to the sustainability challenges of the Stadium. However, given that Tasmania is 100 percent self-sufficient in renewable electricity generation and is expanding its renewable energy sector[84], the emissions profile of this Stadium is anticipated to be significantly lower than similar projects in other parts of Australia and the world. In addition to Tasmania having 100% self-sufficient renewable energy generation, MPDC has advised that carbon emissions will also be mitigated through the use of a centralised district energy scheme, waste management strategies and on-site solar generation (as per the mitigation strategies outlined below).

[76] Tasmanian Government & Tourism Industry Council Tasmania. *2030 Visitor Economy Strategy Tasmania*. 14 Aug. 2023.
[77] Tasmanian Government | Department of State Growth. "Harnessing Our Renewable Energy | Renewables, Climate and Future Industries Tasmania." Renewables, Climate and Future Industries Tasmania, 2022, recfit.tas.gov.au/renewables/harnessing_our_renewable_energy. Accessed 29 May 2024.
[78] Tasmanian Government Department of State Growth. "200% Tasmanian Renewable Energy Target." *Renewables, Climate and Future Industries Tasmania*, www.stategrowth.tas.gov.au/recfit/renewables/tasmanian_renewable_energy_target.
[79] Hedayati, Mehdi, et al. "A Greenhouse Gas Assessment of a Stadium in Australia." *Building Research & Information*, vol. 42, no. 5, 14 Apr. 2014, pp. 602–615, https://doi.org/10.1080/09613218.2014.896141.
[80] Environment, U. N. "Building Materials and the Climate: Constructing a New Future." *UNEP - UN Environment Programme*, 12 September 2023, www.unep.org/resources/report/building-materials-and-climate-constructing-new-future.
[81] Sizirici, Banu, et al. "A Review of Carbon Footprint Reduction in Construction Industry, from Design to Operation." *Materials*, vol. 14, no. 20, 15 Oct. 2021, p. 6094. NCBI, www.ncbi.nlm.nih.gov/pmc/articles/PMC8540435/, https://doi.org/10.3390/ma14206094.
[82] Fan, H. "A Critical Review and Analysis of Construction Equipment Emission Factors." *Procedia Engineering*, vol. 196, 2017, pp. 351–358, https://doi.org/10.1016/j.proeng.2017.07.210.
[83] (Hedayati, Mehdi, et al., 2014)
[84] Office of the Coordinator-General. 'Renewable energies – Many opportunities when investing or using renewable'. Available at https://www.cg.tas.gov.au/investment_opportunities/sector_opportunities/renewable_energies#:~:text=Tasmania%20is%20100%20per%20cent, world%20to%20have%20achieved%20this.

Mitigation measures: Environmental implications of Stadium operations

MPDC is pursuing a Green Star Accreditation for communities for the Macquarie Point Precinct. To achieve the accreditation, *the project will be assessed against the GSC sustainability categories of governance, liveability, economic prosperity and environment. The environmental category includes credits across a variety of issues, such as a greenhouse gas strategy, sustainable transport and movement and light pollution.*[85] In addition to the Green Star accreditation, MPDC is committed to seeking the best achievable outcomes in relation to sustainable construction and operations. This includes:

- On site stormwater management using best practice urban design principles;
- Consideration on site water retention for irrigation purposes;
- Onsite solar power generation;
- General waste management strategies; and
- Central district energy scheme – a centralised system for heating and cooling multiple buildings through an underground network of pipes, providing a reduction in energy consumption for heating, ventilation and air conditioning.

4.3.4 Impact assessment

Negative impact 3A: Environmental impacts resulting from construction (short-term)

Pre-mitigation		Post-mitigation		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	Moderate / Low impact
Almost certain	Moderate	Almost certain	Moderate/Minor	

Negative impact 3B: Environmental impacts resulting from construction (long-term)

Pre-mitigation		Post-mitigation		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	Low impact
Almost Certain	Minor	Almost Certain	Minor	

4.4 Negative impact 4: Visual impact of the Stadium

4.4.1 Outcomes potentially driving the impact

Impact on visual views and sightlines and existing heritage surroundings

4.4.2 Relevant cohorts

- Tasmanian Residents

4.4.3 Evidence of impacts and mitigations

Note: A separate report detailing an assessment of the visual impact of the proposed Stadium has been completed and has helped inform the final design of the Stadium. This report, titled 'Visual Impact Assessment Report', completed by SLR has been included as part of the PoSS Submission. This impact profile provides a summary of some of the findings of that report as well as some background analysis on the issue. Please refer to the report for further detail.

The location of the proposed Stadium is adjacent to the Derwent River and south of the Hobart Cenotaph – the primary commemorative military monument in Tasmania. Concerns related to the visual impact of the Stadium were raised by sections of the community – in particular, the Returned Services League (RSL) – and in feedback

collected from the community prior to the Stadium concept designs being developed and released. They have informed the design process which has ensured that visual impacts are minimised.

Initial findings from the Landscape and Visual Values Study

Initial analysis of the potential visual impact of the Stadium on its broader surroundings indicates that due to the height of the structure, the sightlines to the Cenotaph and mouth of the river will be impacted to some extent. However, design strategies have been employed to minimise this effect. Further detail on these strategies is outlined in the proposed mitigation measures section below. Additionally, the proposed site for the Stadium is located to the south of the Cenotaph, therefore it will not obscure the sunrise for Anzac Day services, and at no time in the year will a shadow fall on the Cenotaph.

The site of the Stadium itself is industrial in nature with historic use for bulk storage and railway repair and is adjacent to a working port that accommodates cruise ships that intermittently obscure sight lines from the Cenotaph (predominantly between October and April). As such, the Stadium and associated development are anticipated to contribute to the beautification of this site and will open it up to public use for the first time.

As outlined above, a *Visual Impact Assessment* report provides further analysis on the anticipated visual impact of the project.

Mitigation measures: Initial findings from the Landscape and Visual Values Study

Initial findings from the *Visual Impact Assessment* study indicate that the Stadium will have some impacts on some views of the Cenotaph's open setting, framed by the vegetated escarpment, from various vantage points. However, the effects of change will be mitigated through landscape planting on the escarpment edge and dome-like torus form of the roof structure, reducing the overall impact of the views. The Stadium design will also provide new views of the Cenotaph and kunyani / Mt Wellington. MPDC met with the RSL during the design process and will continue to engage with the RSL as the project progresses.

Other design features in the Stadium to minimise its built form and impact include:

- Keeping the built edges of the Stadium to a low profile and to a similar scale as the existing built form along Evans Street.
- Designing the seating bowl to create new views to key landmarks including kunanyi and the Cenotaph from within the Stadium and the Goods Shed.

There will be continued engagement with the RSL and the community, and socialisation of Stadium designs through project planning. MPDC has also already worked with the Tasmanian Aboriginal community to ensure development of culturally informed concept and landscaping designs for the Stadium. Through the detailed design process, this work will continue, including identifying opportunities for Tasmanian Aboriginal people to contribute artworks, opportunities to potentially highlight cultural practices and share stories.

4.4.4 Impact assessment

Pre-mitigation		Post-mitigation		Final rating
Likelihood	**Consequence**	**Likelihood**	**Consequence**	**Moderate / Low impact**
Likely	Moderate	Likely	Moderate / Minor	

5 Impact assessment and mitigation

The following section outlines the outcomes of an assessment of the likelihood and consequence of each of the impacts outlined above, both pre- and post-intervention.

The intention of the impact risk assessment is to systematically evaluate the positive and negative impacts identified through the Value Framework and explored in the impact profiles above. The assessment relied upon the evidence base and proposed interventions investigated in the impact profiles, with inputs from MPDC and the Devils. The assessment involved:

- **Likelihood Measures**: The probability of each impact occurring is measured on a scale from "Rare" to "Almost Certain". This scale allows for a uniform assessment of the potential for various identified impacts to unfold.
- **Consequence Measures**: The severity of impacts is classified from 'Insignificant' to 'Significant'. This classification system aids in quantifying the potential repercussions on the social and cultural landscapes. For negative impacts, ‘Insignificant’ signifies small-scale effects to which the community could easily adapt, while ‘Significant’ refers to changes that would present very significant challenges to mitigate. For positive impacts, ‘Insignificant’ signifies small-scale opportunities on which the community could easily capitalise, while ‘Significant’ refers to long-term demonstrable change to the community.

Each impact was assessed using these scales before and after the proposed interventions were considered. Post-intervention, the impact was given a final rating of negligible, low, medium or high impact, based on the assessment outcomes.

