Financial Impact Report

Macquarie Point Multipurpose Stadium

9 September 2024

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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]

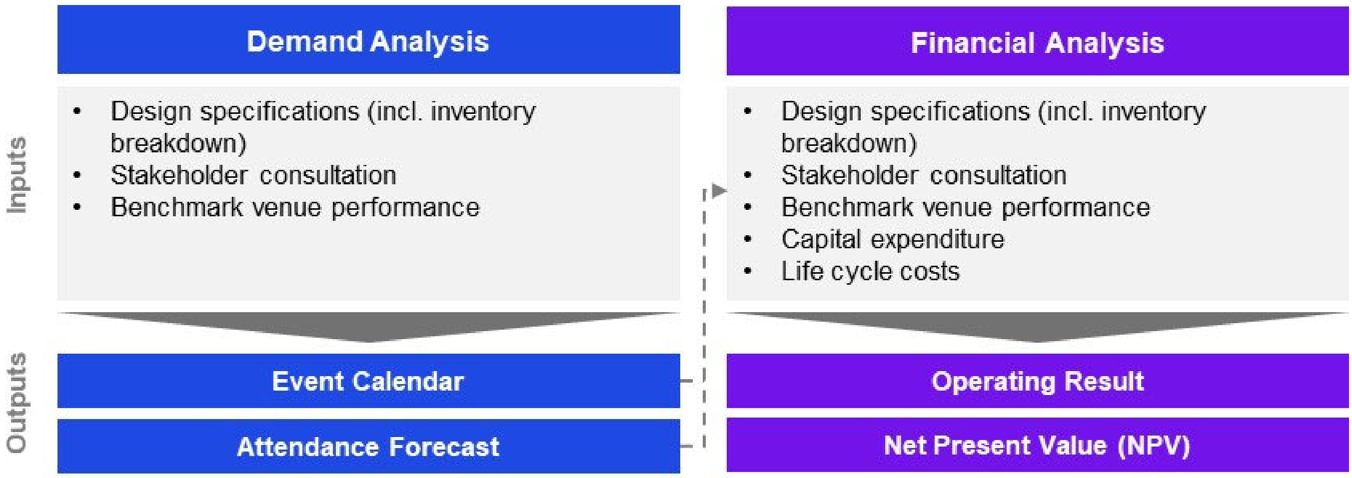
At the time of writing, the design of the Stadium has a number of items to be resolved at the detailed design phase. This includes a final breakdown of Stadium inventory, including the types of seats and hospitality products. To provide context for the financial modelling presented, the following represents 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

