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**THE PARLIAMENTARY STANDING COMMITTEE OF PUBLIC ACCOUNTS
MET IN COMMITTEE ROOM 2, PARLIAMENT HOUSE, HOBART ON
WEDNESDAY 1 APRIL 2026.**

SALE OF WILKINSONS POINT

The Committee met at 9:30 am.

CHAIR (Ms Forrest) - Thank you, Mr Kestelman, for appearing before the Public Accounts Committee. We're inquiring into the disposal of the land at Wilkinsons Point and we know you've had an interest in that. Before we start, I'd just like to inform you that this is a public hearing. It's being broadcast and transcribed by Hansard for the purpose of the Committee. Because you're in a separate jurisdiction, we don't ask you to swear the statutory declaration but we but we will offer you the opportunity, if you wish, and need to go into camera to discuss any matters - that opportunity if you make that request. It is a public hearing and potentially your evidence will help form part of our report. Do you have any questions before we commence?

Mr KESTELMAN - No. All good.

CHAIR - I'll invite you to introduce yourself, if you like. Do you wish to make any opening statements or do you want to go straight to questions?

Mr KESTELMAN - No, I'll make a little bit of a statement. The first one is that I just want to thank the Committee for allowing me to appear via Teams, that's very much appreciated. I'm off to Adelaide for a very important finals game from here shortly, so it's very much appreciated for allowing me to do that. I'm sorry it's not the JackJumpers, but they had a pretty good run. I'm sure everyone would have preferred if I was heading to Tasmania. Thank you very much for that.

I'm the executive chairman and owner of the LK Group. It's a group of companies that encompasses about 20 different organisations and all sorts of different verticals. I've also got the unqualified privilege to be the owner of the National Basketball League, which obviously you're familiar with, and we've had an amazing experience with the JackJumpers there. I've been involved in property for 35 years in particular, and have built a lot of successful, great, fun businesses, particularly in the consumer space. It's been an amazing ride, but I've been in business for a long time. For me, it's never been about quick wins: it's about long term sustainable growth of businesses. I'm 60 years old now - turning 60 this year - so it's not about, necessarily, an overnight success or quick wins.

When it comes to the Tasmanian opportunity, I've really enjoyed it. I think I've met a number of you and I've stayed for a long period of time. It's been not an easy process both with the Jack Jumpers and others, but I've thoroughly enjoyed my time in Tasmania. I've been there now probably 30, 40, 50 times. I feel sometimes like it's a second home away from home. So, it really has been a wonderful ride, in particular with the JackJumpers.

On the back of that, that has really always has been my number one priority - is the National Basketball League. I really wanted to see what the opportunity entails in bringing a team to Tasmania. There were a number of conversations that I'd heard about, including from your previous Premiers and others, that Tasmania really wanted a team down there. Then

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I became aware of a process that was being run by the Glenorchy Council to actually dispose of the Derwent Entertainment Centre and of the land. One of my property people mentioned that to me, so I inquired and that's where it all began back in 2018, with an inquiry through a process that, I believe, the Council was running with KPMG and I think it was Frank Knight, to dispose of the land. We engaged with the Council first, but it was always with a view of how do we actually bring a team to Tasmania. I think that's just an important thing to note: how it all how it all began. Over the years, I've certainly now dealt with three different Premiers and lots of different Government officials, both to do with the team, the Derwent Entertainment Centre, and the land. But I'm not sure that I'm the absolute best person to comment on what Government processes should look like or what that entails, but I'm happy to help where I can. I will say, all the Premiers that I have dealt with have been super passionate about Tasmania and bringing good-quality business and, certainly, the Tasmanian team as well as bringing investment to Tasmania. So, never have I felt anything but positive energy from all three Premiers, to do something great for Tasmania.

With Wilkinsons Point, again, I will go on record and say there's a bit of a misconception that it was myself that somehow was driving the conversation, post the initial process where the Council granted, I think it was a 120-day, exclusive period for us to look at. We, as a group, have invested a lot of time and effort into exploring that opportunity, but it was actually the other way around. I think it was in early 2020 when we finally got to some sort of an indicative term sheet with now the State Government, not the Council. It was actually imposed as a condition on us to look at buying the land as part of the support the Government wanted to provide for the team. So, it was not ourselves somehow stating that the land is part of the deal or has to be part of the deal. That was never the case. It was actually the other way around. When the dust settled and some sort of indicative arrangement was made, it was an obligation on us to look at purchasing the land for the Government to then support and invest into the JackJumpers. The obligation was the other way around. That obligation, I think, has since fallen away.

Again, I want to confirm upfront, there was never a binding agreement: there isn't a binding agreement. I've been going at this for six years. I've invested a lot of time, effort, by myself and my team. I was very involved in the very, very early stages and then especially when it became separated between the team and now MyState Bank arena. It has been very much separated between myself and my property teams, who've been working much closer on looking at the opportunity with the land and helping develop the Derwent Entertainment Centre. Going forward, I will say again: there is no binding agreement.