5.1 Assessment and enhancement of positive impacts

Figure 6: Positive impacts – impact assessment outcomes

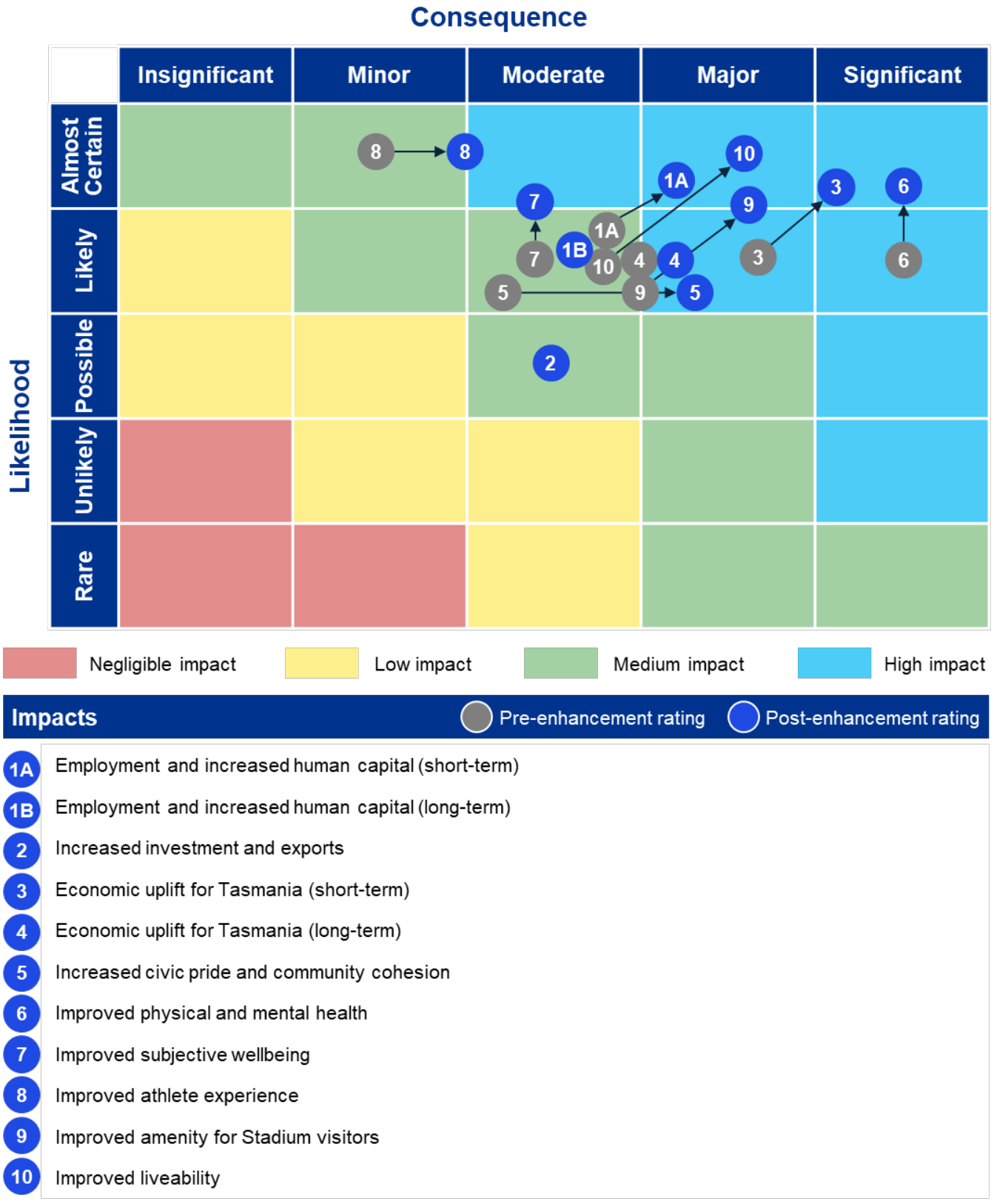


Table 2: Positive impacts risk register

	Assessment considerations	Likelihood	Consequence	Enhancement	Post-enhancement likelihood	Post-enhancement consequence	Final rating
Positive impact 1A: Employment and increased human capital (short-term)	• Likely a high proportion of the predicted 1,221 construction workforce will be employed locally.	Likely	Moderate	• Workforce strategy – working with Skills Tasmania and Keystone to encourage local participation. • Procurement policies targeted at maximising local employment and skills outcomes.	Almost Certain	Major	High impact
Positive impact 1B: Employment and increased human capital (long-term)	• Stadiums Tasmania has estimated that up to 1,010 - 1,210 personnel (including casual staff) will be required to operate the Stadium on certain event days, with the lower end of the range required for AFL fixtures. A smaller workforce is anticipated to work at the Stadium throughout the year. • Capability uplift through new skillsets required to operate the Stadium, at a scale that does not currently exist in Tasmania. • Capability uplift through the support for a new professional sports ecosystem for Tasmania, supporting industry talent attraction/retention and pipeline development. • Likely over 135 AFL roles available for Tasmanians through the new teams and other AFL investment.	Likely	Moderate	• Devils are looking for ways to maximise education opportunities through the club, including cadetships and education plans for athletes.	Likely	Moderate	Medium impact

	Assessment considerations	Likelihood	Consequence	Enhancement	Post-enhancement likelihood	Post-enhancement consequence	Final rating
Positive impact 2: Increased investment and exports	• Increased brand reputation through AFL game and finals broadcasts, as well as other sporting events. • Increased sponsorships and marketing opportunities, often going beyond the immediate realm of sports, spurring corporate investment. • Increased confidence in the state, increasing likelihood for further investment. • Increased business events (104-156 events) allowing for knowledge sharing, innovation and further investment.	Possible	Moderate	• Partnerships with key stakeholders (e.g. Business Events Tasmania). • Ensuring the Stadium has a distinctly and uniquely Tasmanian feel to build on the local brand.	Possible	Moderate	Medium impact
Positive impact 3: Economic uplift for Tasmania (short-term)	• Use of Tasmanian service providers and materials through Stadium construction. • Potential uplift to surrounding businesses through construction worker spend on the job. • Economic benefits from interstate workers relocating or temporarily staying in Tasmania.	Likely	Major	• Procurement and partnerships strategies to prioritise Tasmanian goods and services. • Engagement with local businesses to ensure they are set up to capitalise on opportunities, including clear communication of construction program.	Almost Certain	Significant	High impact
Positive impact 4: Economic uplift for Tasmania (long-term)	• Increased interstate visitation related to events held at the Stadium. • Increased retention of Tasmanians in Tasmania as they now have access to events they would otherwise need to travel interstate for.	Likely	Moderate/Major	• Partnerships with local businesses to provide opportunities for local food and beverage, hotels, etc. • Specific events that are targeted at attracting interstate visitation.	Likely	Major	High impact

	Assessment considerations	Likelihood	Consequence	Enhancement	Post-enhancement likelihood	Post-enhancement consequence	Final rating
	• Opportunity for event attendees to spend on other attractions or at nearby food and beverage venues, and for interstate visitors to extend their trip. • Ongoing supply chain benefits associated with Stadium operations. • Direct and indirect spending associated with establishing the new AFL team.			• Partnering with local tourism businesses to encourage extending of stay. The findings of the FIR also suggest that event attraction funding will be required to deliver on the proposed events calendar.			
Positive impact 5: Increased civic pride and community cohesion	• Survey responses and academic research shows the Stadium will likely be seen by the majority of attendees as a cultural landmark. • AFL team will likely bring a significant amount of civic pride, with over 190,000 founding members of the Devils.	Likely	Moderate	• Commitment to ensure the Stadium is uniquely Tasmanian and fits in with the surrounds. • Community participation and engagement with AFL team.	Likely	Major	High impact
Positive impact 6: Improved physical and mental health	• Inspiration effect and role model effect can help encourage participation of sport by watching and interacting with professional sports. The new AFL and AFLW teams, as well as new content across other sporting codes, is likely to broaden engagement with sport. • '28 by 28' – AFL's vision to reach 28,000 participants. • Sports participation prevents or reduces risk of a variety of	Likely	Significant	• Continued active engagement between the Devils and community. • Encourage / commit to the Devils engaging directly with the community. • Active participation zones, to encourage participation before or after the game, or at half time.	Almost certain	Significant	High impact

	Assessment considerations	Likelihood	Consequence	Enhancement	Post-enhancement likelihood	Post-enhancement consequence	Final rating
	diseases, including cardiovascular disease, diabesity, and certain types of cancer. • Sport participation reduces development and improves treatment of serious mental illnesses, such as depression and anxiety, as well as reduces feelings of isolation and loneliness.						
Positive impact 7: Improved subjective wellbeing	• Positive psychological effects of associating with a team, particularly in the same geography. • Excitement of watching a game live including community engagement from attending the game (i.e. discussions before and after). • Long-term psychological benefits including collective effervescence, experienced through concert attendance, can increase lifespan of attendees.	Likely	Moderate	• Team involvement within the community (e.g. school visits). • Positive experiences at the Stadium, and its unique features. • The ability to leverage Stadium amenities and infrastructure outside of event days for community activities.	Likely/Almost Certain	Moderate	Medium / High impact
Positive impact 8: Improved athlete experience	• Stadium roof can limit disruption related to weather. • Increased support from larger crowd (than other Tasmanian stadiums) improves performance. • Higher quality training and development facilities.	Almost certain	Minor	• Working in collaboration with potential hirers to understand athlete requirements. • Further information requested from the AFL on proposed pathways. • Location within a precinct meaning ease of access to food, beverage and other amenities.	Almost certain	Minor/Moderate	Medium / High impact

	Assessment considerations	Likelihood	Consequence	Enhancement	Post-enhancement likelihood	Post-enhancement consequence	Final rating
	• Location near the CBD, allowing ease of access to and from accommodation. • Creation of pathways from junior and grassroots AFL programs through to professional athlete at the same club, allowing Tasmanian athletes to stay within the region.						
Positive impact 9: Improved amenity for Stadium visitors	• Roof ensures comfort from weather for attendees and improved acoustics for concerts. • Inner city location and proximity to businesses and accommodation. • New amenities (such as seating, bathrooms, etc.). • Accessibility of amenities (i.e. compliance with modern standards). • Other user benefits might include diverse food and beverage options, high quality technological systems and contemporary safety and security measures.	Likely	Moderate/Major	• Location within precinct means visitors can extend their experience (i.e. eat at a nearby restaurant, roam around the precinct, etc.). • Informed by Stadium Tasmania's user requirements including improved view lines, variety of offerings and experiences and adoption of new technologies. • Exploring exceeding building codes outlined in the Disability Discrimination Act 1992. • Partnering with Tasmania's Aboriginal community for design input. • Unique Tasmanian and local character elements.	Likely/Almost Certain	Major	**High impact**
Positive impact 10: Improved liveability	• Urban renewal and increased likelihood of further investment into the community. • Activates public transport infrastructure and investment	Likely	Moderate	• Locally based accessibility panel to inform design. • Ongoing community engagement through precinct planning (e.g. TSO, RSL)	Almost Certain	Major	**High impact**

	Assessment considerations	Likelihood	Consequence	Enhancement	Post-enhancement likelihood	Post-enhancement consequence	Final rating
	and increases accessibility to and around the area. • Increases sporting and cultural richness of the area through increased sport and entertainment event offering, increased sport participation and increased social cohesion and community pride.			• Design review panel as part of Green Star Communities accreditation. • Enables the creation of a vibrant cultural precinct activating additional private commercial investment wrapping around the Stadium. • Activates the last large parcel of open space near the CBD, creating new large-scale social infrastructure.			

