



# **PARLIAMENT OF TASMANIA**

## **TRANSCRIPT**

### **HOUSE OF ASSEMBLY**

#### **ESTIMATES COMMITTEE A**

Hon. Eric Abetz MP

**Tuesday 18 November 2025**

#### **MEMBERS**

Hon Helen Burnet (Chair)  
Hon Marcus Vermeij (Deputy Chair)  
Hon Josh Willie  
Hon Kristie Johnston

#### **OTHER PARTICIPATING MEMBERS**

Mr Winter  
Mr Bayley  
Mr Jaensch  
Mr Mitchell  
Mr O'Byrne

## **IN ATTENDANCE**

**HON. ERIC ABETZ MP**

Treasurer, Minister for Macquarie Point Urban Renewal

### **Treasury**

#### **Ministerial Staff**

**Matt Hochman**

Chief of Staff

**Jon Gourlay**

Senior Adviser

**Megan Hickey**

Senior Adviser

**John Wise**

Senior Adviser

---

#### **Department of Treasury and Finance**

**Gary Swain**

Secretary

**James Craigie**

Deputy Secretary, Budget and Finance

**Dean Burgess**

Deputy Secretary, Economic and Financial Policy

**Jonathin Root**

Deputy Secretary, Revenue and Regulatory Services (where required)

**Abigail Shelley**

Corporate and Governance (where required)

---

#### **Audit Office**

**Martin Thompson**

Auditor-General

**Jonathan Wassel**

Deputy Auditor General

**Janelle Tamlyn**

Director, Corporate Support and Strategy

---

**Macquarie Point Development Corporation (Output 91.885)**

**Craig Limkin**

Secretary

**Anthony Reid**

Acting Deputy Secretary, Strategy, Housing, Infrastructure and Planning

**Matt Healey**

Deputy Secretary, Strategy and Delivery - Department of Premier and Cabinet

**Anne Beach**

Chief Executive Officer - Macquarie Point Development Corporation

**James Avery**

Chief Executive Officer - Stadiums Tasmania

**Andrew Smythe**

General Manager, Policy, Strategy and Projects

**Andrew Johnson**

Director, Office of the Secretary

**Angela Conway**

Deputy Secretary, Business Services



# PUBLIC

**The committee met at 9.00 a.m.**

**CHAIR** (Ms Burnet) - The time being 9:00 a.m., Estimates scrutiny will now begin. I welcome the Treasurer and other witnesses to the committee. I need the Treasurer to introduce persons at the table for the benefit of Hansard.

**Mr ABETZ** - Thank you, Chair. On my right is Dean Burgess, Deputy Secretary, Economic and Financial Policy Division; Gary Swain, secretary of the department; and James Craigie, Deputy Secretary, Budget and Finance Division.

**CHAIR** - Thank you. Questions should be directed to the minister. The House's resolution provides for a minister to provide additional information to a committee either later that day or in writing as an answer to a question taken on notice. Please hand your questions on notice to Mr Foxe or whoever's in this position. To submit a question on notice, you must first ask the question to the minister, who must indicate they will take it on notice. The member must then put the question in writing and hand it to the committee secretary so it can be included in correspondence to the minister for the answer. I remind you that the microphones are sensitive, so please be mindful so that Hansard can hear well enough when you're moving your folders, rustling papers and so forth, and the water glasses.

As Chair, I'll look to ensure fair and appropriate conduct of proceedings today and this week and ask that all participating members do the same. We'll take a break around 11.00 a.m. for for 10 minutes, so we'll go through the questions from committee members and take a break at around that time.

Treasurer, would you like to make a brief opening statement?

**Mr ABETZ** - Emphasis on 'brief' - and you'll be pleased to know that the answer is no.

**Mr WINTER** - Thank you for being with us this morning, Treasurer. I'd like to start with TT-Line. I was able to consume a little bit of yesterday where you said:

No government, irrespective of its hue, would allow it to fail.

'It' being the TT-Line.

It means that it will continue to be able to pay its debts because the government will ensure that is the case.

Do you rely on any other measure of solvency to claim the company is solvent, or is your position purely that it is solvent because the government is backing it?

**Mr ABETZ** - The directors, all of whom are exceptionally professional, well-credentialed and highly qualified, are of the view that the company is solvent. Should they be trading with an insolvent company, the consequences for them personally and legally would be substantial, so I take great comfort from the fact that that body of men and women are of the view that the company is solvent. Secondly, the directors quite rightly sought independent advice to see whether they were missing anything and that independent advice indicated that the company is solvent. That said, the underlying safety net for the company - and it's not often I can speak for the whole parliament, but I think the whole parliament would be of the view

## PUBLIC

that the TT-Line is such a critical piece of infrastructure for our state that no government, irrespective of its colour, would allow it to fail.

I suppose they're the three bases on which I say the company is solvent - the director's own assessment, highly professional, highly capable - the independent advice they sought, and the fact that in any event the government would provide the necessary assistance should it be required.

**Mr WINTER** - Yet the Auditor-General of Tasmania, required under law, has resolved that the company, in his opinion, is insolvent, which is a significant issue here.

**Mr ABETZ** - If I might, we respect the Auditor-General and his opinion, but at the end of the day he's not the determiner, the decider, as to whether a company is or is not insolvent, as I understand it under legislation, and if he forms what he considers to be a reasonable suspicion, he needs to report that. That is what he has done and as I understand it, TT-Line has not heard from the Australian Securities and Investments Commission (ASIC) for I don't know how many weeks since that report was made by him.

**Mr WINTER** - On that first question, is there a particular measure of solvency that you or the TT-Line board are relying on to claim that the company is solvent?

**Mr ABETZ** - I've never pretended to be an expert in insolvency law. What I inform myself with is the opinion of the Auditor-General as well as the opinion of these highly qualified and credentialed directors from around Australia and the independent advice they've received. Their view is has the company is not -

**Mr WINTER** - Does the independent advice provide a measure of solvency it uses to claim that the company is trading solvent?

**Mr ABETZ** - What I would invite you to do on that is to ask the TT-Line when it comes up for GBE scrutiny for the detail.

**Mr WINTER** - Has Treasury provided any advice to you about whether it believes the TT-Line is solvent? Does it have an opinion?

**Mr SWAIN** - Not directly on solvency. We have provided some advice around the borrowing limit extension and the guarantee but not on solvency directly, although I think we have had discussions around the fact that all parties involved need to make judgments. I think the Treasurer's already talked about the judgment the Auditor-General needs to make, and the board needs to make its own judgments about whether there's - I've forgotten the exact words, but they have to have a reasonable view about the solvency of the business.

**Mr BAYLEY** - Thank you, Treasurer, for your very brief statement, and thanks to the officials for joining us. A quick overarching question, Treasurer. In the past 18 months, have you, as an individual, been subject to or party to any Supreme Court matters?

**Mr JAENSCH** - Is that relevant to the Budget, Chair?

**Mr BAYLEY** - It's relevant to the Treasurer's portfolio and it's a pretty simple question. Everyone else has answered it. The Premier's answered it -

## PUBLIC

**Mr ABETZ** - I've got a funny feeling there might be a supplementary question to that, as though there might be something else -

**Mr BAYLEY** - There is a financial question element to it as well. It's been answered by the Premier. It's a really simple one. Have you, as an individual, been subject to or party to any Supreme Court matter?

**Mr ABETZ** - To the best of my knowledge, information and belief - and I'm trying to drag through the memory - I don't think so.

**Mr BAYLEY** - Thank you. In the past 18 months, have you as an individual incurred any legal costs that have been covered by taxpayer dollars?

**Mr JAENSCH** - Excuse me, Chair, point of order, This question has been framed as you as an individual. This is a hearing for the Treasury and Finance portfolio in Estimates. I don't know how the member is able to ask questions of a person as an individual.

**Mr BAYLEY** - Chair, this was answered by the Premier yesterday. It was answered by every other minister.

**CHAIR** - I just want to seek advice.

**Mr ABETZ** - As I understand it, this might be in the context of legal indemnity.

**CHAIR** - Treasurer, do you mind?

**Mr ABETZ** - Sorry, I just wanted to clarify, that's all.

**CHAIR** - To the point of order, it is around expenditure and budgets, but if the Treasurer would care to answer this, it's up to him.

**Mr BAYLEY** - So to the best of your knowledge, you haven't been part of a Supreme Court matter.

**Mr ABETZ** - In my role as Treasurer, no.

**CHAIR** - We'll move on.

**Mr BAYLEY** - Has any money been expended in your name?

**Mr ABETZ** - To the best of my knowledge, no.

**CHAIR** - Mr Bayley, I think you've had your couple of questions.

**Ms JOHNSTON** - Treasurer, I think I understood correctly your response to Mr Winter's question before that Treasury hasn't provided you with advice on the solvency of TT-Line directly. Has Treasury provided you with advice around the modelling of any impacts on budgets in the forward Estimates if the government is required to provide that safety net, as you said? Not just the equity injection that is actually forecast at the moment. But if the situation develops further and further equity injections are required, and ASIC decides that the company

## PUBLIC

is insolvent, what that would mean for the Budget if government's providing that safety net as you say.

**Mr ABETZ** - That's, to a certain extent, how long is a piece of string? We don't know what we don't know.

**Ms JOHNSTON** - Surely it's a live consideration, though, of Treasury at the moment.

**Mr ABETZ** - That said, the new board and the new management have got a list of things that they are engaged in to ensure the more efficient operation of the whole TT-Line kingdom, if I can use that term. So, they are working through to ensure that they get as good and as efficient a TT-Line for the people of Tasmania. They're looking at a whole range of things, as one would hope and expect a dynamic board management team to undertake. And in those circumstances -

**Ms JOHNSTON** - I'm not asking about TT-Line. I'm asking about Treasury's advice to you in the event that ASIC takes action and determines that TT-Line is insolvent. Surely that's a considerable risk to the state government's budget. Has Treasury provided you with advice about what the impact would be if that were to occur?