I've said all the way along, and I think even to some of you, at any point that I'm not wanted or the Government wants to run a different type of a process, I'm happy to walk away, even though, again, with no obligations, I took it upon myself to invest time and resources to explore this opportunity. It's not an easy land to develop; it has all sorts of challenges with contamination, with flooding issues, with no services. So, it's certainly not an easy opportunity, but I love the concept and really [inaudible] and wanted to try to pursue it. But at any point, if the Government wanted to walk away and go in a different direction, I was absolutely willing and happy to do so. That's probably where it sits. I still remain interested in the opportunity, but should there be a change of mind by the Government that they wish to go in a different direction, there's no commercial agreement that I would rely on and, quite frankly, would be quite okay to walk away. That's probably all I can say, at this point.

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CHAIR - Thank you for that summary of where we've got to. We did hear from the Glenorchy City Council yesterday that there's a draft masterplan sitting with them. Obviously, these things can take a while to be finalised - do you intend to work further on that, at this stage?

Mr KESTELMAN - Well, I think that masterplan needs updating because there's been quite a number of changes, including the removal of the basketball facilities, so it definitely needs an update, and a substantial update at that. The overall concept, in my mind and my teams, I think is still the same. But, quite frankly, a lot of resource has been spent to get that done, and until I feel there is an agreement, whether it be contracted or at least close to it, I don't think we will lodge anything new. We've certainly been, within our team, and in our mind, looking at how to refine it, but I don't intend to lodge a new one until I know the outcome, and is there an actual deal to be done.

CHAIR - We heard from the Acting Secretary of State Growth yesterday as well, who said that, effectively, negotiations have ceased.

Ms THOMAS - They were in abeyance.

CHAIR - Were in abeyance - that was the word. So, there are obviously a number of challenges facing the State right now that are occupying their minds, but is that a decision of theirs or a decision of yours?

Mr KESTELMAN - I checked with my team and I believe there's not been a lot of communication over the last couple of months. I think there's, again, been a number of changes yet again within the Department. So, I'm not sure whether that's lack of interest or lack of capability or just a change internally. I don't think I can comment on where the Government is at on the process. We remain interested to continue the conversation, but that's the stage that it's at. As I said, there's nothing binding, so depending on what the Government wants to do, we're happy to have further conversations.

Mr JAENSCH - Good morning, Mr Kestelman, thank you for joining us this morning. In your opening statement, you made reference to a process run by Glenorchy City Council when you first became involved with the site. What got you involved? Then, after you engaged with the Council's process, what happened to it? Because it didn't seem to conclude from your history there.

Mr KESTELMAN - I'm not 100 per cent sure the exact process. What I do know is that I think it was Frank Knight as the agent and KPMG is an adviser and maybe valuer, were involved in the process. I think they were looking to sell the whole precinct as a parcel for us to put a team into the NBL. Our number one interest was in how do we do that and having a viable venue. When that process got a little bit further through the due diligence, we realised what state the venue was in - I think was a 35- to 40-year-old venue with not a lot of funds spent on it, anecdotally, [inaudible] or concerts with [inaudible] groups and all sorts of things. I think it was a matter of what funding will be required to get that venue up to standard.

There were conversations between Council and State - I don't know exactly what those entail, but then a decision was made by the Council to actually sell that to the State. That's when the positive obligation on me came about, where the Government didn't want to own the land, and as part of whatever support they were considering for the JackJumpers, they put a

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positive obligation for us to look at buying the land component of it from them once they had done their deal with Council. How the process, again, went with Council, I'm not 100 per cent sure.

Mr JAENSCH - Did you have an understanding at any point that the Council process had concluded and you were identified as sort of a preferred or exclusive proponent?

Mr KESTELMAN - Yes, the part that I am aware of is that there was a Council meeting, where the Council voted to provide us with an exclusive due diligence period. I think, from memory, that was 120 days, where at that point is where we could properly assess what is actually required with the land, but primarily the actual Derwent Entertainment Centre. I think was during that time - I may have my sequence of events a little bit wrong - that a conversation also began between the Council and the Government.

Mr JAENSCH - So, somehow one process migrated into another one via the State Government?

Mr KESTELMAN - I believe so, because the State Government, I believe, was not willing to invest any money into the Derwent Entertainment Centre unless they owned it. That was my understanding, I think, that the State Government wanted to own that asset but didn't want to own the land, so they purchased the whole parcel from the Council. They wanted to own the venue itself, but they wanted to divest of the land and wanted an obligation from me to purchase it for, I think it was, \$6 million, was the indicative figure put into the non-binding term sheet, which then followed with the conditions of, of course, the valuation and subject evaluation, and subject to commercial agreements for us to be able to actually assess what's required on the land.

Mr JAENSCH - Thank you. I think that's a useful history to have.

Mr WINTER - Thanks for being with us today. I wanted to start with the MyState Bank Arena redevelopment. In the Auditor-General's report, it outlines that, presumably given due to time constraints, LK Group was given the tender for \$41 million to redevelop the Derwent Entertainment Centre into what's now MyState Arena. Was that the total amount of work that was undertaken on MyState, as far as you're aware?

Mr KESTELMAN - I think we bore some of the costs of getting that venue done. It was done through COVID and I think the process that the Government undertook - and again, as I stated at the beginning, I'm not an expert on what the Government processes entail - but it was still the Government that controlled all the funds and allocated all the final payments to contractors. There was a process run for builders, a tender process, so it wasn't actually us who were the builders. That was tendered out and we just oversaw and worked with Government hand-in-hand as to how to deliver it in a quick as possible time in the middle of COVID and get the team up and running.