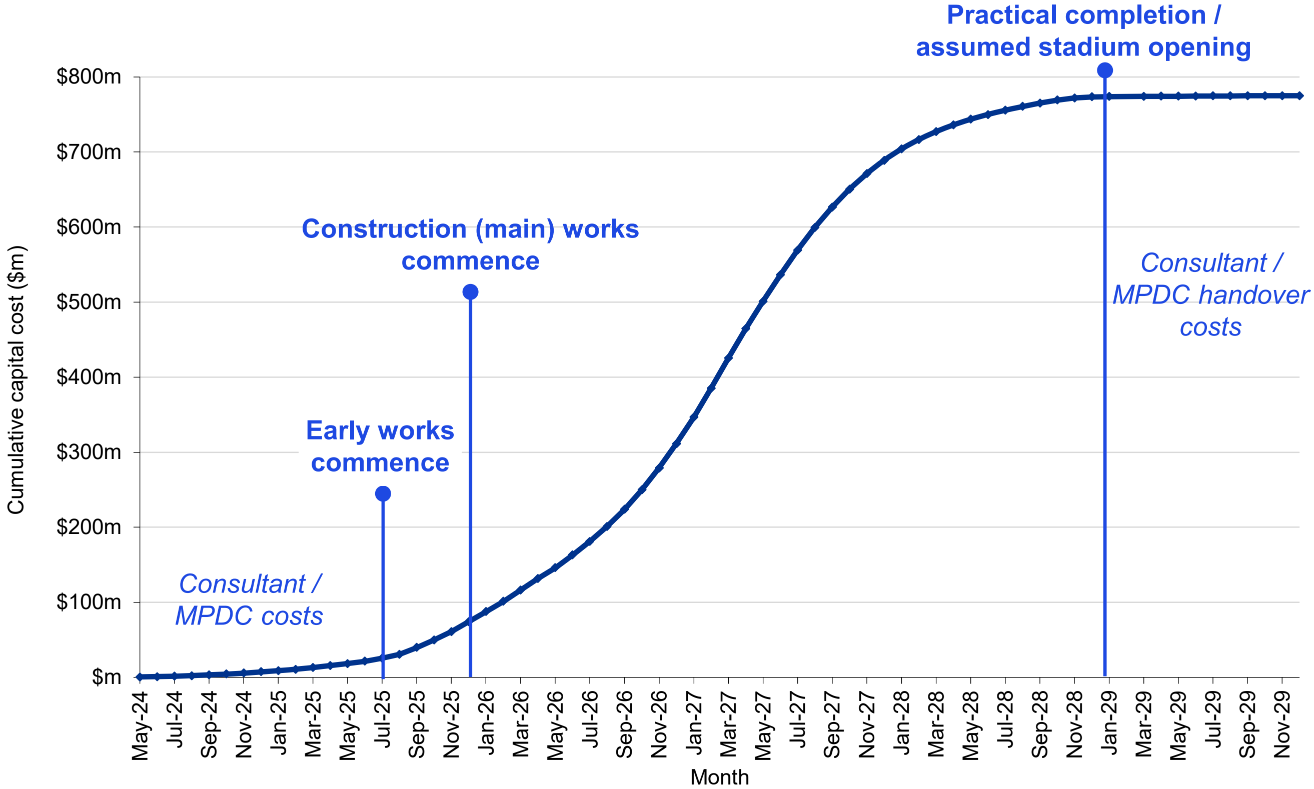
Table 6: Capital expenditure estimates and cash flows ($m; nominal)

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.

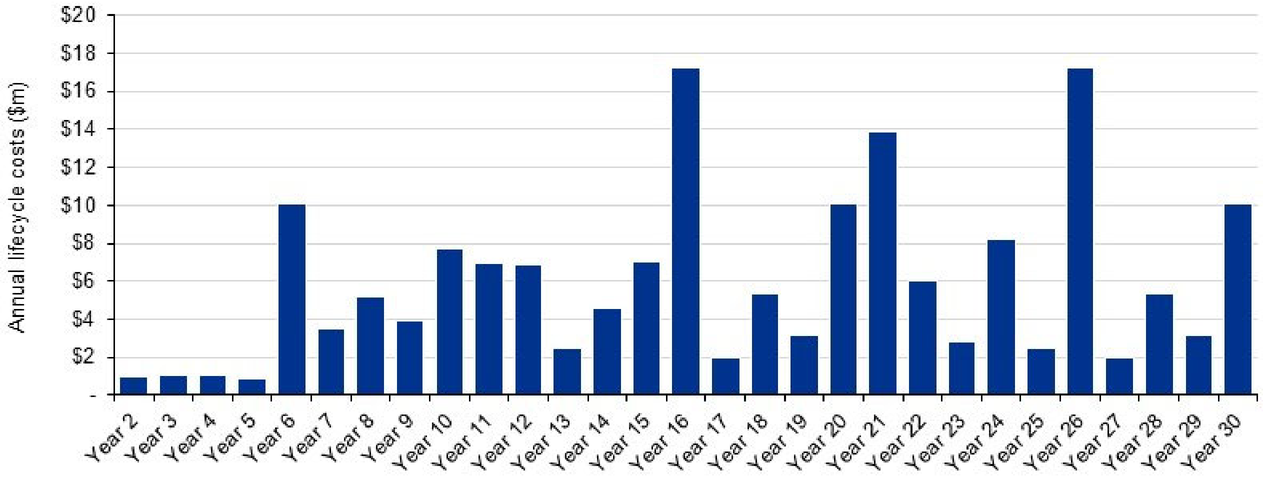
Table 7: Lifecycle cost estimates ($000s; $2024)

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 [24][25]	(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 [28][29]	(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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