**Mr ABETZ** - What I'm saying to you is that all these actions that the TT-Line are undertaking - and GBE scrutiny will inform you of that, there is a less likelihood of -

**Ms JOHNSTON** - But some likelihood.

**Mr ABETZ** - further equity injections being required. That said -

**MR SWAIN** - We have given advice to the Treasurer in relation to the current Budget. But in the context of a business that was recapitalising its major assets - the two boats, and doing a significant infrastructure project at the same time, where there has been a step change in the expected cost of that infrastructure, it's not surprising that that would create financial pressure on the business. In that context, we have recommended to the Treasurer, as part of the budget process, to put the equity provision in this year's Budget.

But as the Treasurer says, the extent to which any further support will be needed will depend significantly on how the board, in consultation with shareholders, takes action in relation to any options that are identified through the capital and financing review that it's currently doing.

**Ms JOHNSTON** - The Tasmanian people are the shareholders and they're on the hook, it would seem, if there needs to be further equity injections. So, has that been modelled?

**Mr ABETZ** - No, because we don't know if any further equity injections are needed and, if so, the extent of them. That's the logical way you step through these things. Until you know what may or may not be needed, it is impossible to model -

**Mr WINTER** - The chance of there not needing to be an equity injection are astronomical.

**CHAIR** - Mr Winter, you'll get a chance to ask a question.

## PUBLIC

**Mr ABETZ** - That is a comment.

**MR SWAIN** - Yeah, okay. I was just going to say, Treasury is planning to engage with TT-Line from December onwards. Obviously, with the discussion we need to understand what actions they will propose and what position that will leave them in, in the lead -up to the next budget. There is a discussion already planned with TT-Line that will inform the next budget.

**Mr JAENSCH** - I'd like to ask the Treasurer for an update on the government's plans for the Treasury building complex and how that can contribute to our economic growth.

**Mr ABETZ** - Thank you for that, Mr Jaensch. We are going for expressions of interest in relation to the Treasury building. This follows a successful registration of interest phase. We can look at the success of the Parliament Square and Tasman developments to understand the potential. Having said that, we await what comes from the market in relation to the Treasury complex. It represents similar opportunities.

Repurposing the Treasury building is about more than just improving a set of buildings. It's also about potentially stimulating growth and generating significant employment and economic activity, helping to keep our state moving forward.

Following the expressions of interest phase, which opened on 28 October and closes on 17 December, it's then intended to progress to a closed request for tender process inviting shortlisted proponents to present more detailed proposals. The term 'repurposes' can include many forms of delivery models. Proponents have been encouraged to provide what they think might be appropriate.

**Mr JAENSCH** - What's the timeframe for testing the market's interest?

**Mr ABETZ** - That is until 17 December. And then after that, we will go to those that are for a closed request for tender process to ascertain exactly what they have in mind.

**Mr WINTER** - In terms of timing -

**CHAIR** - Mr Winter. Go to the next question, thanks.

**Mr WINTER** - A really enthusiastic Dorothy coming. I want to take you back to TT-Line, Treasurer. You spoke in an earlier answer about the directors being personally and legally liable around potential action around insolvency and trading insolvent. Last week in Question Time, the Premier said:

Emphatically no. As I understand it, the Auditor-General hadn't reported it to ASIC at that time. But I might say as well -

Therefore, outing the directors of TT-Line as being under investigation by ASIC. Have any of the directors raised concerns with you about the Premier effectively outing the investigation in a public forum like that?

**Mr ABETZ** - No.

## PUBLIC

**Mr WINTER** - Do you think it's appropriate the Premier outs the directors of TT-Line as being under investigation by, or having been reported to ASIC?

**Mr ABETZ** - And if we didn't say it, it would have been hidden from the people of Tasmania. This is what a typical opposition does. Irrespective of what you do, you're outing people, you're doing the wrong thing. If you don't mention it, you're hiding it, you're not being transparent. Write your own headline for that, Mr Winter.

**Mr WINTER** - In relation to this, can you explain to the committee what the resolution to this is? At this point in time, we have the Auditor-General who has made the allegation that the directors are trading insolvent and we have the board who's got their own advice. You seem to be relying on the advice of the directors rather than the Auditor-General of Tasmania. Are you expecting this impasse to just continue until ASIC makes a finding? Or is there another way to resolve this?

**Mr ABETZ** - We will take further advice, as I'm sure the board will as well. It is clearly in nobody's interest to have a determination made. But the advice we have received is that the company is not insolvent.

Might I add, all this talk, unfortunately, helps to undermine consumer confidence in the business. As a result people may well be misinformed into thinking, 'If I pre-book, is my money safe? Will it sail when I need to go across? Therefore, I'll try and fly across and hire a car instead.' I would invite the opposition and others who see this as a bit of a political gain to see the consequences for this operation.

**Mr WINTER** - Treasurer, TT-Line, the flagship company of Tasmania, and Tasmanian taxpayer-owned, is potentially and, according to the Auditor-General, is trading insolvent. You said that the advice you've received is the company's not trading insolvent. But you received advice from the Auditor-General of Tasmania telling you that it is trading insolvent. So, how is it that you are relying on the advice of an independent adviser over that of the statutory authority, the regulator, the person who is charged with -

**Mr ABETZ** - He's not the regulator.

**Mr WINTER** - Well, the person, the auditor -

**Mr ABETZ** - He's only the statutory authority.

**Mr WINTER** - The statutory authority that is tasked with making determinations about whether it's a going concern, and also whether, under corporations law, the company is trading solvently, so why are you choosing to accept the independent advice of someone external to government over the Auditor-General of Tasmania?

**Mr ABETZ** - Do I have a high opinion of the Auditor-General? Of course I do. Do I respect his opinion? Of course I do. You know, in my former days when I used to appear in the criminal courts, there were highly respected people such as the Director of Public Prosecutions accusing people of having engaged in criminal activity, only to have a court determine that in fact they hadn't. Did that diminish my view of the Director of Public Prosecutions? No, but the assessment by the director was wrong as found by a court of law, so until such a determination is made - and I don't think such a determination will be made, I hasten to add - we have to

## PUBLIC

consider that this is one person's view, which is then to be weighed up against a whole host of other people's views that, with respect, disagree.

**Mr WINTER** - Aren't you just delaying the inevitable here? I mean, at some point in time this company is going to need a massive bailout. The \$75 million isn't going to touch the sides, so aren't you just delaying the inevitable and putting the directors and Tasmanians through this entire ordeal because you won't - you're just delaying inevitable that this company is going to need a massive bailout?

**Mr ABETZ** - Look, you want to say that for a headline. Good luck to you, but I've just been reminded that under the *Corporations Act*, it is the directors who determine if a company is solvent.

**Mr WINTER** - The auditor has an obligation by law to report directors who may be trading insolvently.

**Mr ABETZ** - If he has a reasonable suspicion, which he has done, and whether it is reasonable to have such a suspicion when you know that a government is going to always back in the company is something that I'm sure textbooks and academic articles will be written about. I'm dealing with a practical situation where the directors are confident and resolved that they can and will be able to pay the bills of the company when and as they fall due, as they have been doing.

**Mr BAYLEY** - Treasurer, I want to take you to risks in the Budget and risks specifically to the Macquarie Point stadium. The Budget has identified that this project is subject to the ongoing procurement, supply and cost risks that other major projects have experienced, and the Pre-Election Financial Outlook (PEFO) identified that the actual cost of construction of the stadium won't be known until the project is put to tender. I'm not defeatist and I don't think the vote is won in the upper House in any way, shape or form, but I want to ask you a question. If it was to be approved and you go to tender and seek a builder for this project, is there an upper threshold cost that the government is willing to pay for this stadium? It's had four cost blowouts now since it was first mooted. It's now \$1.13 billion and we don't need to debate the additional things that that doesn't include, but the question is very simple -

**Mr ABETZ** - All of which I debunked in the debate.

**Mr BAYLEY** - One of which.

**Mr ABETZ** - No, all of them. I'll go through them if you like.

**Mr BAYLEY** - I don't need you to do that. The question I need you to answer is: is there an upper limit that the government is prepared to spend on this stadium? Treasury has identified the risks. The budget has gone up four times now and it's \$1.13 billion. Is it \$1.5 billion, is it \$2 billion? Is there an upper limit that you're prepared to put on the table?

**Mr ABETZ** - This is one of those questions like how long is a piece of string? If I were to give you a ridiculous figure, the headline would be, 'Abetz contemplates stadium to cost \$1 trillion as acceptable', whereas if I give you another figure - I'm not going to play that game. We are going to look at things as they arise on the best evidence and professional advice. I am advised that the quantity surveyors who have been informing the process thus far have come

## PUBLIC

up with the \$1.13 billion figure. Within that there is a significant contingency and you'll be able to ask about the detail of that later today when Macquarie Point Development Corporation appears before this committee.

**Mr BAYLEY** - There are plenty of projects, particularly big projects, though, Treasurer, that you'd have to agree, even if or when they get planning approval, the proponent may choose not to proceed with them. We've had housing developments in Hobart that have been passed and don't proceed to construction because when it does go out to tender it turns out that the budget and the contingencies and everything that's been factored in in terms of building that project can't be met. It would blow out such that it doesn't deliver a return. I think it's an entirely reasonable question for the Tasmanian people to understand if there is an upper limit to what the government is willing to throw at this stadium.