Mr WINTER - As part of all of that, LK Group - I assume it was LK Group - got the lease arrangement over MyState for I think it was 40, maybe 50 years - I will let you correct me. Was that the LK Group that got that? Or was that the JackJumpers entity that ended up having the lease?

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Mr KESTELMAN - It's part of the LK Group. It was completely separate from the actual basketball operations. When we understood what it'll take to get things up and running, the venue was losing, I think, at the time, \$1 million a year - the venue itself under its operation - and also will require a lot of property expertise and commercial risk. There was a contract done where there's a lot of commercial risk on my property team, so they assessed that between them as to how to actually get that done. It was certainly not the basketball corporations that were taking either financial risks or expertise as to how to redevelop, build and operate a venue.

Mr WINTER - I understand there's been the sale of the JackJumpers. Does the lease arrangement then stay with LK Group rather than through the JackJumpers? So, you'll still have control over the MyState Arena over the period of that future lease?

Mr KESTELMAN - That is correct.

Mr WINTER - If you don't go ahead with the purchase of the land, that's your intention, is to remain as the operator of the MyState Arena, despite not having ownership of the JackJumpers?

Mr KESTELMAN - That's correct.

Mr WINTER - In terms of the arrangements overall, I'm just trying to get some clarity on what components were JackJumpers, what components were LK Group. When the arrangements were going through, did you feel that it was always clear what entity Government was dealing with? I ask that question because in one of the RTIs (right to information) that was uncovered it says:

The NBL club licence agreement was between the NBL and Basketball Tasmania.

In that certificate it says that:

The club, a wholly-owned subsidiary of Cannes Properties PTY ACN, as a trustee for the Kestelman family trust.

Is that saying that the JackJumpers was actually owned by the Kestelman family trust, as opposed to by the LK Group?

Mr KESTELMAN - I'm happy to try to delve into that. My question is a little bit maybe either to yourself or to the Chair: this inquiry I think is into Wilkinsons Point land, can I ask how this is actually relevant to the land?

Mr WINTER - I'm trying to understand the different entities involved in the arrangements. We're inquiring into the Wilkinsons Point: what's happened so far and what's happening into the future. That's the purpose of my inquiry, is just to get an understanding of what components LK Group's still involved in and what components it's not.

Mr KESTELMAN - Again, I think I made it reasonably clear at the start, and I'm happy to just reiterate that again: I operate 20 different entities. It is very common and normal for me in different dealings to deal across different entities. My number one goal was to get the

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JackJumpers to come into existence and I brought together whatever resources across the group were necessary to try to help make that happen. One of those - I was privileged enough to have assistance from my property team and I can tell you, at the time, that was a huge strain in the middle of COVID. It was a huge commercial risk to take on a property losing \$1 million, take on contracts in the middle of COVID that we were obligated to deliver under a certain value. So, I separated and put walls between different companies - who would bear what risk. The JackJumpers or the National Basketball League was not in a position, from the bottom of my heart, was not something that anyone was comfortable with to take on the risks of property, venues, developments. So, they were isolated into different companies and different risk opportunities. But the JackJumpers were a standalone venue that the clubs received a benefit from, as well as, of course, eventually myself as the owner of both the league and the club.

Mr WINTER - At what point was it decided that the JackJumpers would be owned by the trustee to the Kestelman family trust, rather than by the NBL or the LK Group?

Mr KESTELMAN - At the time, when we decided to actually finally proceed with the club, with what risks might be involved and what else is entailed.

Mr WINTER - Because out of this deal around Wilkinsons Point, the JackJumpers have now been sold for \$35 million. What actually happens with that funding? Does that go back into the LK Group and the league or back into the clubs? Or does it stay with the family trust?

Mr KESTELMAN - Again, I will say the clubs have received an entitlement from those proceeds, and will continue to receive an entitlement. But I will again say: I'm not sure how this is related to Wilkinsons Point land.

Mr WINTER - Well, this is quite an unusual transaction, in that one of the objectives of the transaction was to get an NBL team - so they are interrelated and I'm just trying to understand the background and how we got here. I would like to get to the part around the future development opportunity as well, Chair. But if others have questions, I can come back if you like.

CHAIR - I've been listening carefully, Mr Kestelman, and I think because this was originally part of the revitalisation, if you like, of Wilkinsons Point area and the Derwent Entertainment Centre in particular, I think there is some degree of relevance. But I do hear you, and I think we will move on.

Mr WINTER - I can move on topic, but I have more questions, if you're happy with that?

CHAIR - [inaudible] on that same topic?

Mr WINTER - I'll move off the topic if you're happy for me to. Back slightly to the arrangements around MyState Arena: are you having discussions to transition the lease arrangements to the new majority owners, Altor, and wouldn't that make more sense for the future of both the club and that facility to have the JackJumpers ownership in control of that site?

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Mr KESTELMAN - Again, you're asking me to comment with another party involved. I don't know how this is relevant to the actual Wilkinsons Point transaction. I'm not going to comment when there's also another party involved that's not part of this hearing.