5.2 Assessment and mitigation of negative impacts

Figure 7: Negative impacts - impact assessment outcomes

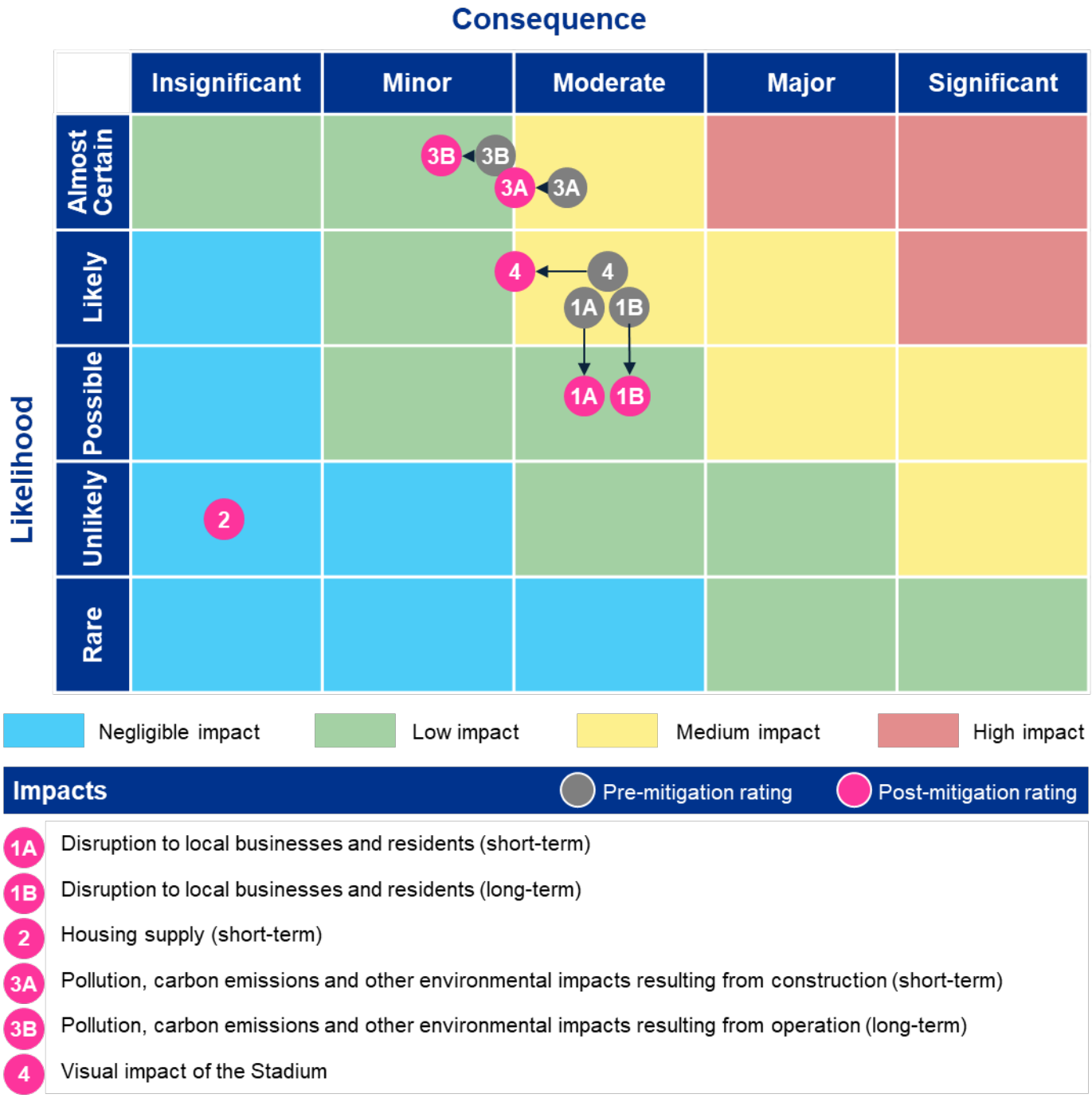


Table 3: Negative impacts risk register

	Assessment considerations	Likelihood	Consequence	Mitigation	Post-mitigation likelihood	Post-mitigation consequence	Final rating
Negative impact 1A: Disruption to local businesses and residents (short-term)	• Minor access and noise impacts to a small number of primarily hospitality businesses in the immediate vicinity. • Possible moderate interruptions to utilities (such as water, internet, etc.) or logistical issues (such as difficulties making or receiving deliveries). • Likely moderate impacts on TSO, due to their acoustically sensitive activities.	Likely	Moderate	• Planning of construction logistics with clear signage and alternative access routes. • Collaboration with businesses, particularly the TSO, to avoid major access issues and manage conflicting scheduling. • A requirement for construction contractors to adhere to a site-specific construction noise management plan. • Ongoing localised noise monitoring during construction.	Possible	Moderate	Low impact
Negative impact 1B: Disruption to local businesses and residents (long-term)	• Likely moderate ongoing traffic impacts related to attendee access for events. • Likely moderate ongoing noise impacts from concerts and events. In particular for TSO, due to their acoustically sensitive activities.	Likely	Moderate	• Continued collaboration and communication with TSO and other local stakeholders to avoid scheduling clashes. • MPDC will recommend that Stadium operator develops an event noise mitigation policy. • To mitigate light leakage, MPDC included a roof as part of the Stadium design, as well as inward facing lighting in the Stadium.	Possible	Moderate	Low impact

	Assessment considerations	Likelihood	Consequence	Mitigation	Post-mitigation likelihood	Post-mitigation consequence	Final rating
Negative impact 2: Housing supply (short-term)	• Possible use of interstate workers, putting pressure on the already strained housing market in Tasmania. • A separate study examining this impact has suggested it is likely to be minor at most given existing capacity in Tasmania's housing and accommodation markets.	Unlikely	Insignificant	• Increased weighting of Tasmanian Economic and Social Benefits Test increases pressure to use local resources. • Stadium Workforce and Training Plan – working with Skills Tasmania and Keystone to encourage local participation.	Unlikely	Insignificant	Negligible impact
Negative impact 3A: Environmental impacts resulting from construction (short-term)	• Almost certain moderate impact, across acquisition and transport of materials, as well as use of heavy machinery. • Noting an environmental hazard and climate change assessment will be undertaken as part of the PoSS Submission.	Almost certain	Moderate	• Extensive site remediation has already been undertaken. • MPDC is pursuing a Green Star Accreditation for communities.	Almost certain	Moderate/Minor	Moderate / Low impact
Negative impact 3B: Environmental impacts resulting from operations (long-term)	• Almost certain minor impact on the environment, due to ongoing use of water and electricity from baseload heating, ventilation and cooling systems. • Noting impact of electricity mitigated through Tasmania's 100 percent renewable energy initiative.	Almost Certain	Minor	• On site stormwater management using best practice urban design principles. • Waste management strategies. • Consideration on site water retention for irrigation purposes. • Central district energy scheme. • On-site solar generation.	Almost Certain	Minor	Low impact

	Assessment considerations	Likelihood	Consequence	Mitigation	Post-mitigation likelihood	Post-mitigation consequence	Final rating
Negative impact 4: Visual impact of the Stadium	• Likely emotional impact to Tasmanians due to Cenotaph sightlines being blocked from a minority of locations. • The site is industrial in nature and has historic uses for bulk storage and railway repair, therefore the Stadium is an aesthetic improvement on the base case.	Likely	Moderate	• Landscape and Visual Values study as part of the PoSS Submission to assess impacts and identify mitigation strategies. • Initial findings show that the Stadium will not obscure the sunrise or view down Macquarie Street associated with Anzac Day services, and at no point in the year will shadow fall on the Cenotaph. • Design changes including reducing the Stadium's footprint, a transparent roof and uniquely Tasmanian design. • Continued community engagement and socialisation of design and precinct planning.	Likely	Moderate / Minor	Moderate / Low impact

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Supplementary Report

Macquarie Point Multipurpose Stadium

31 January 2025

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Disclaimers

Inherent Limitations

This report has been prepared as outlined in the Macquarie Point Development Corporation Scope Section in Attachment 2: Specification of the Contract dated 30 April 2024, and the Variation Letter dated 22 January 2025. The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by Macquarie Point Development Corporation management and personnel consulted as part of the process. KPMG has indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

Projections

Where any of the Services relate to assumptions about circumstances and events that have not yet transpired, we do not warrant that any assumptions determined by you are reasonable.

Where any of the Services relate to forecasts, projections or other prospective financial information prepared by us, we do not warrant that the forecasts, projections or information will be achieved.

Where any of the Services relate to the analysis or use of forecasts, projections or other prospective financial information supplied or prepared by you, we do not warrant that:

a) The forecasts, projections or information are reasonable;

b) The forecasts, projections or information will be achieved; or

c) The underlying data and assumptions provided to us are accurate, complete or reasonable.

Notice to Third Parties

This report is solely for the purpose set out in Attachment 2: Specification of the Contract dated 30 April 2024 and the Variation Letter dated 22 January 2025 and for Macquarie Point Development Corporation's information for the purpose of providing reports to the Tasmanian Planning Commission for the purposes of their undertaking an integrated assessment of the Macquarie Point Multipurpose Stadium as a Project of State Significance and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of Macquarie Point Development Corporation in accordance with the terms of the Contract dated 30 April 2024. Other than our responsibility to Macquarie Point Development Corporation, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

Electronic distribution of reports

The report is dated 31 January 2025 and KPMG accepts no liability for and has not undertaken work in respect of any event subsequent to that date which may affect the report.

Any redistribution of this report requires the prior written approval of KPMG and in any event is to be complete and unaltered version of the report and accompanied only by such other materials as KPMG may agree. Responsibility for the security of any electronic distribution of this report remains the responsibility of Macquarie Point Development Corporation and KPMG accepts no liability if the report is or has been altered in any way.

Contents

1 Introduction

1.1 Background

On 19 November 2024 the Tasmanian Planning Commission (**the Commission**) advised Macquarie Point Development Corporation (**the Corporation**), via a letter, that it is proceeding with its integrated assessment, including consultation with specified stakeholders and an expected completion of the draft IAR in the first quarter of 2025.