**Mr ABETZ** - Most of those projects of which you speak would not have been 70 per cent designed, as this one is. They have not been through the quantity surveyor process, as this process has -

**Mr BAYLEY** - It's had four cost blowouts already, Treasurer. We're on the fourth escalation.

**Mr ABETZ** - Some of those extra costs, as you would be aware, are courtesy of the unnecessary election that we had. That is part of the extra cost and it's always been made known that the longer we delay this the more it's going to cost. That is why as a government we want to get this underway as soon as possible. I'm not going to put an artificial upper limit figure on it so that you can say, 'Oh, he's gone over by a dollar' or fudge the figures, as you did when you talked about footpaths, the TSO, the northern access road, the car park. I think you had five but I can just remember four off the top of my head.

**Mr BAYLEY** - There's also the buses that the Tasmanian Planning Commission mentioned that you don't remember.

**Mr ABETZ** - And the buses, the \$49 million -

**Mr BAYLEY** - All referenced by the Tasmanian Planning Commission in their refusal.

**Mr ABETZ** - to retrofit all our school bus fleet to be disability compliant, as though that should all be visited on the cost of the stadium to make it operational with public transport. With respect, how can anybody assert that that should all be visited as one of these costs on the stadium when we have a duty and obligation in due course to get all our school buses disability compliant in any event? I say to you, Mr Bayley and the people of Tasmania, very strongly, no stadium, no team, but you will have in due course disability-compliant school buses. Trying to link the two is disingenuous.

**Mr BAYLEY** - So there's nothing you're prepared to give reassurance to the Tasmanian people about around an upper limit and the fact that there is a point where this stadium, when it goes out to tender, as has been referenced by Treasury, is a risk? There is nowhere you would draw a line and say that's actually beyond what we can afford?

**Mr ABETZ** - Look, we rely on the best advice from the professionals and the best advice we have is \$1.13 billion and that is exceptionally doable in all the circumstances.

## PUBLIC

**Mr SWAIN** - Treasurer, I was just going to make a process comment. The Macquarie Point Development Corporation will be going through commercial engagement and procurement. It obviously wouldn't be helpful to have any number in the public domain that would signal -

**Mr BAYLEY** - You've got a number in the public domain, \$1.13 billion.

**Mr SWAIN** - If you had another higher number, that would affect bids. If it were the case that bids came back at a different number, they would need to go back to the budget committee for consideration.

**Ms JOHNSTON** - Treasurer, I'll take you back to the TT-Line matter and I just want to be really clear because there's a number of dates floating around here. My understanding is that the government shareholder minister was advised on 21 July of concerns that the Auditor-General was of the view that TT-Line was insolvent. Then on 25 July, the same month, the government provided a debt limit extension to TT-Line and approved that. Sorry, it was 26 July, my apologies, so there were five days in between. What advice did you get from Treasury or anyone else during that time to assure yourself - sorry, I should say the government because you weren't Treasurer at that particular point in time -

**Mr ABETZ** - But I was the shareholder minister.

**Ms JOHNSTON** - That's right, but not the Treasurer - that it would be appropriate to provide that debt limit extension on the advice you just received that there were concerns about insolvency? Did you receive independent advice? Did you ask TT-Line to provide you with evidence that they could meet further debt requirements? What advice did you get between 21 July and 26 July regarding solvency?

**Mr ABETZ** - On 25 July, TT-Line wrote to shareholding ministers in relation to its debt and equity requirements. That same day a meeting was held with the chair of the board, shareholding ministers, Treasury representatives, Crown Solicitor, et cetera, about the need for the increase in guaranteed borrowing limit to be considered in the light of concerns by the Auditor-General. And on 25 July, TASCORP wrote to shareholding ministers outlining the liquidity issues facing the company, under the government guarantee given to TASCORP by the then Treasurer, was in accordance with caretaker conventions, I am told.

**Ms JOHNSTON** - So, just to be clear, on 21 July you were told of the concerns that TT-Line might be insolvent. TT-Line wrote to you on 25 July requesting the debt limit extension. You approved it on the 26th. Did you not receive any advice between 21 July and the 26th about solvency? You'd been asked to extend the debt limit for TT-Line, a company you have just received information that it may be insolvent. What inquiries did you make independently before you decided, on behalf of Tasmania, to extend that debt limit?

**Mr ABETZ** - Well, just think of the alternative: not extending the debt limit. As I've said, the government, and I say of any of any hue would back in the TT-Line. So, when the situation arose we sought advice. And look, it's not the government that provides the loan. It's, in fact, TASCORP. The secretary of Treasury doubles as the chair of TASCORP.

**Mr SWAIN** - If I could, Treasurer, I think there's two related but separate processes that have been going on. So, the Auditor-General had a responsibility, if he had a reasonable

## PUBLIC

suspicion, to inform ASIC of that concern. It wasn't a deterministic role. It was he had a specific duty under the corporations law, which he fulfilled.

Quite separate to that, there had been a review process going on within TASCORP - which will be appearing in front of this place on Monday, so, can talk in more detail at that time, that had identified a condition for increasing the borrowing limit and the condition of TT-Line. So, based on the request for an increase from TT-Line. That had happened on 25 June, and the condition was that the guarantee was increased. The guarantee ended up being increased on, I think it was 25 July. And then, TASCORP was advised of that on the 26th, which effectively made the board decision made a month before go live because the condition had been satisfied.

That was happening all in parallel to the Auditor-General forming a view as to a reasonable suspicion, which I believe led him to formally advise ASIC of that decision, I think it was at the end of July.

So there was two processes running sort of side by side. They were related but separate.

**Ms JOHNSTON** - The crux of my question is, given the fact that the Auditor-General has raised concerns about solvency, the government was aware of it on 21 July and then were required to make a decision within five days around the debt extension. What have you - the government, the treasurer at the time, or you, yourself, as a shareholder minister - done to inquire about the veracity of the Auditor-General's opinion? And what advice have you sought before you extended the debt?

It just seems extraordinary to me. I think most Tasmanians households would understand extension of debt is quite a task. If you're going guarantor for someone, you want to make sure they're able to pay their bills. If you've already been told that TT-Line is insolvent, how have you reassured yourself that they'll still be able to pay the debt?

**Mr ABETZ** - Well, you see, we weren't told that it was insolvent. The people that make that determination -

**Ms JOHNSTON** - They were told that there was a risk.

**Mr ABETZ** - No. The company directors, under corporations law, it's not for the Auditor-General to make that decision. It is the directors under corporation law. On 21 July, the chair met with shareholders, namely myself and the then treasurer, and advisers, and informed them that it remained the position of directors that the company was solvent. So, that body of men and women - highly capable from right around Australia, with a wealth of corporations experience, and whose reputations were on the line, were of the view that the company they were running was, in fact, solvent.

So, you've got one person's opinion that one respects along with the opinions of a whole lot of other people whom one also respects. Therefore, it wasn't a situation of black and white; it was a variety of opinions. You then take all that into account.

**Mr VERMEY** - Could you outline how the federal Labor government's ongoing underspending and funding shortfalls are impacting Tasmanians' health system, and the impact that has on the state budget?

## PUBLIC

**Mr ABETZ** - There is a huge underfund by federal Labor and, as I've indicated, unfortunately, there is bed blocking occurring in our hospitals of 100 beds: 80 for aged care, 20 for disability care. These are people that are ready to be medically discharged but unable to be discharged because aged care and disability care facilities are not available to take them. I think we can all be agreed that aged care and disability care falls squarely in the province of the federal government. That is three wards of the hospital we are backfilling at our cost.

To add insult to injury - and the ABC has confirmed that which I've said a couple of times now, from other sources from other states, that the Prime Minister and the Health minister are encouraging the states to spend less on health so that the percentage contribution can be seen as increasing. This is unbelievable. What is said in all the circumstances is that our federal representatives in Canberra representing House of Representatives seats and senators of a particular party are not willing to take this cause up and fight for Tasmania. They are willing to be the voice of Canberra in Tasmania, rather than the voice of Tasmania in Canberra. I would have thought this ought be well and truly above politics.

Our interim Budget demonstrates that we're investing nearly \$10 million every single day into health, which equates to \$14.5 billion over the forward Estimates. It represents 34 per cent - one-third, of our entire state budget. That includes our \$70 million for the four-year elective surgery plan. Federal Labor really needs to come to the party on this.

Might I add, I'm not the only state treasurer saying this. Every other state treasurer is on board to say that Canberra has to step up to the mark. This is costing us dearly, and Tasmania is facing a \$673 million shortfall over the next five years. And that is not simply a statistic. It is the equivalent of 128,000 elective surgeries or 1.2 million emergency department presentations. When you put it into that context, you can see the huge shortfall. The same people who complain or assert the need for budget repair know exactly where a lot of budget repair can come from, and that is in the health area from Canberra.

We also have the GST fight on our hands when the not worse off guarantee expires in 2019. Every other state is on board other than Western Australia, so I look forward to a united front. I mentioned in the budget speech, Mr Vermey, that we're in this together. We shouldn't be considering Liberal, Labor, Greens, Independent, Shooters and Fishers, we're all in this together. We all need to fight for Tasmania to make sure we get a fair deal.

**Mr WINTER** - Extraordinary from someone who was in the Senate and voted for the GST arrangements that are here, but anyway -

**Mr ABETZ** - No, the GST arrangement had horizontal fiscal equalisation embedded in it which I want to see reinstated because if it's reinstated Tasmania will get a lot better deal.