Mr WINTER - In terms of the valuation of the land, we heard yesterday from State Growth that the valuation which was provided to the LK Group was, they estimated, between \$6 million and \$7 million. Was that in line with the expectations that you had of the value of the land?

Mr KESTELMAN - The very original number put by the Government was I think circa that. So, no, I was not shocked by it: I was not surprised by it. I'd say it's probably something that didn't shock me.

Ms THOMAS - Larry, you mentioned earlier the Glenorchy City Council resolution to enter into a 120-day exclusive negotiation period with LK Group, which was then nullified following the State Government purchasing the land and the Derwent Entertainment Centre from the Council. Was the exclusive negotiation period that followed with the Government time limited similarly?

Mr KESTELMAN - I don't even know that there was any exclusive - so, once the exclusivity dropped away with the Council, there was no exclusivity. I don't think there was ever any exclusivity asked by us or actually granted by the Government. So, past that Council period, there has been no exclusivity negotiated into the deal.

Ms THOMAS - Okay, but are you aware of the Government negotiating with any other property developers at the same time on the proposed development or purchase of the land?

Mr KESTELMAN - I'm not, but that's something you need to ask the Government. I'm not aware of it, but it was never my condition.

My understanding is, and I want to say this again on the record, that the three Premiers that I've dealt with have dealt with honour and with intent to try to get this land, that has been around obviously forever and available as it was, through the process that was run by the Council and I presume prior and people could have approached them. It's a challenging development to get up and running. I'm not sure if other people have approached Government or Government approached them. But my statements and, I think as you're well aware, to yourself as well, if at any point the Government or the State doesn't want me to look at this land, I'm happy to walk away, even though I've committed a lot of resources to it. I'm absolutely fine to walk away if that's what's asked of me.

Ms THOMAS - Sure. Absolutely, as I've said to you previously, there's no suggestion of any wrongdoing by yourself or LK Group here. I just want to put that on the record as well.

Mr KESTELMAN - Thank you.

Ms THOMAS - What we're trying to understand is the processes that have underpinned this and to explain to Tasmanians the story, I guess, as to what has happened over the five years as these negotiations have been going on, and why - is really what we're trying to nut out here.

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You mentioned that you entered into an indicative term sheet with the Government in early 2020, and as part of that indicative term sheet there was imposed of a condition on LK Group to look at developing the land. In terms of that indicative term sheet, was that condition that was imposed around development of land and the purchase of land - was there a time period prescribed in that indicative term sheet or were there expectations that you had, as to when those negotiations would be complete?

Mr KESTELMAN - I don't think I ever thought for a second that it would take six years and still going. That was definitely not my intent at that point. But I certainly went into it 'eyes wide open', understanding that the Government was really keen for us to look at developing that land. I wanted to work positively with them to see what is possible. There was no exact timeframe, I believe, in that term sheet, but it was to work constructively, together with Government to try to make that happen.

Ms THOMAS - Okay. I recall some reference to a five-year period which aligned with the sponsorship deal of the JackJumpers. Was there any expectation around that within five years the land would be purchased?

Mr KESTELMAN - I'd need to refer back to the term sheet. I honestly cannot remember. I know there were certain timeframes for if the deal wasn't done as to when the land needs to be developed by, in stages. So there were certainly some obligations on us if the deal did go ahead as to by when we have to, at different stages, start the development - that I remember. I don't remember the exact timing of it, by when certain deals needed to be done. I would also say, in defence of Government on the process and the time it's taken, as soon as we'd done that, COVID hit and I think everything went on hold.

Ms THOMAS - You mentioned earlier that you checked with the team and there had been no communication with the Government for a couple of months on this. How would you describe the status of the negotiations as of today?

Mr KESTELMAN - I'm going to say paused is probably the right word. I would actually suggest a big reason for that is not necessarily either willingness by us or the Government not to continue the conversation, but I know there's been a lot of change within the department, of people looking after this project. We've sort of left it with the Government and they're the ones that in charge of the process, so we follow their guidelines.

Ms THOMAS - What would be the trigger point for recommencing those negotiations? Is it simply a matter of LK Group waiting for the Government to come back to it?

Mr KESTELMAN - Correct.

Ms THOMAS - Is there, from your perspective, a timeframe? How long does the Government have to progress this deal with LK Group before you say, 'That's it, I'm out'.

Mr KESTELMAN - That's a very good question. I think after six years, the patience is wearing a little thin. We're committing time and resources as we keep going. I think that's a conversation for us to have with the Government. I would say that the timeframe is very much getting shorter, I think, but patience is wearing thin.

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Ms THOMAS - Okay. In terms of the negotiations you've had to date, has there been a particular sticking point as to why things haven't progressed, in terms of the conditions associated with the current negotiations? What commitments are you seeking from the Government as part of the negotiations? Is there anything that has prevented this from being finalised, in terms of commitments you're seeking as a developer?

Mr KESTELMAN - I believe, and as per the statement that the Premier made, I think it was back in February [2005] last year, I thought we had an in-principle understanding, at least at high level, that we were there. However, there's new terms and new challenges that come up all the time. There was a question about the ferry and car parking and what potential things needed to happen. There was the removal of the basketball facilities. So, it has been a little of a moving feast, but the principle has always stayed the same about providing certain services, which were in the actual term sheet from day one. I'm not going to say there's any massive sticking points. I think the Government was trying to establish certain valuations on what it would actually cost to achieve certain things, but I don't actually believe we were that far away. But that's my understanding.