In completing its assigned task, the Commission has advised the Commission that it is concerned to ensure that the final report is based on the best available information presented to it during the course of the assessment process.

The Commission has also advised that whilst the Corporation's submission respond to many of the matters referred to in the Guidelines for the project, they do not address all of the matters on which information was sought under the Guidelines and set out some of these matters in the letter.

The Corporation has requested KPMG to support it in providing responses to some of the matters raised, either in relation to KPMG's reports submitted to the Commission or in their seeking of additional information. The specific matters for which the Corporation requested KPMG to provide a response are included in Section 2 Response Summary.

1.2 This Supplementary Report

This supplementary report is to be read in conjunction with the KPMG reports submitted to the Commission, including:

- Economic Impact Assessment, Macquarie Point Multipurpose Stadium, dated 5 September 2024
- Cost Benefit Analysis, Macquarie Point Multipurpose Stadium, dated 5 September 2024
- Financial Impact Report, Macquarie Point Multipurpose Stadium, dated 5 September 2024
- Social and Cultural Analysis, Macquarie Point Multipurpose Stadium, dated 5 September 2024.

The information contained within this supplementary report is based on the information and data available to KPMG as of the date of the completion of the aforementioned reports, being 5 September 2024 and has not been updated to reflect any subsequent events or any information that may have become available post that date.

2 Response Summary

2.1 Summary

The table below includes all items of feedback from the Commission, for which the Commission requested KPMG to provide further information. A summary response is provided, along with references to further explanatory material and supplementary analysis to further assist the Commission.

Table 2.1

Item	Commission Feedback	Response Summary
1. EIA counterfactual **(Corporation Ref: Item 11)**	The Economic Impact Assessment and the Financial Impact Assessment should also assess the project in comparison to a base case/no project alternative in line with the general and specific requirements of sections 3.2, 3.3 and 3.5 of the Guidelines. (Commission Ref: Appendix page 2)	The Financial Impact Assessment (**FIA**) report is designed to estimate the incremental impact of the Stadium on the General Government Sector and Total State Sector financial position. That is, every incremental cash flow that the Stadium imposes on the budget is captured. The implicit assumption is that there is no flow-on impact on the budget of these incremental cash flows. For example, we assume that any additional borrowings required to fund the stadium does not impact the rate at which the government can borrow (e.g., no impact on credit rating) not the amount that the government can borrow in total (i.e., credit constraint). These reasonable assumptions mean that the incremental impacts that we estimate can be added to a wide range of baseline projections of the State's financial position in the "no stadium" scenario. We note that the current Tasmanian State Budget contains some allowances for the Stadium, which mean that it is unsuitable to be a base case. In any case, the Budget extends only for three years in the future while the required base case needs to extend to the full life of the stadium. Section 3.2 of the Economic Impact Assessment (**EIA**) report provided commentary on the approach to assessing the opportunity cost of an alternative investment of public funds and notes that the modelling presented addresses the "opportunity cost" of resources explicitly through supply constraints and budget constraints. KPMG's maintained view is that the base case scenario represents the appropriate counterfactual for considering the stadium's economic impact. To further assist the Commission, additional explanatory material, as well as an EIA Counterfactual is provided in the Supplementary Analysis (section 3.2 of this report).
2. Capital cost and revenue assumptions	Further detailed elaboration of the evidence base for some key assumptions related to both capital	Capital cost assumptions and estimates were prepared by WT Partnership, the appointed Quantity Surveyor, and we understand this will be responded to separately

(Corporation Ref: Item 12)	costs and revenue (section 3.1 and 3.5 of the Guidelines).
	
	(Commission Ref: Appendix page 3)
		by Macquarie Point Development Corporation (**the Corporation**).
		
		The FIR report included details regarding revenue assumptions. Specifically,
		
		• The approach to developing demand projections, a key driver of revenue (including the event calendar and attendance projections) was outlined in section 1.3.2 of the FIR report. The evidence base comprised:
		  ○ Information gathered through consultation with a broad range of stakeholders
		  ○ Comparative / benchmark insights with reference to historical event calendars and attendance at comparator venues across Australia (including, but not limited to those venues listed in the report)
		  ○ Access to proprietary sectoral insights and expertise through DHW Ludus.
		• The approach to developing other revenue projections, was outlined in section 1.4 and Appendix A of the FIR report. The evidence base comprised:
		  ○ The event calendars prepared as outlined above
		  ○ Assumptions developed from a combination of benchmark information and stakeholder consultation
		  ○ Assumptions for the core categories of F&B Revenue, Signage Revenue, Supply Rights, and Functions Revenue as summarised in section 1.4 as well as more detailed assumptions and evidence sources in Appendix A of the FIR report.
		
		To further assist the Commission regarding the approach to developing an evidence base, particularly as it relates to demand and attendance, the following information is provided:
		
		• Further information on the role of DHW Ludus as sectoral experts, their experience and capabilities and use of benchmarking is provided in the Supplementary Analysis (section 3.1 of this report).
		• Further information in relation to the benefit of 'increased visitation' included within the *Cost Benefit Analysis* (**CBA**) report is provided in the Supplementary Analysis (section 3.3.1 of this report).

3. Capital cost components and their consistent application	The reports are to provide and be based on the best estimate of this total capital cost at the present time, broken into the key components with year-by-year total capital cost estimates, and for	Total year-by-year capital cost estimates were provided within section 1.3.3 of the FIR report. The key components of capital cost estimates were prepared by WT Partnership, the appointed QS, and we understand this will be responded to separately by the Corporation.

(Corporation Ref: Issue 58)	these estimates to be used consistently through the proponent's economic and financial models. (Commission Ref: Appendix Page 7	The capital cost estimates used in the CBA, EIA and FIR reports were all identically sourced and reference back to WT Partnership costings. In terms of underlying analysis and calculations, these estimates were applied consistently within each of the reports, although presented and analysed on a different basis (real and/or nominal) as necessitated by the different types of analyses. The primary presentation differences relate to the approach to presentation and analysis of capital cost estimates in real versus nominal values which was discussed in the Executive summary to the CBA report. The FIR report presented capital cost estimates on a nominal basis $774.9 million (with escalation) for the purpose of analysing the impact on the General Government Sector and Total State Sector financial position. The CBA and EIA reports presented capital cost estimates on a real basis $715.9m (excluding escalation) for the purposes of modelling real costs and real benefits as well as real economic impacts, as is appropriate for these types of analyses. Both reports (CBA and EIA) also referenced the underlying nominal capital cost estimates of $774.9m as the basis of the analysis (section 2.4 of the CBA report and section 2.3 of the EIA report).
4. Consistent application of scenario information and increased visitation **(Corporation Ref: Item 59)**	The information provided in each of the economic and financial reports, is to be consistently applied to "base', "optimistic" and "pessimistic" cases, based on plausible variations in estimates and assumptions, given the early-stage base estimates for capital and other inputs presented in the submission. (Commission Ref: Appendix Page 7)	The general and specific requirements for sensitivity and scenario analyses within the Commission's Guidelines were addressed and referenced in the reports previously submitted. The reports provided explanations as to why sensitivity and scenarios regarding of probability distributions for key cost and revenue parameters as well as the alternative treatment by the Commonwealth Grants Commission under Horizontal Fiscal Equalisation were not feasible. In relation to the request that the provision of information in each of the economic and financial reports is to be consistently applied to "base", "optimistic" and "pessimistic" cases, the CBA, EIA, and FIR reports each consistently applied a Core Scenario and Optimistic Scenario and separately presented the modelling outputs and associated impacts of these consistently applied scenarios. The "base", "optimistic" and "pessimistic" cases were crafted to address the specific requirement in the Commission's Guidelines to show variations on key assumptions in relation to patronage. Section 1.3 of the FIR report referenced the development of two event calendars by KPMG and DHW Ludus, the impacts of which were tested in alternate scenarios consistently throughout the CBA, EIA and FIR reports. The range presented by the two event calendars provided an understanding of the differing outcomes that could be delivered by the stadium.

		To further assist the Commission, the following information is provided: • An overview of the approach adopted to develop the scenarios, their consistent application and the modelling interdependencies across the CBA, EIA and FIR reports is provided in the Supplementary Analysis (section 3.1 of this report). • CBA outputs are presented on a comparative basis in more detail for the "optimistic" and "pessimistic" scenarios and is provided in the Supplementary Analysis (section 3.3.2 of this report) • Explanatory commentary on the methodology and basis for the 'increased visitation' benefit as presented in Table 27 of the CBA report, including how the number was derived is provided in the Supplementary Analysis (section 3.3.1 of this report).
5. Additional capex and delay penalties scenarios **(Corporation Ref: Issue 60)**	Numbers for costs and revenue / benefits are to be used consistently, through the economic and financial reports. For example, the estimated full cost including the required supporting works (but not after subtracting the undefined "value-management" activities), impacted by for example a 20 per cent variation in total capital cost – whether through construction delay or initial "underestimation" in the planning process. A "delay scenario" should take into account the penalties that State would face under the agreement with the AFL. (Commission Ref: Appendix Page 7)	Capital cost assumptions and estimates were prepared by WT Partnership, the appointed Quantity Surveyor and KPMG has relied upon these in preparing the reports. Numbers for costs and revenue / benefits were consistently applied through the economic and financial reports as has been outlined in this supplementary report. The reports included a delay scenario (section 1.7 of the FIR report) as well as a 20 per cent increase in capital expenditure sensitivity (section 2.6 of the CBA report). To further assist the Commission, the following information is provided: • CBA outputs to show the impact of a 20 per cent increase in total capital costs, as well as the inclusion of AFL penalties as a result of delays is provided in the Supplementary Analysis (section 3.3.2 of this report).
6. Removal of non-incremental revenues and inclusion of debt servicing costs **(Corporation Ref: Issue 61)**	The Financial Impact Assessment is to be revised so that it can provide information on the likely impact on the State's finances of building and operating the stadium. Specifically the reports are to: • remove non-incremental revenue – (ie the revenue earned by other stadia or venues; • include debt-servicing costs (noting that under the limited-scope capital cost provided in the proponent's submission, the State is required to borrow $375 million as its initial contribution and there is a further $145 million to be funded); and	The FIR report analysed the impact on the General Government Sector and Total State Sector financial position. The CBA analysed the impact on the "community of interest", which was defined as the State of Tasmania. On this basis, both reports have adopted an incremental approach to the recognition of revenues / benefits and costs. Debt servicing costs were included in the analysis underpinning the FIR report. This was further outlined in section 1.8 of the FIR report as follows: • The FIR report identified that under the core capital cost estimate of $775m, $145m remained unfunded. • The FIR report also noted that as per advice from Treasury, the asset owning entity will borrow to make up any shortfall and that additional grant expenses will likely be required from the General