**Mr WINTER** - Okay, back to TT-Line. Treasurer, do you concede that if TT-Line was a private company without the backing of government and with a debt-to-equity ratio of over 200 per cent, it would be insolvent?

**Mr ABETZ** - Not necessarily.

**Mr WINTER** - On what basis?

## PUBLIC

**Mr ABETZ** - Because the directors of that company, and it is up to them to make the determination, would have to make that determination based on a whole range of factors including any support and guarantee that they might be given from their shareholders.

**Mr WINTER** - You're not even willing to concede that a company with a 200 per cent debt-to-equity ratio that literally was running out of cash that you've had to provide a Treasury guarantee to would be insolvent if not for government support?

**Mr ABETZ** - Now you're saying 'and running out of cash'. I could imagine a business that is viable with the support of shareholders and engaged in 200 per cent debt to equity on the basis that it was going to be running a profitable business and therefore capable of paying down that debt. In this case, we have four ships and we know we only need two of them, so once things are fixed at Devonport we will be able to offload, hopefully, two of the ships, *Spirits I and II*, and that will reduce the indebtedness, albeit - well, it will help, let's put it that way.

**Mr WINTER** - One of the reasons you've given for your belief that TT-Line isn't trading insolvent is the independent advice that's been sought and gained by the directors at TT-Line. Can you provide that to the committee?

**Mr ABETZ** - You would need to ask the TT-Line at GBE scrutiny.

**Mr WINTER** - Well, you're the Treasurer and shareholder minister.

**Mr ABETZ** - This was information provided to the directors and I'm not sure if I'm at liberty to share that advice, so keep that for the GBE scrutiny.

**Mr WINTER** - Treasurer, can you outline the basis of that advice and why it's led you to believe that the company's not trading insolvent?

**Mr ABETZ** - First of all and most importantly, under corporations law it is the directors and they have all come to that conclusion. As I understand it, they have sought independent advice which has backed that advice in. As to the detail of that advice, I'll leave it at that for GBE scrutiny.

**Mr WINTER** - The annual report of TT-Line shows that the cash was running low by 5 June. You've outlined previously and I think today that you were advised on 21 July about the issues with solvency and then by 26 July there'd been an approval by the then Treasurer, Guy Barnett, to extend the line of credit. Given that this did not satisfy the Auditor-General of the solvency of the company, was there any other reason TT-Line was seeking such an urgent action to get an extra \$400 million in only five days?

**Mr ABETZ** - You will need to ask that at GBE scrutiny.

**Mr WINTER** - But you were shareholder minister at the time so you must be aware. Was there any other reason?

**Mr ABETZ** - Rather than trying to play memory games, the GBE scrutiny is the right place to ask that question.

## PUBLIC

**Mr BAYLEY** - Treasurer, I want to come back to the Macquarie Point stadium and the risks in the PEFO. The Pre-Election Financial Outlook is explicit that the actual cost of the stadium won't be known until the project is put to tender and a range of issues could further impact the costs and take it to the fifth, let's say, cost escalation and the tight construction market generally. We've talked before about the Brisbane Olympics and that's explicitly referenced in the PEFO and the bespoke nature of the roof design. You mentioned before in your answer that you got the best advice from the professionals, including quantity surveyors, but I note that their advice has consistently blown out and we're at now \$1.13 billion, the fourth cost escalation. Have you sought advice from Treasury about the cost implications and more detail in relation to the risks that they've identified in the PEFO?

**Mr ABETZ** - I was just checking to make sure, but no specific advice has been provided.

**Mr BAYLEY** - So you haven't asked Treasury for any advice in relation to the Macquarie Point stadium, the affordability of it in the budget context and the risks they have flagged both in this Budget and the PEFO? You haven't asked explicit advice of Treasury in relation to this expenditure, the biggest infrastructure expenditure the state has seen probably ever? You haven't sought advice. I know the Premier didn't seek advice when he signed the AFL deal, but you're saying you haven't sought advice from Treasury in relation to this as well?

**Mr ABETZ** - Any project has associated with it certain risks, irrespective of what it might be. Until the project is complete, be it building a house or whatever else, there is always the prospect of risks that have to be managed. That is why you seek, to the best of your ability, advice from professionals and that is what we've done. Whether it's engineering advice, building of stadiums, development of a precinct, et cetera, that is why we've got all that advice together and we've now got a 70 per cent detailed design. The further on you move in the design process, one can, I think, safely assume the lesser the risk component. That is why, as I understand it, when you develop a project of a sizeable nature, when you start off you usually have a substantial contingency factor, but then as you develop through and more and more of the unknowns become known, you can in fact restrict the contingency aspect of your financial planning for the project.

**Mr BAYLEY** - I put to you that in the space between 50 per cent designed and 70 per cent designed, this stadium blew out by \$400 million or thereabouts -

**Mr ABETZ** - There were a number of factors associated with that and you can explore that at Estimates this afternoon when the MPDC will be before you.

**Mr BAYLEY** - You talk about professionals, Treasurer. The professionals you have on hand are Treasury and Treasury staff. I ask again, because you didn't answer it, have you sought advice from Treasury about the Macquarie Point stadium and the cost and affordability of it? Have they modelled scenarios at different price points and the affordability? Have you sought that advice? I think the Tasmanian people would be shocked to think that you hadn't and you seem to be willing to simply write a blank cheque.

**Mr ABETZ** - No. With respect to Treasury, there are such things and professions as quantity surveyors, engineers, architects, designers, et cetera, and -

**Mr BAYLEY** - They don't model the impact on the budget, though, and ongoing financial -

## PUBLIC

**Mr ABETZ** - No, no, they give us their professional assessment as to the cost and -

**Mr BAYLEY** - Blown out four times?

**Mr ABETZ** - I'll park that.

**Mr BAYLEY** - They had a [inaudible], Treasurer.

**Mr ABETZ** - No, the price has changed for a variety of reasons, including the unnecessary election, for which you voted, to ensure that there was a further delay. It's been on the public record: I think every week's delay, or something, is worth something like \$90,000, so -

**Mr BAYLEY** - Can I ask it a different way, Treasurer?

**CHAIR** - Mr Bayley.

**Mr ABETZ** - You can factor those situations in as well.

**Mr BAYLEY** - Chair, can I ask a different way? Do you have Treasury advice?

**Mr ABETZ** - We have Treasury advice on the basis of that which the professionals have provided to us of \$1.13 billion.

**Mr BAYLEY** - And what does that advice say?

**Mr ABETZ** - That advice is in the Budget for us that there's going to be a \$375 million capital injection. And that's in the Budget for all to see. We are going to have contributions from federal and the AFL towards the end, and then there will be borrowings. We have been given advice in relation to that figure and how it might impact, or how it will impact, hopefully, being confident how it will impact the budget.

**Ms JOHNSTON** - You just mentioned the \$375 million figure. Do you still maintain that the government will only be injecting \$375 million and 'not a red cent more' into Macquarie Point?

**Mr ABETZ** - Yeah, as an equity injection. When the business case was put forward very early, excuse me, very early on, there was a 375 injection and it was stated in that documentation that the rest would be borrowed. That situation remains.

**Ms JOHNSTON** - Okay. So, the rest will be borrowed by MPDC. That is correct? That's your rationale for justifying why you say Tasmanians are only spending \$375 million and 'not a red cent more'?

**Mr ABETZ** - No, no, by way of an equity injection.

**Ms JOHNSTON** - Right. MPDC are borrowing the remainder, so it sits in a separate bucket of money, if you like. Can you please tell the committee what the borrowing costs are associated with servicing the debt the MPDC will be acquiring for the stadium?

## PUBLIC

**Mr ABETZ** - We have a figure of \$7.2 million in '28-29. That's the forward Estimates. And then beyond that, it escalates, of course, as the borrowings increase.

**Mr SWAIN** - Yeah. So, we have had a look at that expected profile outside the forward Estimates and it goes to 21.9 in '29-30, to 30.7 in '30-31 and to 32 in '31-32. We've gone as far as, effectively, the expected commissioning date, when you would stop capitalising interest.

**Ms JOHNSTON** - Thank you very much for that. I appreciate that. Macquarie Point Development Corporation doesn't have a lot of revenue coming in. How are they expected to pay for the borrowing costs for the debt they're incurring?

**Mr ABETZ** - That will be coming out of the GGS (General Government Sector).

**Ms JOHNSTON** - So, we're paying for that?

**Mr ABETZ** - Yes.

**Ms JOHNSTON** - So, that's in addition to the \$375 million we will be paying for Macquarie Point's borrowing costs as well, through a grant?

**Mr ABETZ** - Yes, yep.

**Ms JOHNSTON** - So, we're on the hook for a bit more than \$375 million?

**Mr ABETZ** - By way of a capital injection, and I think everybody understands that if you borrow money, you might have to pay interest on it. You don't have to be very cerebral to understand that. And that is what we indicated.

**Mr JAENSCH** - Can you please update the committee on Tasmania's latest unemployment figures and how they relate to the performance of our economy?

**Mr ABETZ** - The unemployment rate is 4 per cent, yet again the lowest in the country. For Tasmania, that is a major and significant outcome. Tasmania has always been a laggard when it comes to the unemployment rate. We have nearly always been above the national unemployment rate. To be equal or below it is fantastic news.

My view is that employment always has to be seen, first and foremost, as a social good, as well as an economic good. Once somebody is employed, they have the benefits of the self-esteem, the self-reliance that is associated with gaining employment and becoming a master of your own destiny, being able to pay for the things you need, et cetera. So, on a social basis and, on the other side, economically, it means you won't need as much money in the welfare space and you have an economy where you've got people working well. Also, in recent times, Tasmania has had an uplift in its real wages. That's dipped a bit again in recent times, but still we've got a relatively good tale to tell.