Ms THOMAS - Okay. When you say 'providing services' - what specifically were you asking the Government to provide?

Mr KESTELMAN - I'd have to get you a proper list - but you're talking about things like pretty standard things: roads, electricity, services, things to make that land developable. I think there was some conversation around car parking, replacement of car parking. I think that's all pretty well documented.

Ms THOMAS - Okay. Are you able to share that list with the Committee?

Mr KESTELMAN - I think that's part of the documents that you may already have, but if you cannot obtain them from the Government then, certainly, please feel free to reach out to us. I don't think we have anything that the Government doesn't have. Most of that is provided to us from the Government. If you want to request it from them or if you can't obtain something, we can double check if we've got something else.

Ms THOMAS - Excellent. Thank you. Appreciate that. We will write to you if there's things.

CHAIR - If there's anything we want to follow up with you, they will write to you and seek that formally.

Mr KESTELMAN - With pleasure.

Ms THOMAS - Excellent. Thank you.

Mr JAENSCH - Mr Kestelman, as you mentioned the parcel of land that we're talking about has been sitting there for a very long time, the Council ran its process to identify interested parties in it. We're still not yet realising its potential. As an interested party, for those watching and interested in this, you see a lot of land and a lot of projects - what is the potential for this parcel? What's its strategic opportunity, as you said?

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Mr KESTELMAN - I have developed a lot of different properties in my time, and this one has, without a doubt, both caught my interest and also challenged me. I had to go on site I'd say no less than 20 to 30 times to try to imagine what it could be. I think it is an amazing location. I think it's a wonderful piece of land and having already been working on the club, having operations of the MyState Bank Arena, I was certainly keen to see what we could come up with. It took us a long time to actually imagine what it would look like. That's indicatively what's in that master plan. But it is a challenging site by all of the different factors that, if anyone wants to dig into in a bit more detail, everything between contamination, flooding, services, the depth of the site as to how to commercially make it work, it is not an easy thing to do. I think that's been our approach. I do love it and, I will again say, I have felt the love of Tasmanian people. I'm really keen to try to make something happen there, as we have with the team and look at the events that we're running now at the Derwent Entertainment Centre, now MyState Bank Arena - it's a vibrant, much busier venue than it used to be. I feel connected; I feel like I want to do something there. But, certainly, with any cost and like any developer, I need to believe that I can make it work. It's a substantial, substantial development. It's not an easy one and it's not a small opportunity.

I realise there's now the other massive parcel of land, double the size, that is potentially coming on the market in a similar location, and maybe that changes people's views, but certainly when you look back six years ago, it was not a foregone conclusion and no-one was really interested in the land. My understanding is that there weren't a lot of other interested parties in the land when we expressed out potential interest in all of it. If it wasn't for wanting to make the NBL club happen, I can tell you now, there was zero chance that I would be pursuing that opportunity.

Mr JAENSCH - So, there are a number of things that are to do with the complexities of the site, things that are underground - the contamination, the servicing issues - some of those other matters that would be a challenge for any use in development. But despite that, you remained interested in it because of its location and availability?

Mr KESTELMAN - Yes, of course. I think it's a wonderful location. I think it's a great opportunity. As a someone who takes on challenging projects, I have not been known for someone who takes on, necessarily, straightforward or easy things. It absolutely caught my imagination. If it's not myself, I think, I really hope for Tasmania that someone does actually commit and develop that land, because it should be developed. It's a wonderful location, opposite MONA, but it does have a lot of challenges. It's got flooding, it's obviously got different zones; obviously there's a component that's public use, which is also very, very important. There's a lot of things to think through on that site but, at the same time, I think it is a very relevant and important site for Tasmania to get developed. I hope it's myself, but if not myself, as I said from the beginning, I'm okay to walk away at any time. I hope someone does, and does quickly, because I worry otherwise it'll sit around for another hundred years.

CHAIR - Just to be clear then: currently there's no exclusivity with you, there's no contractual arrangements that bind you in any way and there would be no cost to Government or to the LK Group, other than money already spent - - and I accept that - to actually cease negotiations, from your perspective?

Mr KESTELMAN - When you say it like that, I feel a little silly or stupid - but, yes.

Ms THOMAS - I'm sure it wasn't the Chair's intention.

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CHAIR - It wasn't intended to make you feel stupid: it was just to understand what the risk is for the Government for you to walk away, as well as for yourself.

Mr KESTELMAN - Yes - whatever money has been sunk has been sunk. As I said, I have no regrets. I've loved the process and I've done it with an open heart to try to make something happen there. But no, there's no commitments on anyone.

Mr WINTER - In terms of the advice provided to Government as part of the incoming briefs that outlined the advice to the Government was not to proceed, partly on the basis of \$100 million price tag for Government to invest in infrastructure. One of the components of that, we heard yesterday from State Growth, is around the car park infrastructure. The one component of question is that State Growth said that they felt that the LK Group - I'm paraphrasing a little here - was ambitious or optimistic in terms of the costing on the car parking. My questions specifically - the first one is: what's the justification for the State paying for car parking on that site rather than the developer? Secondly, can you give us some background around the cost of the car parking in particular?