	• include the cumulative impact on future deficits and debt services costs of the State borrowing to fund all capital works and all ongoing operational deficits. For each scenario: • the revised modelling of debt servicing is to reflect the difference between the full capital cost estimates and the known external funding contributions (ie from the Commonwealth and the AFL); and modelling is to remove non-incremental revenue (from activities that already exist as identified in the report) where this accrues to stadia and venues already owned, operated or otherwise controlled by the State. (Commission Ref: Appendix Page 7)	Government Sector to fund the interest expense of the borrowings. • The FIR report further noted that the net operating balance impact incorporated interest expense.
7. Interstate visitors and nights stayed assumptions **(Corporation Ref: Issue 62)**	The base assumptions for level of interstate visitors and nights stayed by visitors is to be revised to show actual assumptions, that is: • average assumed % of total interstate visitors 25%; • average assumed % of additional interstate visitors 18% (72% of total); and • average assumed night stayed for each additional interstate visitor 4.3. (Commission Ref: Appendix Page 8)	To further assist the Commission, the following information is provided: • Explanatory commentary on the methodology and basis for the 'increased visitation' benefit as presented in Table 27 of the CBA report, including how the number was derived is provided in the Supplementary Analysis (section 3.3.1 of this report).
8. Interstate visitors and nights stayed alternative assumptions modelling **(Corporation Ref: Issue 63)**	As part of the provision of base, optimistic and pessimistic cases the following alternative assumptions are to be modelled: • average assumed % of total inter-state visitors 20% (rather than 25%); • average assumed % of additional inter-state visitors 14.5% (rather than 18%); • average assumed night stayed for each additional interstate visitor 3.1 (rather than 4.3);	To further assist the Commission, the following information is provided: • CBA outputs are presented for two scenarios (to show a range of outcomes) based on alternative assumptions as follows: • *Scenario 1:* ○ average assumed % of total inter-state visitors 20%; ○ average assumed night stayed for each additional interstate visitor 3.1 ○ 20% reduction in the assumed number of Tasmanians avoiding interstate travel ○ 20% reduction in the assumed nights stayed for Tasmanians avoiding interstate travel

	• 20% reduction in the assumed number of Tasmanians avoiding interstate travel; and • 20% reduction in the assumed nights stayed for Tasmanians avoiding interstate travel. (Commission Ref: Appendix Page 8)	• *Scenario 2:* ○ average assumed % of total inter-state visitors 30%; ○ average assumed night stayed for each additional interstate visitor 5.5 ○ 20% increase in the assumed number of Tasmanians avoiding interstate travel ○ 20% increase in the assumed nights stayed for Tasmanians avoiding interstate travel The proposed assumption in the feedback stating "average assumed % of additional inter-state visitors 14.5% (rather than 18%)" has not been actioned explicitly in these scenarios. The visitation assumptions are made at the event level, and therefore actioning the first assumption already reduces the additional interstate visitors. For clarity, the proposed reduction to 20% at the event level results in interstate visitor representing 15.1% of total attendees. These scenarios are provided in the Supplementary Analysis (section 3.3.2 of this report).
9. Information regarding capacity, utilisation and attendance **(Corporation Ref: Issue 64)**	Information and data is to be provided that provides the basis of base and optimistic cases for: • the planned capacity and assumed utilization of the stadium and how this relates to the capacity and attendance of stadiums in Tasmanian and relevant comparably sized stadiums in other states; and • attendance level for AFL games and how this relates to attendance of AFL games currently in Tasmania (which would be projected in the 'without-stadium' scenarios). (Commission Ref: Appendix Page 8 and 9)	Details regarding the approach to developing demand projections (including the event calendar and attendance projections) was outlined in section 1.3.2 of the FIR report. The evidence base comprised: ○ Information gathered through consultation with a broad range of stakeholders ○ Comparative / benchmark insights with reference to historical event calendars and attendance at comparator venues across Australia (including, but not limited to those venues listed in the report) ○ Access to proprietary sectoral insights and expertise through DHW Ludus. Further information on the role of DHW Ludus as sectoral experts, their experience and capabilities and use of benchmarking is provided in the Supplementary Analysis (section 3.1 of this report).

3 Supplementary Analysis

3.1 Methodology Summary

This Section of this report provides an overview of the methodology used across the reports to provide clarification regarding the interdependencies and consistency across the various analyses. In particular, this section highlights:

- The logical flow of inputs, assumptions and outputs between the different forms of analysis.
- The alignment of the different forms of analysis to relevant guidelines and leading practice approaches, and how these manifest in different considerations for each.
- The specific alignment of the analyses to the POSS Guidelines.
- The consistent use of assumptions between the analyses. It is noted that the demand analysis, operating financial analysis, financial impact analysis and cost-benefit analysis were undertaken within one integrated model using the same inputs and assumptions. Outputs from this model were then extracted for use in the economic impact assessment.
- The various interdependencies across the different forms of analysis and the resulting challenges in reviewing each report in isolation. For example, the visitation expenditure benefits within the cost-benefit analysis are heavily influenced by the incremental demand projections and the event level operational assumptions, both of which fluctuate annually and vary between different events.

The overall methodology is summarised below. For simplicity we have not included the social and cultural analysis within the summary diagram.

Figure 3.1

DHW Ludus Infrastructure

The Demand Assessment and Venue Operations components of the overall methodology outlined above were delivered in partnership with DHW Ludus Infrastructure (DHW). DHW, led by Dale Wood, are a boutique advisory firm specialising in sport and entertainment venues and facilities. They have significant experience providing advice across the venue project lifecycle, including feasibility studies, business cases, demand assessments, operational financial projections, facility planning, user requirements, project delivery and funding strategies.

DHW advises State Governments around Australia, including through appointments to panels for the Victorian Government and NSW State Government for a range of services, including sporting infrastructure business cases. Further public information on DHW's credentials is available at https://www.dhwcollaborations.com.au/dhw-ludus-infrastructure.

The DHW team led the market analysis, venue benchmarking and stakeholder consultation processes to provide key inputs and insights into both the demand and operational assumptions underpinning each of the subsequent analyses. They were able to leverage their significant experience and deep insights on stadia operations across Australia to provide suggested assumptions for potential event calendars, attendance projections, commercial models, revenue and cost assumptions, and overall expected performance.

3.1.1 Project specifications and inputs

Project specifications are the fundamental inputs, parameters and requirements that shape the overall investment decision making process and the various analyses undertaken. These include:

- The overarching POSS Guidelines and the requirements outlined within.
- The prescribed project option and the base case definition (i.e. a status quo scenario).
- Broader business case and supporting analysis guidance and leading practice (e.g. Infrastructure Australia Assessment Framework).
- Key venue design inputs, including detailed specifications, inventories, user requirements, space allocations and amenity concepts.
- Key project inputs, including capital cost estimates, lifecycle cost estimates, project programming, funding assumptions and other key supporting analyses provided to the project team.

All of the analyses below have used a consistent form of these specifications and inputs, however there are cases of variance in presentation due to the specific requirements of each (e.g. nominal prices in the financial impact assessment vs real prices in the CBA and EIA).

3.1.2 Demand assessment

The demand assessment is the key analytical input into each of the other analyses as it determines the utilisation and therefore the operational success of the stadium. As outlined above, the demand assessment was undertaken in partnership with DHW Ludus.

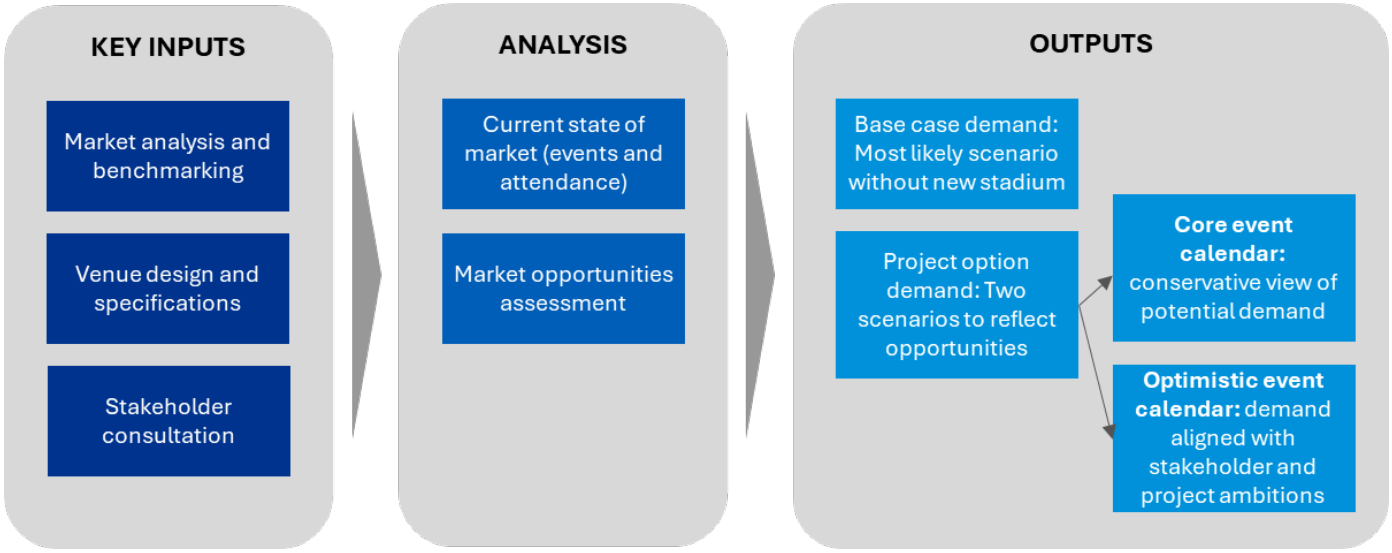
The outputs of the demand assessment are the event calendar (i.e. the number, type and frequency of events to be hosted at the venue), and attendance projections for each event. The assessment forecasts demand over the 30-year evaluation period, with event numbers varying year to year based on availability and seasonality. It is further noted that no growth has been assumed for events or attendances across the evaluation period.