Along with high employment, we've got the latest National Australia Bank business confidence survey, which puts Tasmania on top of the list. When you've got businesses confident in our economy and our fellow Tasmanians basically in full employment, something must be going relatively okay.

## PUBLIC

**Mr JAENSCH** - Does that strong economy and business confidence, in turn, underpin the state's finances in the future as well as revenues now? And trumpet exhaust [inaudible]

**Mr Winter** - Was that one of your supporters?

**Mr ABETZ** - Yeah, we'll just let that person with a good exhaust system go by. Those economic indicators would suggest that the business community has confidence in the Tasmanian economy. Like anybody else, they would recognise that there is a need for improvement in the budget, that we have to rein in expenditure. Nevertheless - and we have stated that publicly a number of times, they've come in saying, 'We have confidence in the business outlook in Tasmania'.

**Mr WINTER** - I just want to clarify from your previous answers about TT-Line and the independent advice received by the directors, have you received a copy of that advice?

**Mr ABETZ** - I just wanted to absolutely clarify the circumstance. The circumstance is that it is privileged advice and, therefore, I have not seen it. But I have been briefed about it. So, I don't want to say to you that I know nothing about it, but nor did I want to say that I had seen it. I just wanted to absolutely clarify the circumstance.

**Mr WINTER** - The problem I've got here, Treasurer, is that you're relying on -

**Mr ABETZ** - Please don't ask me to deal with your problems.

**Mr WINTER** - I've got a few problems with this Budget and with the GBEs, and you might be able to help. I'm trying to satisfy myself that TT-Line is okay.

**Mr ABETZ** - It is.

**Mr WINTER** - No, I haven't been able to be satisfied. You were relying, in earlier answers, on the advice received by TT-Line in order to satisfy themselves that they're not trading insolvent. And yet, you've just told the committee you haven't actually seen or received that advice. How can you possibly be at all confident in advice received by TT-Line you haven't seen or received, as opposed to the Auditor-General of Tasmania, whose advice you have seen and is publicly available?

**Mr ABETZ** - Because there is an exceptionally fine body of men and women who serve as the board of directors of TT-Line -

**Mr WINTER** - [inaudible] auditors in the Auditor-General's office?

**Mr ABETZ** - and under corporations law, they are responsible for determining whether the company of which they are the board is trading solvent or insolvent.

**Mr WINTER** - Isn't this just what Michael Ferguson did?

**Mr ABETZ** - They are of the opinion that they are trading in a solvent manner. It is not worth their careers and reputations to try to make this stuff up. They exercise a genuinely professional judgment as well as looking after their own wellbeing and they would not be asserting that they are trading solvently if they weren't, because that would be the end of some

## PUBLIC

exceptionally illustrious careers. I don't want to belittle anybody else, but I would have thought Ken Kanofski, the chair of the board, is right up there when it comes to that sort of specialist capacity. As I said, the Auditor-General is one opinion. We've got a board of directors, all of whom have an alternative opinion who are actually responsible under corporations law, and if they are wrong it's goodnight nurse for their careers.

**MR SWAIN** - There is a continuous disclosure obligation on the TT-Line board, as there is on the TASCORP board, so TT-Line must represent its views of the circumstances it's in. Equally, the TASCORP board as the lender must indicate its views of the capacity of any of its clients to meet their obligations. Those two pieces of advice come together for the Treasurer, who sees both. The Treasurer can also ask for additional advice from Treasury, so there are some checks and balances in place in the system for the Treasurer to assure himself as to what he's hearing from TT-Line. I have had discussions with the chair of TT-Line around continuous disclosure being one of the issues that had been a problem in the events leading up to the changeover in the board and significant changes in costs associated with the infrastructure project.

**Mr WINTER** - Treasurer, isn't this exactly how we got in this position in the first place? We had the former Infrastructure minister, Transport minister and former treasurer who also chose to believe the directors and didn't satisfy himself with all the relevant information. In the same way, you're just saying, 'The professional reputations of the board are on the line so therefore I'll believe them', but surely you can do more to satisfy yourself that this company isn't trading insolvent?

**Mr ABETZ** - I suppose I could ask TT-Line to get a whole welter of opinions from all sorts of people, but the fact they have of their own volition sought independent advice and TASCORP was willing to extend the loan facility -

**Mr WINTER** - Aren't you just delaying the inevitable? You're going to need to give this company a huge bailout. They're going to need an equity injection probably in the middle of next year. Aren't you just delaying the inevitable and putting the directors and everyone through a huge amount of pain and suffering answering these questions for an hour because you don't want to do the inevitable, which is to provide a much larger equity injection into this company?

**Mr ABETZ** - So how much are you suggesting, Mr Winter?

**Mr WINTER** - That is a question I've actually asked already.

**Mr ABETZ** - You've got no idea, have you? Might I add, that is not a criticism of you in relation to that. Nor do I, because the company is going through a whole range of activities which you will be able to question at GBE scrutiny. TASCORP will similarly be able to provide advice and if there is a need for further equity injection of course the government will provide it.

**Mr WINTER** - So the government will provide an equity injection if asked to by TT-Line?

**Mr ABETZ** - Because if we don't, what would be the consequence, Mr Winter? The company would fail. If the company fails, the plying of the Bass Strait waters by the TT-Line

## PUBLIC

would stop. Do you think any government of any hue would countenance that possibility? I'm sure if you were premier -

**Mr WINTER** - I didn't think that any government would forget to build a berth for two new ships, but it did. It did happen.

**Members** interjecting.

**CHAIR** - Order.

**Mr ABETZ** - That's a cheap shot, and we know that is well and truly now underway. We have a start date of October next year, less than 12 months away.

**CHAIR** - Minister, excuse me, but when I call 'order' that means silence from everybody, including you. I don't know if you didn't hear that, but I'd appreciate it.

**Mr ABETZ** - My apologies, Chair, fair enough.

**Mr BAYLEY** - Treasurer, I think Tasmanians would be shocked and appalled to think that the only advice Treasury has given you is the figures in this Budget about the amount of money you're going to allow Mac Point to borrow and the cost of servicing that debt. I ask again, have you asked Treasury for any advice about the stadium and is there any Treasury advice about the stadium that has not been made public?

**Mr SWAIN** - I want to make a comment. Treasury doesn't typically give what I might call 'nuts and bolts advice' around the delivery of projects. There are projects delivered all over government that Treasury won't have a specific view on whether an element is right or wrong. We've given advice to the Treasurer through the budget process in relation to this project. We have an involvement through some governance structures to understand where the project's at and in our weekly meetings with the Treasurer we've certainly given advice around process issues like the importance of an assurance process, the importance of clear governance, the importance of procurement and contracting arrangements following best practice, the importance of Mac Point not being able to enter into a contract unless it has the financial capacity to meet those obligations, which means that if there were a different market response than is hoped, that would come back to our budget committee.

**Mr ABETZ** - And does the Secretary of Treasury sit on the oversight committee?

**Mr SWAIN** - Yes, I do.

**Mr BAYLEY** - So you're saying you haven't sought or given advice around different scenarios in terms of budgetary implications going forward for years to come about different price points and that this may ultimately cost the Tasmanian budget?

**Mr SWAIN** - We're more focused, we're probably up a level, so we have started to give some advice to the Treasurer around budget repair pathways and what that means in terms of borrowings over time. That is at the level of total opex, total versus revenue, total capex and total equity, as opposed to the elements of each one of those things.

## PUBLIC

**Mr BAYLEY** - So just to confirm, then, in relation to Ms Johnston's question, the Treasurer referenced the \$30.7 million and the \$32 million going out into the 3031-32 financial years that it would cost the general government sector to service the Macquarie Point borrowings, \$490.7 million of them. Can you confirm for the record that the general government sector, where we will be finding this \$32 million, is the same place, the opex that the secretary just referenced in relation to the operations of government? It's the same place you're trying to seek efficiency dividends from, you're seeking vacancy control, you're seeking cuts in the public service and the like. This is the operating budget of the government that in this Budget is a deficit and quite optimistically is looking for a surplus in four years' time. Can you confirm that's the case?

**Mr ABETZ** - That is the same area that will benefit from the revenue streams of increased payroll tax, increased stamp duty, the benefits of the enabling to the economy of a new hotel being built and other infrastructure projects that will be privately funded. This is an economic enabler, so what I encouraged the Legislative Council to do yesterday, and I do the same with the House of Assembly, is that it's fair enough to talk about the interest component that will need to be paid out. You then have to look at the income that's going to be generated as well and the economic activity to offset that -

**Mr BAYLEY** - And did you ask Treasury to model that? Who modelled that for you, Treasurer?

**Mr ABETZ** - It is exceptionally difficult to model some of those things. It's like the Bridgewater Bridge. Is it of economic benefit?

**Mr BAYLEY** - Have you got modelling for it?

**Mr ABETZ** - Is there modelling for it? No. The new Brighton school - is there an economic benefit to that? I daresay there is. Has it been modelled? No. Same with the Legana school. Same with nearly every other infrastructure project that you can have, from experience, a knowledge that there will be genuine benefits.

**Mr BAYLEY** - You don't have any modelling or any advice as to what the quantum is?

**Mr ABETZ** - Like with other infrastructure projects - and I'll be corrected if I'm wrong - but I assume no modelling was done as the economic benefit -

**Mr BAYLEY** - It's just not a major political narrative of other infrastructure projects, Treasurer. That's the only thing.