Mr KESTELMAN - First of all, I think the hundred million dollars - and I'm not going to comment on how they arrived at that number - we have a very different opinion on what the cost of that should be, could be, potentially would be, but that's not for me to comment. I think that is a very, very high number. Our estimates are probably half that, but that's a question for whoever came up with those numbers. As far as justification, well, part of that car parking is [inaudible] and that has complicated the conversations. I don't 100 per cent know what the Government intent is around the ferries and how that would work and car parking involved with that. That's one. There was very much originally the intent for public transport services to go to the site. So, if it's developed into something that is a community and really activated both for the MyState Bank Arena but also for what intended to be developed, it seems strange to me that there would be no actual public transport. Hence, there was an increased three-quarter requirement for car parking.

It's a relatively complex matter as to how many car parking is actually needed on site. What needs to be done on the site and who should bear what costs. I would suggest that's probably the one area that we have not actually landed with the Government as yet - on who should bear what cost and how much it should cost. I'm keen, if the Government chooses to continue to delve into that further.

Ms THOMAS - Just in follow-up to that - you just mentioned that LK Group's estimates of cost to make the land development ready are approximately half of that \$100 million figure that's been bandied around. So, you would estimate around \$50 million it would take to make the land development ready, is that right?

Mr KESTELMAN - I think so.

Ms THOMAS - Are your negotiations contingent on a financial contribution from the State to the tune of \$50 million?

Mr KESTELMAN - No. None of it is as a standalone conversation. There was always an understanding that the Government would provide services to the site. As to what those services are is really up to the Government, because even as late as I think before we had our

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last conversation, my understanding was that they started considering what services might be needed for that site to encompass and provide possible services for the other sites as well. So, I don't think this is a question on just this site: this is just services that the Government would provide looking at the area as a whole. I don't actually know exactly what may or may not be required.

Ms THOMAS - Okay. In terms of getting back to this idea of negotiations being non-exclusive, is how you've sort of described it - that there's been nothing binding the Government in terms of only dealing with you on the purchase of this land or prospective purchase of this land. Would you say it's not right to say that other proponents have not had the opportunity to put forward competing proposals for this site? Would you say that that's open to other people to also bring proposals forward to the Government, despite you being in these negotiations?

Mr KESTELMAN - I think that's something you need to ask the Government. I've just been negotiating with them on the basis that it's not something that I have an exclusive commercial right to do so. I don't know if they've either solicited or had approaches and they've said no. I have no idea.

CHAIR - So, there's no barrier, from your perspective, though, for the Government to enter into other considerations?

Mr KESTELMAN - Maybe a slight moral one, considering I've been spending money all the way along, and I've had three Premiers sort of commit to work with us. So, maybe a little bit of moral, but certainly nothing commercial.

CHAIR - [inaudible] so, you're relying on their word, then?

Mr KESTELMAN - Yes, correct. They've never actually said to me they would never consider another approach and I don't know if they have been tested or not by someone approaching them with a very different proposition. I honestly don't know.

Mr WINTER - I've been listening to that interaction, but isn't it the case that, through this deal which encompassed both creating the JackJumpers and developing the land and MyState Arena, you've profited \$35 million from the sale of the JackJumpers? It's been a pretty positive financial interaction for you, wouldn't you say?

Mr KESTELMAN - I'm not sure what the angle of that question was. If you're asking me are the JackJumpers a success? 100 per cent. I think everyone, as a standalone opportunity, would be thrilled with that outcome. I know myself and my team put in a huge amount of work, took risk and, yes, there is a success at the end of it. That was in no way linked or contingent on the land. So, again, I'm not sure what you're trying to imply.

Mr WINTER - I'm sorry, as part of this agreement and you've outlined earlier in this hearing, that it was really pushed on you by Government that you'd be part of redeveloping Wilkinsons Point. But this is all interlinked, isn't it? I mean, the agreement was that you would licence a JackJumpers team, that you would own it through a family trust, that you would redevelop the land and Government would expend money to purchase and then upgrade MyState arena. Is any of that incorrect?

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Mr KESTELMAN - Yes. The agreements were all separate agreements, interlinked by the fact that there was an obligation on myself to try to reach a commercial agreement on the land, which we most certainly - I think no one will deny that we have not tried it. We have certainly tried for six years.

Mr WINTER - Yesterday we had Glenorchy City Council here, that outlined that there was a rate remission in place for MyState Arena for the first few years of the agreement, which was following the decision not to go ahead with the community basketball courts - the remission ceased. Has LK Group, as the owner of MyState, now taken on the rates component from Glenorchy City Council?

Mr KESTELMAN - I wouldn't be able to answer that. If you like, please write to me, I will confirm it. But my understanding is there is a lease arrangement between the Government for the venue, with incentives as it grows for them to receive further funds. As far as the rates, I couldn't answer that question.

CHAIR - Just to be clear, the question is: does LK Group pay the rates?

Mr WINTER - Yes, through the lease arrangement.

CHAIR - Or is that something that's contained within the lease?

Mr KESTELMAN - I'm not sure, but very happy to take that on notice. If you write to me, I will double check and answer.