The demand assessment produced two different demand scenarios:

- Core Event Calendar which represents a conservative view of potential demand in alignment with common investment decision making practices; and
- Optimistic Event Calendar which represents a view of potential demand that aligns with the stakeholder and project ambitions for the future stadium.

These two demand scenarios are used consistently throughout the subsequent analyses. The approach to demand assessment is outlined in the figure below.

Figure 3.1.2



The demand assessment is outlined in detail within Section 1.3.2 (Core Event calendar) and Appendix B (Optimistic Event Calendar) of the FIR report.

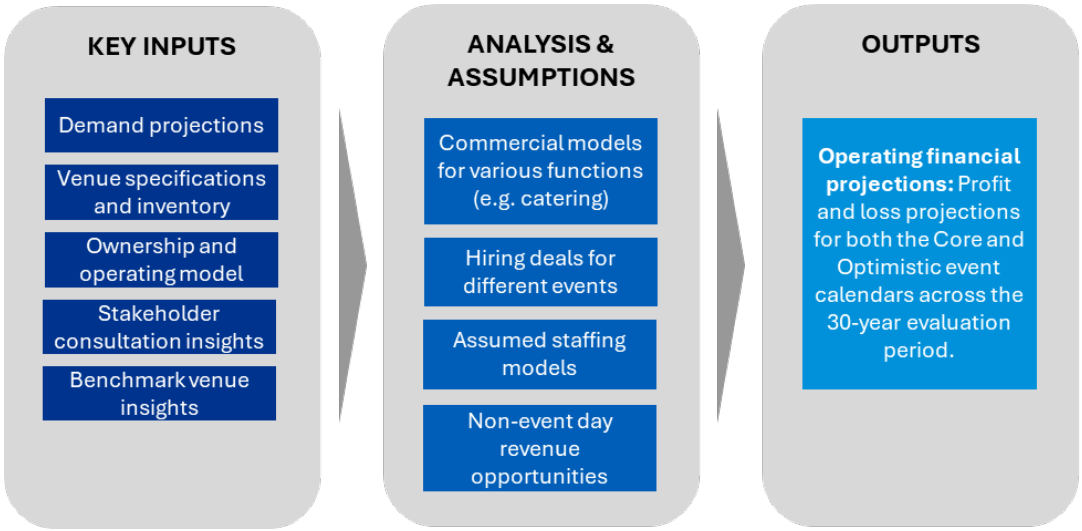
3.1.3 Venue operations

Following the demand assessment, the development of key operational and operating financial assumptions for the stadium is another key input into all subsequent analyses. As outlined within the FIR, stadia are typically not considered economic assets in Australia in that they typically operate at a financial deficit, and the financial performance of a particular venue depends heavily on the seasonality of demand, the operating model, the structure of commercial agreements, and various other operational considerations.

The operating projections were developed combining market analysis, venue benchmarking and consultation insights to form revenue and cost assumptions for each key event and non-event item. Given the preliminary nature of venue design and operational planning, a number of assumptions had to be made regarding operating model, commercial agreements, staffing models, venue inventory and other key operational considerations. As outlined above, these assumptions were then tested and refined with Stadiums Tasmania during the process. Further, operational financial modelling was developed for both the Core Event Calendar and the Optimistic Event Calendar.

The approach to forecasting venue operations is outlined in the figure below.

Figure 3.1.3



The approach to venue operations is outlined in detailed within sections 1.33, 1.4 and Appendix A of the FIR report.

3.1.4 Financial impact

The financial impact assessment combines the operating financial projections from above with broader financial considerations to assess the net financial impact of the stadium project on Government finances over the evaluation period. This includes consideration of capital costs, lifecycle costs, funding sources / contribution, financing costs and considerations, fiscal treatment of relevant entities and relevant consideration of the counterfactual situation without the project.

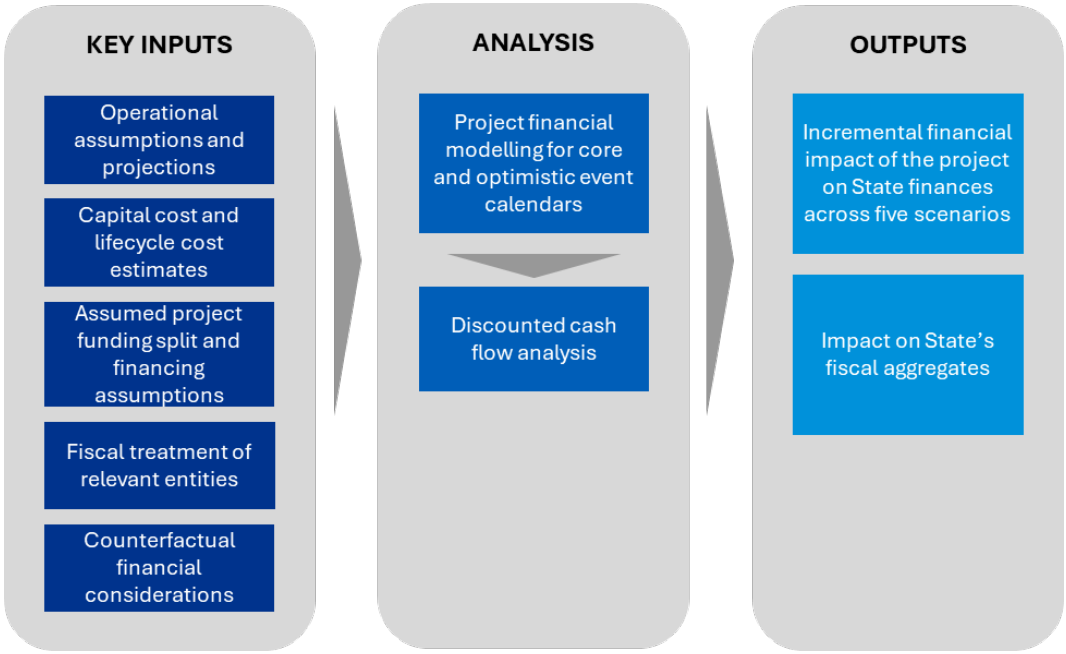
The project financial modelling was developed incorporating these additional elements for both the Core Event Calendar and the Optimistic Event Calendar. Discounted cash flow analysis is then used to convert the projections into relevant financial impact indicators.

In total, five scenarios were considered within the financial impact assessment to meet the prescribed requirements of the report:

- Core Scenario: Core event calendar and the $775m capital cost estimate;
- Alternative Scenario 1: Optimistic event calendar and the $775m capital cost estimate;
- Alternative Scenario 2: Core event calendar, $775m capital cost estimate, value management objectives achieved to include all revenue generating assets within the cost envelope.
- Alternative Scenario 3: Core event calendar, $715m cost estimate, value management objectives achieved to include all revenue generating assets within the cost envelope.
- Alternative Scenario 4: The Core scenario above but with the two-year delay in construction.

The approach to the financial impact assessment is summarised in the figure below.

Figure 3.1.4



The approach to financial impact assessment is outlined in detail within the FIR report.

3.1.5 Cost-benefit analysis

The cost-benefit analysis involves the identification, quantification and projection of the relevant societal costs and benefits of the stadium project over the evaluation period to determine the net socio-economic outcomes generated. It incorporates key inputs from the demand assessment, operational projections and financial impact assessment, but broadens the scope of assessment to also incorporate non-financial social impacts and indirect economic impacts.

In alignment with leading practice and the prescriptive requirements of guidance such as Infrastructure Australia's Assessment Framework, the cost-benefit analysis was conducted incrementally by comparing the project option with a probably counterfactual base case.

Of note for this supplementary report, many of the outputs of the cost-benefit analysis have strong interdependencies with the analyses outlined above. For example, the use-value benefits outlined in section 2.52 in the CBA report have the following calculation logic and dependencies:

- The event calendar and attendance projections present the incremental attendance as the basis for the calculation across the 30-year evaluation period, noting event and attendance numbers vary year to year.
- Each event type has a different proportion of attendees that are local (i.e. Tasmanian). Only local attendees are included for the calculation of this benefit.
- For each event, different attendee types have different ticket prices (e.g. general admission, corporate, members).
- Induced demand is required to be assessed differently to non-induced demand (i.e. patrons who wouldn't have attended an event under the base case require different treatment to those who would have).
- An assumption is then applied within the cost-benefit analysis to estimate the event experience benefit (i.e. use-value) based on willingness to pay concepts, accounting for this as a percent of patron expenditure at the venue.
- These benefits are then projected across the evaluation period, adjusted using discounted cash flow analysis and presented as outputs in real net present value terms.