**Mr ABETZ** - Well, the Bridgewater Bridge was what, a 600? That was the cost benefit ratio.

**Ms JOHNSTON** - I'll continue on Mr Bayley's line of question, because it did astound me last week in the House when you were unable to indicate whether there had been modelling. You just reiterated the position that it's not possible to model the revenue coming in.

There is no doubt that there will be economic activity generated from the stadium. There will be tickets bought, there will be beers drunk at the stadium, all those kind of things. The question, though, really is: what will come from that economic activity back into government

## PUBLIC

state revenue coffers to pay not only the interest bill moving forward, the operating costs of the stadium but, as you keep reiterating, to pay for services for hospitals, houses, and schools moving forward?

Unlike the Bridgewater Bridge, which has never claimed to be paying for hospitals or services in the future, you continually claim that this stadium will be paying for services in the future. How can you possibly make that claim if you have not modelled the revenue coming back into the State coffers from the economic activity generated by the stadium?

**Mr ABETZ** - As I've already indicated to you, should - when the precinct, I'll be positive, when the precinct gets developed with the stadium, that will mean we will get, as a state, a completely new payroll of \$44 million. That will see that \$44 million being expended throughout the community. It stands to reason people will be moving to the state. When they do so, there's a fair chance, realistic chance, they'll buy a house. They'll be paying stamp duty.

On the \$44 million - a rough assessment was \$2.5 million payroll tax. That is just the AFL component that I can think of at the moment. If there were to be a hotel built, they would have a substantial number of staff and -

**Mr BAYLEY** - That's speculative, though, isn't it, Treasurer? It's all speculative.

**Mr ABETZ** - Of course it's speculative, but if you didn't speculate, you would never build or start a business. When I started the legal practice, did I have a guarantee that customers would walk through the door? No, I did not. I speculated.

**Mr BAYLEY** - Were you told not to do it by your experts?

**Mr ABETZ** - I speculated and, might I add - no. I won't go there as to how it was financed. Can I simply say to you that, yes.

**Ms JOHNSTON** - Treasurer, Tasmanians are astounded at this, at the fact that you can't articulate the revenue coming in. If they were to go to the bank to borrow to build a house, the bank would be asking them, 'How can you afford to pay the interest and the principal back?'

You've only outlined \$2.6 million coming in from AFL payroll tax and one-off stamp duties. That's not going to be occurring year-on-year. So, if there's a hotel built, there'll be a one-off sugar hit from stamp duty; it won't be rolling on year-on-year. You can't articulate that, and you've just indicated that Tasmanians will be on the hook for the interest repayments for MPDC, for their borrowings, and the \$375 million. There'll be the operating costs for that. Would you now admit that Tasmanians are paying much more than \$375 million for this stadium?

**Mr ABETZ** - The operating costs - we were told yesterday by Stadiums Tasmania that the operating costs are all covered by the modelling of the running of the stadium. This is, yet again, another example of trying to inflate the costs.

When a bank loan was sought for a particular legal practice that I know something about, could I guarantee that there would be so much income flowing in? No. People have to take a punt.

## PUBLIC

**Ms JOHNSTON** - I'm sure the bank would want to see a business case.

**Mr ABETZ** - Are you a relatively good risk, et cetera, et cetera? And we know that there is such a thing as a 'stadium economy' that is an economic driver around the country. We are missing out on that. We will be part of that stadium economy. These are some of the benefits that will flow to us.

Can I put a dollar figure on it and say, 'That's going to be worth \$1 or \$10?' No, I can't, but when you look at the total picture, and see the potential benefits, even if some of them don't come off, but some of them do, Tasmania will be better off-

**Members** interjecting.

**Ms JOHNSTON** - Treasurer, we're putting the groceries on the credit card at the moment. We can't afford our basic services at the moment, yet we will be having to borrow to pay interests costs for MPDC.

**Mr ABETZ** - Well, look, if we want to use the analogy of borrowing for groceries, and I accept that, and that is why we have to rein-in expenditure, but if you are borrowing for groceries, allow me to give you another example. It might make some sense to borrow a little bit of money to buy some seedlings to grow your own vegetables to offset some of your grocery costs later on. So, if you want to use these analogies, we can, and I do so and I engage with you.

**CHAIR** - We will move onto Mr Jaensch - oh, Mr Vermey. Would you mind indicating who's speaking so I don't have to guess?

**Mr JAENSCH** - I have been doing this. I will keep doing it.

**CHAIR** - Well, okay. I don't see you there if you're behind somebody else. Mr Vermey.

**Mr ABETZ** - Chair, it's either the one with the moustache or the one without. Hard to tell.

**Mr VERMEY** - Right. Treasurer, can you outline how the government's Buy Local policy is supporting Tasmanian businesses and helping to drive jobs and economy growth across the state?

**Mr ABETZ** - Yes. As a state government, we are concerned to ensure that our government supports our local businesses. So, we have had, in the past, the local weighting in our Buy Local policy was 25 per cent, and that's been increased to 30 per cent from 1 August 2024. We have contemporised the economic and social benefits test to ensure taxpayers' money delivers maximum value for Tasmania, and the results in the June 2025 quarter.

- 87.5 per cent of contracts valued at \$50 000 or more, following an open procurement, were awarded to Tasmanian businesses. That was worth \$222.6 million. When we came to office in 2014, that figure was just 63.3 per cent.

## PUBLIC

- Last financial year, almost 80 per cent of all open-procurement contracts, and nearly 99 per cent by value, went to Tasmanian firms - and that shows that the Buy Local policy is working as it was intended.
- We have introduced the supplier code of conduct, which is with new procurement templates, simplifying processes and raising the low-value procurement threshold from \$50,000 to \$100,000 to give agencies more flexibility to directly approach local suppliers. We're also progressing work on a Tasmanian government supplier portal.

I am sure this is something which we all applaud and wish success and congratulations to the departments and other government agencies that are working through this, to ensure that taxpayers' money is employed as much as is possible to the benefit of Tasmania.

**Mr WINTER** - Treasurer, last week we saw that Hellyer gold mine hadn't paid royalties to the Tasmanian government of over \$1 million. Are all other operations up-to-date on their royalties?

**Mr ABETZ** - Look, as I understand it, yes. It'd be best to possibly ask minister Mr Ellis in Business Industry and Resources, responsible for our mining sector. But Hellyer, I remember when - just making sure that I was absolutely correct on this - I remember Hellyer, when I was minister, had held out in relation to the payment of royalties and was able to get the full amount out of them and give them, well, the recalcitrance of them falling behind. Minister Ellis, I think, did the right thing. When they visited the mine, I understand, and I stand to be corrected in relation to this, but the number of workers in the mine were not found to be the same number as was being asserted by the mine owners, but Mr Ellis can give you more detail on that. It is most unfortunate that this has occurred -

**Mr WINTER** - The State Revenue Office is undertaking investigation, I assume this is around payroll tax issues.

**Mr ABETZ** - No, royalties.

**Mr WINTER** - You talked about the number of workers being different to what was claimed as the State Revenue Office undertaking any kind of investigation on that.

**Mr ABETZ** - That I don't know.

**Mr WINTER** - I bet someone here will.

**Mr ABETZ** - We could potentially. I don't know if Mr Root has any advice on this? No, he doesn't.

**Mr WINTER** - Would you take it on notice?

**Mr ABETZ** - I am more than happy to take it on notice because if there is any debt due and owing to the government. With the mining activity there is how many workers are employed, et cetera. If there's payroll tax due and owing, we will be pursuing that as well, be assured.

## PUBLIC

**Mr WINTER** - All four of the major industrials have publicly disclosed some form of financial distress over the last 12 months. Do any of those major industrials have arrears when it comes to state taxes?

**Mr ABETZ** - I will take that on notice.

**Mr WINTER** - Are any receiving any informal arrangements on state taxation relief or deferring debts?

**Mr ABETZ** - I will take that on notice also to ensure that a full and accurate answer is provided.

**Mr BAYLEY** - It was handy to hear the secretary outline some of the briefing material that has been given to you in context of the Macquarie Point stadium. Under normal circumstances, it's usual for that just to sit with you, but this is a pretty extraordinary circumstance with the parliamentary involvement in approving this stadium. Is that information something you'd be willing to put on the public record or release at the very least to the Legislative Council for their consideration in the lead up to their deliberations?

**Mr ABETZ** - What particular information?

**Mr BAYLEY** - Well, the various bits of advice the secretary just referenced that Treasury had given government in relation to this project's risks.

**Mr ABETZ** - If there are specific questions, I'm happy to see what can be done in providing specific answers.

**Mr BAYLEY** - But you wouldn't be willing to give that to them upfront for their perusal?

**Mr ABETZ** - I am not sure exactly what is being asked. What you do know is that the head of Treasury sits on the oversight committee of the stadium and that should provide you with a degree of comfort that the financial side is being looked at very closely by the oversight committee which has other expertise on it.

**Mr BAYLEY** - Presumably, there are ministerial briefings and minutes of your oversight committee meetings and that sort of thing. Could they be provided to the Legislative Council for their consideration?

**Mr ABETZ** - I am happy to take that on notice.

It is a Cabinet subcommittee and therefore Cabinet-in-confidence applies -

**Mr BAYLEY** - It is your prerogative to release them.

**Mr ABETZ** - but that is why I'm taking it on notice, to ascertain whether that may be possible.

**Ms JOHNSTON** - The Coordinator-General suggested in a recent Public Accounts Committee hearing that there would be no need to pay back the capital for the borrowings for

## PUBLIC

Macquarie Point Development Corporation. Is it Treasury's expectation that MPDC will repay the capital?