Ms THOMAS - In terms of the actual development of the site back in 2020, I think it was, when the development of the site by LK Group was first publicised, there was a website developed that provided concept plans and images of what the proposed redevelopment would look like. I believe that website's still live. Has the vision from LK Group about what it is actually proposing to develop on the site changed since that time? If so, how?

Mr KESTELMAN - Yes, it's definitely evolved. I think the overall principle is not that different, but a lot has changed. The big one being the removal of the basketball courts from the site. So we will definitely need to revisit and we have internally certainly been looking at what can happen and, six years on, most certainly some more views and ideas. But I would say the principle is still the same.

Ms THOMAS - So, hotel, cafe, sports retail?

Mr KESTELMAN - Yes, it's a lifestyle sports precinct. Look, if I give you the big elevator pitch: I think Tasmania has amazing hotels, I think it's got amazing facilities but, in my mind, what it was lacking and what this precinct would be great for is, for example, my son, just purely by coincidence, who's married a Tasmanian girl with family there, and when they travel to Tasmania, I don't think there's a lot of accommodation for families - they've got a 2-year-old. My vision was that it would be, if any of you have ever stayed in a RACV-style type family resort, where you would have a service department, more than just a hotel room. Where families could go and actually stay, take their car on the ferry, come across and have an amazing location close to the city, but develop something that is a bit more family friendly. That's the overall sense for the site, as the primary component of it, and then more of a traditional hotel as another stage later down the track towards the end of the land. That's the

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general vision that, I think in my mind, would fit the location, the area and, I think most importantly, what I think Tasmania actually lacks a little bit and would benefit from.

Ms THOMAS - Thank you. In terms of the actual parcel of land that you are seeking to purchase, or negotiating with the Government about, can you confirm that LK Group understands that the foreshore land is to be retained by Glenorchy City Council and that that's not part of the land that you're seeking to purchase?

Mr KESTELMAN - Yes, absolutely.

Ms THOMAS - So, that 20 metres back from the foreshore, which is the walkway all around to GASP (Glenorchy Art and Sculpture Park)?

Mr KESTELMAN - Yes, I couldn't tell you the metreage, but, yes, 100 per cent there's an understanding. We had discussions with - I don't recall the name of the organisation - but they actually managed some of the art there. I think it's a very, very important component for Tasmania and it's absolutely in the consideration and something that has been thought through.

Ms THOMAS - So, LK Group acknowledges the importance of that pathway being maintained in public ownership?

Mr KESTELMAN - Of course. Yes, absolutely. That was never a question from day one - exactly what that land is. I think that's been discussed with the Council and the planners. I couldn't tell you, and my team on the property side - I couldn't tell you the dimensions.

Ms THOMAS - In terms of the negotiations with the Government, you mentioned before that the intention would be a staged-development, and one would expect that there would be conditions attached to any sale agreement that required you to actually develop the land and within certain timeframes. Can you confirm that those sorts of clauses are included in the term sheet we've been negotiating so far?

Mr KESTELMAN - Yes, they are.

Ms THOMAS - I guess there could be some people out there who are saying, 'Land banking is an issue we've seen in other areas of Tasmania; developers come in and purchase land and sit on it and try to sell it off later'. Can you confirm that that's not LK Group's intention here? Your intention is, if you are able to purchase this land from the Government, you are 100 per cent committed to developing it?

Mr KESTELMAN - Absolutely. Those sort of intended conditions are in their term sheets from literally day one. That's the last thing I need in my life, is to purchase that land and do nothing with it in Tasmania. So, yes, those terms are in there from day one.

CHAIR - From your perspective, Larry, and I appreciate that you've covered some of this and you've expressed your frustration about the six-year timeframe this has been happening over, but, from your perspective, what are the key reasons for the delay that has seen it take six years without any resolution?

Mr KESTELMAN - I'd say it's not an uncommon reason, but it's actually a very factual one here, and that is COVID. I think that became much less of a priority for everyone. We

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managed to, I think, pull off a miracle by my team working with the Government on the property side who dropped everything and managed to deliver the venue in a ridiculous amount of time. So, it just became not a priority during COVID and getting all that done. Since then, we've picked that up and, I don't want to overstate the importance, but we've had a lot of change, a lot of change within the department. There's been multiple people, multiple streams of work and we've done our best. But it's been, without a doubt, frustrating. That's probably the best reason I can give.

CHAIR - So, churn within the Department of State Growth has been a challenge? Just to be clear.

Mr KESTELMAN - Yes, definitely churn of people, speed of response. There has been a process - and I can't comment on good, bad or indifferent - but each stage took a long time, whether it be evaluations, assessments, lawyers. There has been a process, and we just follow that process for the Government, and it has not been a quick one.

CHAIR - What, from your perspective, would you like to see to enable a resolution to be reached one way or another - either you walk away or you actually progress this, and then you can get on with developing the land?

Mr KESTELMAN - I think that's up to the Government. The Government needs to come back to me and I presume they will want to wait and hear from yourselves. I actually respect the process you're running, and I hope that everything that has been done has been according to the processes - I certainly have not ever felt that it wasn't. But I suggest we need to get past this, make sure that the Government is still happy to proceed and, if it is, then we'll engage with them and see how we can conclude this as quickly as possible.