The cost-benefit analysis includes a range of sensitivity analyses to test the impact on the outputs of isolated changes in key variables, as well as a range of scenarios combining changes in key variables together. The sensitivity analysis includes:

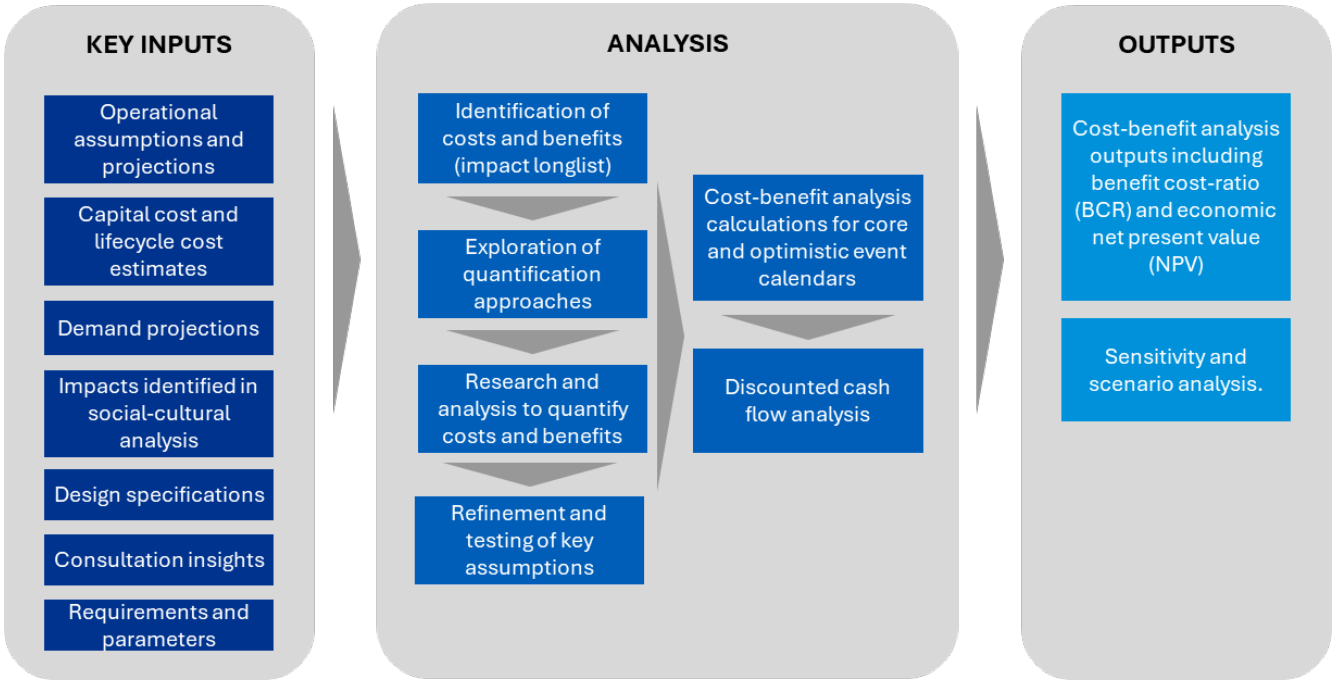
- Discount rates at 10% and 3% (core analysis is at 7%).
- Capital costs 20% higher and lower.
- Visitor expenditure 20% higher and lower.
- Demand 20% higher and lower.
- Sports participation change 20% higher and lower.

The scenario analysis includes:

- Pessimistic scenario that combines the lower range assumptions from the above sensitivity analysis into one scenario (using the core event calendar).
- Optimistic scenario that combines the higher range assumptions from the above sensitivity analysis into one scenario (using the core event calendar).
- Optimistic event calendar scenario (keeping all other assumptions fixed).
- Delay scenario that assumed a two-year delay in stadium development (based on the scenario in the Financial Impact Report).
- State Investment Only scenario that adjusts the cost-benefit analysis to only include those costs incurred by the State (keeping all other assumptions fixed).

The approach to the cost-benefit analysis is summarised in the figure below.

Figure 3.1.5



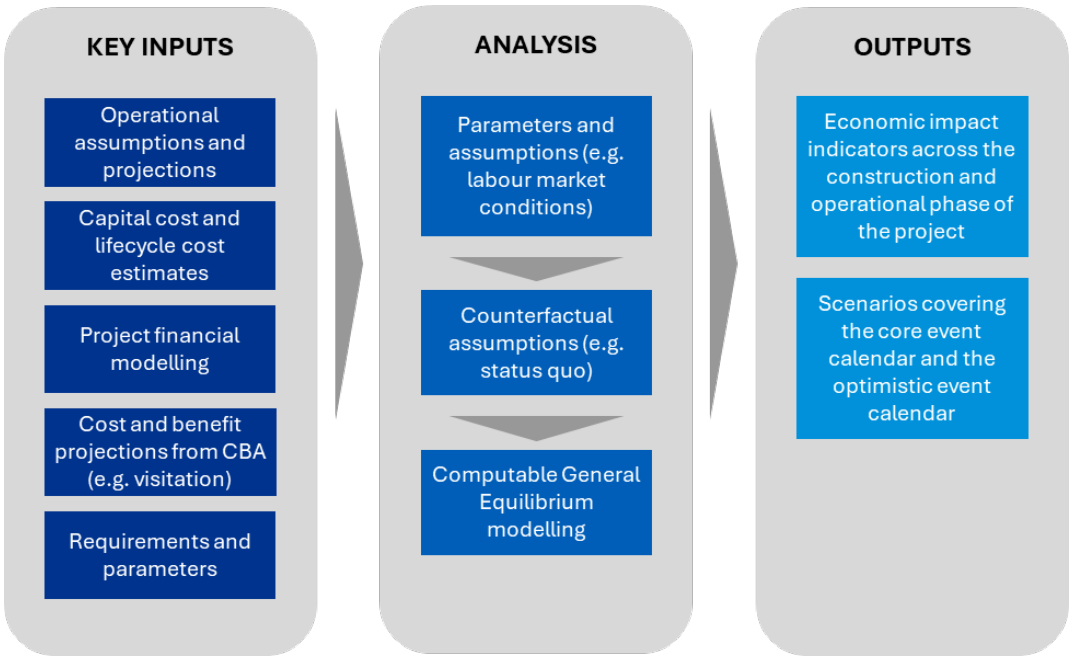
The approach to cost-benefit analysis is outlined in detail within the CBA.

3.1.6 Economic impact assessment

The EIA incorporates key financial and economic assumptions and estimates from the above analyses into a computable general equilibrium (CGE) model to determine the net impact of the project on aggregate economic indicators. The inputs and interdependencies of the economic impact assessment are outlined in detail in Table 2 within the EIA.

The assessment estimates the economic impact across the construction phase and operational phase of the project for both the core event calendar and the optimistic event calendar. The approach is summarised in the figure below, and the methodology and outputs can be found in detail within the EIA.

Figure 3.1.6



3.2 EIA Counterfactual

3.2.1 Background

The government spends money on behalf of taxpayers. The opportunity cost of any government spending is the benefit that the taxpayer "gives up" from spending the money. The fungibility of tax payments means that it is reasonable to assume that the opportunity cost of the $1 to the taxpayer is the same irrespective of what the government spends the $1 on[1].

3.2.2 KPMG approach

Our modelling captures this opportunity cost explicitly as follows:

- We set out a base case where the stadium does not go ahead and the government sets a budget (expenditures and revenues) on that basis.
- In the project case we introduce the stadium and explicitly assume that any government support provided is fully financed by new taxes (relative to the base case).

The approach we have taken means that the government is not precluded from providing services and funding projects that it had committed to prior to the stadium (i.e., these commitments are contained in the base case). Moreover, our approach does not preclude the government from committing to new projects (in addition to those in the base case and in addition to the stadium) as long as these are funded by raising additional taxes (relative to the baseline).

To summarise: KPMG's modelling approach reflects best practice in terms of capturing crowding out in a comprehensive manner, including:

- crowding out of private sector activity by the public sector
- crowding out of one private sector activity by another (sometime referred to as displacement)

These types of crowding out occur because economic activity is constrained by budget constraints (public and private) and by resource constraints (finite amount of labour and other resources).

3.2.3 Alternative approach

An alternative approach is to assume that the government spending (consumption and investment) cannot change in response to the stadium development. Under this assumption:

- A projection of the profile of federal and state government consumption and investment is established in the base case (where the stadium does not go ahead).
- In the project case the stadium is introduced and any government support (federal or state) comes at the expense of an alternative government service or project of equivalent cost (leaving government spending unchanged from the base case levels).

This alternative approach is unrealistic and inconsistent with economic theory.

3.2.4 Counterfactual

KPMG's maintained view is that the base case scenario represents the appropriate counterfactual for considering the stadium's economic impact. Choosing an alternative government project as a counterfactual for considering the economic impact of the stadium is based on a false premise that the opportunity cost of the stadium is an alternative investment that the government may choose to do.

The government has the capacity to do multiple projects. Government can choose to spend tax revenues on a range of services and projects. For example:

- Education facility and/or teachers and other staff

[1] Taxes collected are rarely hypothecated to particular items of expenditure. That is, for all intents and purposes when a taxpayer is obliged to pay $1 of tax to the government they do so without knowledge, or control, of where that specific $1 will be spent. The tax collected goes into a pool revenue that is then spent by the government on a range of services and programs.

- Hospitals and/or health professionals
- Transport infrastructure
- Community sport facility
- Attracting tourists and/or events to Tasmania (e.g., advertising, grants, subsidies etc)
- Attracting/retaining businesses to/in Tasmania (e.g., trade-fairs, advertising, grants, subsidies etc)
- Social housing
- Law & order – police and supporting infrastructure, court facilities and judiciary

The Tasmanian government does all of these things. KPMG's base case captures these investments/expenditures at an aggregate level. Analysing the economic impact of an additional investment by the government in one of these categories is extremely difficult because such analysis needs to be supported by a large amount of detailed information about the project[2]. Our intuition would suggest that a new school or new hospital would be beneficial to Tasmanians. However, the incremental benefits that such an investment will generate depends critically on two things:

- Need – if existing schools and hospitals are insufficient to meet the needs of Tasmanians (such that education standard and health standards of some citizens are being compromised) then, other things being equal, the benefits of building a new school or hospital will be very large, and almost certainly larger than the benefits of an equivalent investment in a stadium[3]. However, if there are sufficient schools and hospitals to meet the needs of Tasmanians then additional investments in such assets are likely to be negative for the economy as they will result in underutilisation of assets that are costly to build and operate.
- Operability – even if there is a need for additional schools or hospitals the potential benefits of investments in such assets can be compromised if their operations are not adequately resourced. This may require paying premiums to teachers and medical staff to ensure there is an adequate supply of qualified people in Tasmania to run these new facilities. Note that such a premium will inevitably spill over to staff in other Tasmanian institutions and businesses. This increases the costs of goods and services in Tasmania, which erodes household and government budgets and the competitiveness of Tasmanian businesses

The above examples demonstrate that it is not a trivial task to develop a robust counterfactual investment by the government. We simply do not have the information required to support such an analysis for an arbitrary public investment.