**Mr ABETZ** - From a government point of view, and my point of view as Treasurer, once we get the budget back into break even and then into surplus, that is the time we start paying down a debt.

**Ms JOHNSTON** - Is the expectation that MPDC will pay back the capital at a point in time when we may be in a position -

**Mr ABETZ** - A part of that we are anticipating is when we sell for the purposes of for example, housing or a hotel capital that comes in from that - whilst it's up to the government of the day to determine what happens with that money - we are anticipating that money would be used to pay down the debt.

**Ms JOHNSTON** - Your expectation, given that MPDC will have very limited revenue coming in other than land sales, is it that land sales for the remainder of the precinct will be what pays the capital?

**Mr ABETZ** - Some. I don't want to overreach this, to say that this will all be paid off by those sales, but some of it will be. We will see what the market is willing to bear.

**Mr JAENSCH** - Treasurer, can you please outline how the government is supporting Tasmanians on low incomes with their cost-of-living pressures, including through concessions?

**Mr ABETZ** - Yes, more than happy to assist in that regard. The government is very mindful of the fact that when we went, especially through the high inflation period, the cost-of-living pressures were quite substantial. That was felt right around Australia, it wasn't uniquely Tasmanian. Nevertheless, the Tasmanian Government stepped up in seeking to provide assistance, be it from the half-price bus fare for example, which were taken up more so in the regional areas than in the city areas, but nevertheless appreciated by those who used it.

We're providing \$356 million over four years to eligible pensioners to help them with the cost of electricity, council rates, travel on *Spirit of Tasmania*, water and sewage bills and this is directly targeted support to those who need it. We have 100 different types of concessions to help Tasmanians with essential household costs, that is a fairly substantial sum. For 2025-26, the annual electricity concession has increased to around \$640, that's reflecting the regulated price increase. We also continue to provide additional concessions for Tasmanians requiring life support equipment and those with medical cooling or heating needs.

In addition, the Australian Government's Energy Bill Relief Fund, which we support and welcome, will continue to provide further discounts of up to \$150 in the first half of 2025-26. The water and sewage concession is worth up to about \$240, and substantial council rates remissions of about \$560.

The Tasmanian Government Discounts and Concessions Guide is publicly available online and at Service Tasmania, councils and libraries, so those in that category should avail themselves of that guide to ensure they get the benefits to which they are entitled.

## PUBLIC

**Mr WINTER** - Following on from my question, in relation to Liberty Bell Bay, did Treasury provide any advice to government not to proceed with the \$20 million loan to allow them to get access to their wharf shipment?

**Mr ABETZ** - I didn't think it did, and it went straight from State Growth as a recommendation to Cabinet.

**Mr WINTER** - No advice directly from Treasury?

**Mr ABETZ** - That is as I understand it. If I need to correct the record, I will.

**Mr WINTER** - That's fine, it was a genuine question, Treasurer. In terms of the ongoing engagement on that, its being led by State Growth, is that correct?

**Mr ABETZ** - Yes.

**Mr WINTER** - In relation to the four major industrials, all four are under significant stress at varying levels from very significant to slightly less significant. Is government accepting of a likely requirement of further support for those in the coming financial year?

**Mr ABETZ** - Each one of them is, I suppose, unique with its particular issues, and we are looking at each one on an individual basis. For example, with , decisions were made during caretaker, and I rang the then-counterpart Ms Dow about that. To her great credit, she abided by all the conventions, and a request that I had made, as we were in delicate negotiations with the South Australian government and the federal government for a package to which Tasmania made its contribution. As I understand it, the discussions are continuing, and when and as requests are made or needs perceived, we'll consider each one of them on their merits.

**Mr WINTER** - As I understand, on the Nyrstar issue, the support that's being provided expires before the end of this financial year. Is government expecting to need to provide further support from the taxpayer, and how is that going to impact the budget?

**Mr ABETZ** - Look, the request that may be made is still to be determined. I understand that Nyrstar is seeking to pursue the extraction of the critical mineral from the process, where that which remains after the extraction of zinc, that product goes to pool to Port Pirie where they then extract the lead. There are also other aspects - I think germanium is one critical mineral, and there's another one. Whilst that is of interest to us, if I might say, this is very much, being critical minerals, something in the federal government's bailiwick. In fairness, the federal government has made the lion's share contribution to the package, where Tasmania, South Australia and the federal government made a contribution.

**Mr WINTER** - Is there any capacity within the Budget as it's currently written to provide additional support to any of those major industrials, should they provide it needed this financial year?

**Mr ABETZ** - No, not at this stage, but depending on the urgency and the merit, these things will be considered on a case-by-case basis.

**Mr WINTER** - The main urgency, as shown and highlighted, is at Liberty Bell Bay. The latest reports are that Liberty Bell Bay told the media on Monday - that's last Monday, not

## PUBLIC

yesterday - that it had reached a memorandum of understanding with the Georgian coal miner and steel trader Steel International Trading Company (SITC) to operate the smelt of rock for five years. The company is based in Georgia, associated with a Georgian coal miner. Has government got concerns about the ability for Liberty Bell Bay to repay the \$20 million loan, at this point in time?

**Mr ABETZ** - The \$20 million was provided for the ore, and as I understand it, the state government is still the owner of the ore. I was the minister at the time. That was part of the agreement that we reached.

**Mr SWAIN** - That's correct. As part of that arrangement, the government took a security position in relation to Liberty Bell Bay's Tasmanian assets, including that ore shipment.

**Mr BAYLEY** - Treasurer, you helpfully again provided the \$30.7-32 million figure for debt servicing of Macquarie Point's borrowings. That's in the year 2031-32. \$32 million is coming from the general government sector. Have you modelled it beyond those years, and is that the highest that the debt servicing figure gets, \$32 million?

**Mr ABETZ** - I don't think it has, but when you start getting out there, the question then becomes what's inflation going to do? What are the borrowing costs going to do? It becomes somewhat more difficult to provide exact figures, but the dark arts of economic modelling is in the province of Treasury, and I will ask.

**Mr SWAIN** - We're just confirming that we haven't gone past that commissioning point, we would have gone up \$32 million.

**Mr BAYLEY** - Do you expect it to be higher than \$32 million in those sort of more forward years, do you think? Or will it just kind of plateau out at \$30-odd million until you start paying down the debt?

**Mr ABETZ** - Look, I suppose if the Reserve Bank contains inflation within the band that it set, then interest rates will remain relatively stable. On that basis, one imagines those payments would remain relatively stable, but there are a lot of imponderables.

**Mr SWAIN** - We're back to that complex discussion around when you hit peak debt and then what costs you attribute if you start paying back peak debt, what costs you ascribe that too notionally because really, we're managing at portfolio level.

**Mr BAYLEY** - I'll come to peak debt later, but I accept that. That's in relation to the \$490.7 million. I think the conversation you're referring to, secretary, is the one we've had across a different table in relation to servicing the \$375 million, the government's equity contribution. You did make a commitment to the crossbench, basically, to provide that figure: how much will it cost to service the \$375 million of government borrowings to inject into this project, equity contribution? Can you provide that figure?

**Mr ABETZ** - You see, the \$375 million borrowings to which you're refer to, the money comes out of the total bucket. As we are borrowing for the totality of the budget, it would be unfair and unreasonable to lumber the whole lot into the debt category, just as it would be unfair to lumber the whole lot of the Brighton or Legana school or the Health budget into debt,

## PUBLIC

and say, in very rough terms - and treasury will correct me - what did we borrow, about 10-15 per cent, is it, for the total?

**Mr BAYLEY** - I appreciate it's difficult, but you did make a commitment to the crossbench to provide that figure.

**Mr ABETZ** - What we're talking about in rough terms, and I will undoubtedly be corrected, but in rough terms 15 per cent of the \$375 million over the totality of the budget would be from borrowings.

**Mr BAYLEY** - The annual servicing costs of that \$375 million?

**Mr ABETZ** - I understand that in very recent times some information has been provided which I have not fully seen as yet.

**Mr BAYLEY** - Provided to you?

**Mr ABETZ** - Yes, and so allow me to take that on notice.

**Ms JOHNSTON** - Treasurer, the secretary says we can't grow our way out of debt and deficit problems and largely because of the poor correlation between economic activity and revenue, and that we do need to pull all levers, and this included in the PEFO report that we need to looking at spending revenue, capital expenditure, et cetera. Number six of your own fiscal target is to grow our own-source revenue to over 37 per cent of the total by 2032-33. Yet, you've ruled out raising taxes, although I do note that yesterday you left the door slightly open to new taxes. How do you plan to achieve your fiscal strategy of reaching at least 37 per cent of our own source revenue without raising or introducing new taxes?

**Mr ABETZ** - I was amazed at the *Mercury* headline, because straight after lunchtime when the *Mercury* had put it up on their website, a legislative councillor said that I had ruled out tax increases in the evidence that I had given that morning. I'm not sure exactly what I said or how it was said.

**Mr WINTER** - Never say never.

**Mr ABETZ** - Never say never, you have been listening to me, and can I commend that, Mr Winter, and look, as I explained, you do never say never. We will consider all those options, but just because Treasury we cannot grow our way out of the budget situation, and that's fully accepted, it doesn't mean that part of the solution is to try to grow your economy and that is what we're seeking to do with the stadium, for example. Is it the only solution? Of course it's not. Is rightsizing the public service the only solution? No, it is not. It is a suite of solutions that we will seek to deliver and I will have a lot more to say about that in the 26 May budget.