Mr EDMUNDS - I have a follow up to that. I was going to ask this question, but I think you've sort answered it. Just to be clear: you're saying that the ball - pardon the expression - is in the court of the Government and department about when or if those conversations will resume?

Mr KESTELMAN - Absolutely. I'm expecting one or the other. It's 'Larry, thank you. I'm sorry we have not been able to reach a deal and we're choosing to go in a different direction' and I will still have the utmost respect for the Premier and his department, and have no qualms, and will shake hands and move on. I will come and cheer for the JackJumpers whenever I can and we move on. Or they will say, 'We'd like to re-engage and see if we can get a deal done'. and we will and we will try our best. I'm certainly not laying on the table that I'm guaranteed that we'll reach a deal, but I'm still willing to try.

Mr EDMUNDS - I'm not sure if you will be able to answer this, it's probably more a question for Government, but do you have any expectations on perhaps when those conversations might occur one way or another?

Mr KESTELMAN - No.

Mr JAENSCH - Mr Kestelman, we love our JackJumpers and we're very, very proud of them. Since you became involved with them and this site as well, we now have an AFL licence as well and we have secured a project for the Macquarie Point development. That, in itself, will generate demand for accommodation and transport options for people. How do you factor the

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advent of the Devils and Macquarie Point into the value and the potential of the sort of development you've been describing to us?

Mr KESTELMAN - I think it's super positive. I love the fact that there will be an AFL team in Tasmania. I've seen, and it was a surprise to me, I think the sort of love for the JackJumpers that's been developed is without a doubt, when we go down, is one of my proudest achievements. To be able to create something that people love in Tasmania so much that will live on, I'm sure, beyond my time. I love it. I'm very proud of it.

It's the same with this development - I do believe there will be a need for this style of development and if not on this side, I think someone should develop in proximity, within driving distance, within commute distance to the venue, something that's a little bit more family friendly. I think there's reasonable accommodation in traditional hotel rooms, but I know my son went with his family and they struggled to find - my daughter-in-law's family is a little bit outside of Hobart - appropriate accommodation for them with the small ones. So, yes, I really hope that someone does, whether it's on this land.

I also actually just want you to know, I appreciate the fact that things have changed. When you do something for six years, things move on and things change. So, with the new introduction of this other land, services may need to change. There might be a more appropriate use of both of the lands. I don't know. But all I know is for six years I've been trying to see if I can find a way to unlock this wonderful location and, so far, we're not there. As you said, JackJumpers were started and developed - I'm still involved with the JackJumpers as a minority owner for a period of time, so I have a lot of passion for it still. We have the venue that we're working really hard, through another business of mine, to operate and grow and bring wonderful events to Tasmania. I still feel extraordinary connected to Tasmania, but I may not be the right person to get this land developed: I might not be. I'm in a privileged position that I was able to give it a go, and if it's not me, then maybe it needs to be a better man than I that does it.

CHAIR - We're nearly out of time -

Mr JAENSCH - I just want to thank you for your vision and for your contribution. I really appreciate it.

Ms THOMAS - If the Government was to do an EOI process now, would you participate or walk away?

Mr KESTELMAN - Walk away.

Mr WINTER - One of the concerns raised yesterday by the Property Council was, to paraphrase them, talking about land banking - so what protections can Governments put in place to ensure if they do transact with, not just you, but any private developer, through potentially an EOI process or something else, actually develops, rather than just purchasing the land and leaving it dormant, which I think you'd agree would be a bad outcome. From your experience, what sort of things should Government be considering to ensure that whoever it transacts with actually develops land, rather than just purchasing and leaving it?

Mr KESTELMAN - I actually think that's a very important component. In particular with locations of, and I'm going to say, 'State significance', I think it is important. Personally,

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I think it's a travesty that this land has not been developed for such a long period of time. So, whether it's myself or someone else, I think it should have certain gates that if someone does not at least commence development or acts in the right way to keep moving it forward, they should not proceed to have the land and move it into someone else's hands that will. Because these assets are important for Tasmania, for the people, and they need to be developed. I fully support that there needs to be some sort of obligation on developers to not land bank.

Mr WINTER - What sort of obligation? Getting into the specifics a little bit, but is there a type of agreement that you see that would work for a developer as well as Government to ensure that things actually happen?

Mr KESTELMAN - Again, I don't want to get specifics on this land, but there are lots of examples out there around Australia and the world as to how these things are done. One of those is just timeframes by when development needs to start in stages. This is a massive, massive development for Tasmania: our estimate is that it's half a billion dollars. It's a big undertaking, so it needs to definitely be done with careful consideration, but I think some sort of timeframes around when certain stages commence and for the development to be moving forward would be one way to consider doing it.

CHAIR - Okay. We'll wrap it up: we've used up our allocated time. We do appreciate you appearing before the Committee, Mr Kestelman, and we hope you have a good trip to Adelaide.

Mr KESTELMAN - Thank you.

CHAIR - We will write to you on those couple of questions once we've had a chance to get the *Hansard* and just confirm what we agreed to. That will be after Easter, of course, because everyone takes a short break over Easter.

Mr KESTELMAN - No problem at all. Thank you again, for allowing me to do this via Teams.

CHAIR - Thanks for your time.

The witness withdrew.

The Committee adjourned at 10:32 am.