For completeness we have summarised below results of economic impact assessment of three publicly funded Tasmanian projects drawn from the literature[4]. KPMG's maintained position is that comparison of the stadium economic analysis with the analysis of other publicly funded projects is unlikely to be meaningful for the reasons outline above. In addition, the results of economic impact assessments are highly dependent on key assumptions that can differ for legitimate reasons.

This is especially relevant with regard to the treatment of the labour market and the projected degree of spare capacity in the economy.

[2] The information required to support KPMG's analysis of the stadium gives some idea about the amount and type of information required to support a robust analysis of a government investment.

[3] On its own, this does not mean that a new hospital or school should be built and that a stadium should not. If the marginal social benefits exceed the marginal social costs of the stadium then there is a prima facie case for supporting the development of the stadium. At best, larger net benefits for one project relative to another, can inform the priority attached to projects in a pipeline rather than whether a particular project is developed or not.

[4] These were the only studies relating to Tasmanian projects that we could access and where the results of the studies have appeared in the public domain.

Table 3.2.4

	Government spending ($m, 2022 prices)	GSP ($m, 2022 prices)	FTE jobs
	Northern Correctional Facility[a]		
Construction Phase	$ 54	$11.8	7
Operational Phase	$ 93	$34.1	36
	Antarctic and Science Precinct[b]		
Construction Phase	$126	$ 48	470
Operational Phase	$7	$11.7	74
	Hobart Airport Upgrade[c]		
Construction Phase	$ 50	$ 16	197
Operational Phase	$ -	$ 122.4	1,261

Notes:

a. We have deduced the estimates reported in this study from incomplete information reported in: https://www.justice.tas.gov.au/__data/assets/pdf_file/0007/713473/Final-Economic-Impact-Assessment-EIA-Northern-Correctional-Facility-2023.PDF

b. Results taken from a KPMG Report prepared for the Department of Infrastructure, Transport, Regional Development and Communications.

c. Results taken from a KPMG Report prepared for Hobart International Airport Pty Ltd

3.3 Additional analysis

3.3.1 Tourism calculation summary

In response to items 4 and 7 in section 2.1 of this report, the following details have been provided regarding the calculations of the increased visitations benefits, which we have divided into the estimation of incremental visitation, and the estimation of benefit per incremental visitor. The methodology supporting this benefit is outlined in detail in Section 2.5.1 of the CBA report.

Estimation of incremental visitation

As outlined within Section 3.1 of this report, there are significant interdependencies between the demand projections (i.e. event calendar and attendances) and the subsequent analyses. Further, the demand and operational assumptions have been canvassed such that they differ across type of event, type of event attendee, and across years within the evaluation period. As a result, it is not straightforward to present a summary of the calculation of the visitation benefits in simple arithmetic (e.g. A x B = C).

The logic of the calculation of incremental visitation is outlined below.

- Those events that are new to Tasmania (i.e. won't be hosted in the State without the project) are flagged for consideration for this benefit.
- As part of the demand projections, an estimate of the likely proportion of attendees to those events that are to be from interstate was assumed. This ranged from 0% for community events to up to 36% for marquee entertainment events (see Section 2.5.1 of the CBA for these assumptions by event category).
- For each of these attendees from interstate, the benefit per incremental visitor is then calculated as outlined below for inclusion within the CBA.

Benefit per incremental visitor

For each of the incremental visitors estimated through the approach above, an amount of incremental expenditure is estimated to calculate the overall new expenditure within the Tasmanian economy as a result of the project. This is then translated to producer and labour surplus to estimate the resulting benefit to Tasmanian businesses and workers.

The following table provides a breakdown of key assumptions underpinning the benefit estimation for each incremental visitor.

Table 3.3.1

Calculation component	**Assumption**
Average nights per interstate visitor to Tasmania	4.3
% of average nights attributed to attending an event at the Stadium	72%
Average nights per interstate visitor to Tasmania who attends an event at the Stadium (AN)	**3.1**
Average spend per interstate visitor to Tasmania	$326
Average in-stadium spend	$68
Average spend per interstate visitor to Tasmania less in-stadium spend (as this is captured as a revenue) (AS)	**$258**
Average spend per interstate visitor to Tasmania who attends an event at the Stadium = AN * AS	**$800**
Component of spend captured as producer surplus (16%)	$128
Component of spend captured at labour surplus after accounting for the opportunity cost of private time (18.6%)	$149
Producer surplus calculation (PS)	*Annual interstate Stadium attendees * $128 = Annual producer surplus*
Labour surplus calculation (LS)	*Annual interstate Stadium attendees * $149 = Annual producer surplus*
Total annual visitor benefit	*PS + LS*

3.3.2 Additional outputs

In response to review item 4 in section 2.1 of this report, please see Table 27 from the CBA report re-presented with Optimistic and Pessimistic scenarios.

Table 3.3.2a

$m, $2024	Discount rate:	NPV 7% (pessimistic case)	NPV 7% (central case)	NPV 7% (optimistic case)
Incremental costs – The Stadium				
Capital costs		$694.74m	$578.95m	$463.16m
Operating subsidy (after Lifecycle costs)		$71.41m	$62.35m	$53.29m
Event attraction costs		$13.99m	$13.99m	$13.99m
Incremental costs – The Devils				
AFL State Government subsidy		$98.57m	$98.57m	$98.57m
Total costs		**$878.71m**	**$753.86m**	**$629.00m**
Incremental benefits – The Stadium				
Increased visitation – sports and cultural events		$124.59m	$198.27m	$288.96m
Increased visitation – business events		$10.04m	$13.17m	$16.30m
Increased visitation - operators		$1.15m	$1.44m	$1.73m
Retained visitation		$68.33m	$106.77m	$153.75m
Use-value		$13.67m	$17.09m	$20.51m
Incremental benefits – The Devils				
AFL Industry		$87.96m	$87.96m	$87.96m
Non-use value		$20.30m	$20.30m	$20.30m
Health and productivity		$29.11m	$29.92m	$35.90m
Incremental benefits – Other				
Terminal value		$25.81m	$41.87m	$61.40m
Total benefits		**$380.98m**	**$516.79m**	**$686.81m**
Outputs				
Net benefit		**-$497.73m**	**-$237.07m**	**$57.80m**
Benefit cost ratio		**0.43**	**0.69**	**1.09**

Table 3.3.2b

In response to review item 5 in section 2.1 of this report, please see Table 27 from the CBA report re-presented with a capital cost increase of +20% and the inclusion of an AFL penalty of $4.5m in years 2027 and 2028.

$m, $2024 Discount rate:	NPV 7% (central case)
Incremental costs – The Stadium	
Capital costs	$694.74m
Operating subsidy (after Lifecycle costs)	$71.41m
Event attraction costs	$13.99m
Incremental costs – The Devils	
AFL State Government subsidy	$98.57m
AFL penalty	$6.87m
Total costs	**$885.58m**
Incremental benefits – The Stadium	
Increased visitation – sports and cultural events	$198.27m
Increased visitation – business events	$13.17m
Increased visitation - operators	$1.44m
Retained visitation	$106.77m
Use-value	$17.09m
Incremental benefits – The Devils	
AFL Industry	$87.96m
Non-use value	$20.30m
Health and productivity	$29.92m
Incremental benefits – Other	
Terminal value	$40.58m
Total benefits	**$515.50m**
Outputs	
Net benefit	**-$370.08m**
Benefit cost ratio	**0.58**

In response to review items 7 and 8 in section 2.1 of this report, please see Table 27 from the CBA report re-presented for additional scenarios.

See below for details of scenarios.

Table 3.3.2c

$m, $2024 Discount rate:	NPV 7% (central case) Scenario 1	NPV 7% (central case) Scenario 2
Incremental costs – The Stadium		
Capital costs	$578.95m	$578.95m
Operating subsidy (after Lifecycle costs)	$62.35m	$62.35m
Event attraction costs	$13.99m	$13.99m
Incremental costs – The Devils		
AFL State Government subsidy	$98.57m	$98.57m
Total costs	**$753.86m**	**$753.86m**
Incremental benefits – The Stadium		
Increased visitation – sports and cultural events	$120.26m	$334.49m
Increased visitation – business events	$13.17m	$13.17m
Increased visitation - operators	$1.44m	$1.44m
Retained visitation	$68.33m	$153.75m
Use-value	$17.54m	$15.40m
Incremental benefits – The Devils		
AFL Industry	$87.96m	$87.96m
Non-use value	$20.30m	$20.30m
Health and productivity	$29.92m	$29.92m
Incremental benefits – Other		
Terminal value	$27.44m	$64.56m
Total benefits	**$386.36m**	**$720.99m**
Outputs		
Net benefit	**-$367.49m**	**-$32.87m**
Benefit cost ratio	**0.51**	**0.96**

Scenario 1

- *average assumed % of total inter-state visitors 20%:* ***Interstate attendance across all events (excl. community) now at 20%.***
- *average assumed night stayed for each additional interstate visitor 3.1:* ***No change required***
- *20% reduction in the assumed number of Tasmanians avoiding interstate travel:* ***Retained attendance reduced by 20% across all event types***
- *20% reduction in the assumed nights stayed for Tasmanians avoiding interstate travel:* ***Retained visitation ALOS now 2.5***

Scenario 2

- *average assumed % of total inter-state visitors 30%:* ***Interstate attendance across all events (excl. community) now at 30%.***
- *average assumed night stayed for each additional interstate visitor 5.5:* ***ALOS for interstate attendees now set to 5.5 nights***
- *20% increase in the assumed number of Tasmanians avoiding interstate travel:* ***Retained attendance increased by 20% across all event types***
- *20% increase in the assumed nights stayed for Tasmanians avoiding interstate travel:* ***Retained visitation ALOS now 3.7***