**Ms JOHNSTON** - So I accept, Treasurer, that you say there's a suite of solutions, but one of those solutions that needs to be pulled is the revenue lever. So, will you be abandoning your 37 per cent target of own-source revenue by 2032-33?

**Mr ABETZ** - No, and you can get that as well by growing the economy and achieving more income -

## PUBLIC

**Ms JOHNSTON** - That's contrary to the secretary's advice?

**Mr BAYLEY** - That's right.

**Mr ABETZ** - No, but that is -

**Ms JOHNSTON** - Part.

**Mr ABETZ** - Part of the achievement and the Treasury advice -

**Mr SWAIN** - Just a couple of points. So, page 61 of budget paper No. 1 just does actually show the projected forecast increase in contribution from the government businesses over time and shows that trending back up towards the target over time and, of course, on page 9 on budget paper No. 1, there is the sources of revenues depicted proportionally, so you can see that there are a range of potential sources within the state's control through to achieve that. Taxation is one mechanism, but dividends tax equivalentism is another and there's other mechanisms as well.

**Mr ABETZ** - We have that short-stay levy, which we believe will return about \$11 million. So, we intend to have that in place for 1 July next year.

**Ms JOHNSTON** - Can I ask then, on chart 3.5 on page 61, as the secretary referred to then, what is the reason for that increase in the trajectory if there's no new taxes or increase in taxes?

**Mr SWAIN** - Some of that will be returned from government businesses. In particular, I think TasNetworks and Hydro have historically low returns at the moment, some of that is an improvement, and it's case-by-case. I don't know if Dean wants to, through you, Treasurer, make a contribution.

**Ms JOHNSTON** - We're hoping that the GBEs lay a golden egg for us? Even MAIB, the Auditor-General said, is in strife. That's quite extraordinary.

**Mr SWAIN** - Yes, so the comment in the table is simply that it has partly increased in revenue gross, but also moderation of expenditure. Meaning that there's two global factors going on -

**Ms JOHNSTON** - We're cutting expenditure to make our-

**Mr SWAIN** - Yes, which meets the target.

**Ms JOHNSTON** - To make our revenue look greater per portion. Rightio, so we're achieving a revenue increase by cutting expenditure?

**Mr ABETZ** - You voted for the election because of the need 'of budget repair' and here we are.

**Ms JOHNSTON** - I didn't vote for an election; I voted no confidence, Treasurer. That's complete misrepresentation.

## PUBLIC

**Mr ABETZ** - Here we are, seeking to engage in budget repair and every proposition is criticized.

**CHAIR** - We will move on. Mr Vermey. Mr Winter, you're usually after the government.

**Mr WINTER** - I know, but I try and sneak in, you see.

**Mr ABETZ** - But he does it with a smile.

**Mr VERMEY** - Treasurer, can you update the committee on the intended amendments to taxation legislation that are planned by the government?

**Mr ABETZ** - Look, I can, and Treasury have identified over 80 potential amendments to tax legislation to fix a variety of issues that would go to maintaining and modernising our tax framework, and subsequently an upcoming miscellaneous amendments tax bill is planned to be introduced in the autumn 2026 session of the parliament. This bill will pick out an initial tranche of around 20 amendments that have been selected with a view to reducing red tape and providing greater certainty to taxpayers and an example of a measure in this bill, aimed at improving administrative efficiency and taxpayer experience, is to allow flexibility for the commissioner to allow land tax to be paid in smaller but more regular instalments. Currently the *Land Tax Act* provides that land tax can be paid in three instalments if the amount of tax payable in a financial year by taxpayer exceeds \$500, and the bill will enable the commissioner the flexibility to accept payments in smaller regular instalments deemed appropriate by the commissioner.

Additionally, to priority administrative points, the bill were looked to prioritise issues that are impacting stakeholders and providing disincentives to undertake activity that we would otherwise like to see. Stakeholders have represented to the government, and this has been confirmed by Treasury, that aspects of Tasmanian law are unclear and out of step with other jurisdictions. I'm sure we can all agree that uncertainty and the spectre of unclear costs for businesses are not good for business. Through the planned amendment we will fix up this grey area and provide a better business environment.

A further example is a change to intergenerational transfer provisions in the *Duties Act* that will clear up a common and not specifically intended outcome from drafting that has led to several genuine intergenerational rural transfers of incurring unanticipated duty liabilities. These reforms represent a practical step forward in ensuring Tasmania's tax system remains responsive, efficient and fair to all taxpayers, which is vital for business certainty, vital for investment.

**Mr WINTER** - Treasurer, I wanted to talk to you about the public sector reductions of 2800. The first question is, is that headcount or FTEs?

**Mr ABETZ** - FTEs.

**Mr WINTER** - When will that reduction need to be completed, and is there a target in terms of the way that it's being staged?

**Mr ABETZ** - I will have more to say about the exact detail in the May budget.

## PUBLIC

**Mr WINTER** - Is that so? But you must have a date by which the 2800 need to be reduced by? Is there a year?

**Mr ABETZ** - It is all part and parcel of our budget-improvement process and that is the forward Estimates.

**Mr WINTER** - Are there public sector reductions baked into the expenditure numbers within this budget and if so, how are they representative?

**Mr SWAIN** - I can talk to that. there's the 2023-24 Efficiency Dividend which is in the outputs and already embedded. There is a further provision of \$150 million called the Performance and Efficiency Measure that's in finance general. There are some efficiencies coming out of the last election which are being described by the government as symbolic, relating to communications, procurement and property that are relatively small, they're about \$12 million a year, and there is the existing half percentage difference between the escalation for wages and the EBA arrangement, so in the budget it is 2.5 per cent as opposed to 3 per cent in the EBA. Those are all the existing measures that are in the Budget.

There's no additional provision in relation to those.

**Mr WINTER** - These numbers don't represent any reduction in FTEs on top of any of those other measures that you've outlined?

**Mr SWAIN** - Those measures will end up being allocated to individual accountable authorities and they will meet them in a variety of ways. Some of that will be likely to be the number of people employed.

**Mr WINTER** - In terms of reaching the 2800 target, can you explain how that has been arrived at? Why is that the number?

**Mr SWAIN** - That would be a significant contribution to budget improvement. It's arrived at from one of the measures in the existing fiscal strategy, which is detailed in chapter 3. I think it's Measure 11. In the fiscal strategy, which has 11 measures which in totality are intended to give us picture of the state's fiscal health, there is a measure that relates to the size of the public sector relative to the Tasmanian population. It picks a number that was broadly derived from the outcome from 2022-23 and that measure indicates whether the public sector is growing faster than you would expect relative to population. That number is currently indicating that has occurred over a period of time.

**Mr ABETZ** - I think that rate, if I may quickly interpose, was about 12 per cent population growth with a 40 per cent public service growth. So, quite a differential.

**Mr SWAIN** - So, the 2800 takes you back to achieving the measure - those measures are intended to be met by 2031-32 and that's the number that takes you back to being within that fiscal measure.

**Mr WINTER** - 2032-33?

**Mr SWAIN** - 2032-33

## PUBLIC

**Mr WINTER** - So, by '32-33, that 2800 is the target. The target aligns with your strategic action 11, which is:

Continuation of savings measures from previous budgets and responding to review and inquiry recommendations, and the establishment of the EPU, all come together to reduce the size of the public sector by 2800 by 2032-33.

Which is by FTE, not headcount. Okay. So, in terms of the delivery of that, are you going to identify between agency where those reductions are going to need to be made?

**Mr ABETZ** - That will ultimately be a part of the work that needs to be done but hasn't been done as yet.

**Mr BAYLEY** - In the conversation we just had about servicing debt, you identified the challenge of predicting it going forward, and there being certain uncertainties. I completely accept that. One of those is clearly a credit rating. Both the PEFO and this budget identify the risks to the Tasmanian budget associated with a credit rating downgrade. Of course, in November, both S&P and Moody's put us on a negative watch, so we are on notice.

In relation to the calculations you have provided of up to \$32 million provided to service the debt, is that based on our credit rating staying stable, as is at the moment? How is Treasury treating that in terms of projections going forward?

**Mr SWAIN** - Treasury takes advice from TASCORP about the future yield curve, which indicates what the market is saying about the level of interest that must be paid to be attractive to debt providers. I just have to choose my words a bit carefully here. The market will form its own view as to how a credit rating is likely to evolve and price that into its offering of debt.

The numbers you're referring to come from TASCORP's view of the future cost of debt. The future cost of debt TASCORP provides is reflecting market expectations.

**Mr BAYLEY** - Which is that it stays stable or shifts to negative?

**Mr SWAIN** - A negative rating means that unless there is some change, there is likely to be some credit downgrade.

**Mr BAYLEY** - Is this the reason in this Budget - in the 2023-24 budget, you outlined that government would consider the establishment of a minimum credit rating for certain government businesses. In this Budget, following consideration of the issue, the government has determined not to proceed with this. Is that an indication that you expect Tasmania's credit rating to be downgraded and, therefore, you don't want to see those implications flow on to our government businesses?

**Mr SWAIN** - I'll just preface what I think, since the Treasurer - Dean can answer that well. Again, two unrelated processes.

**Mr BURGESS** - The target that was in the fiscal strategy was to investigate looking at a minimum credit rating for businesses, which we did. It turned out, in summary, to be impractical, in our view. You're left with two choices: one is that Treasury or TASCORP form

## PUBLIC

their own view, which is not independent; or you pay the ratings agency to individually rate the businesses, which is prohibitively expensive given the likely benefits of that.

So, the government's decided not to proceed with that measure because of those practical considerations, rather than any broader issues around -

**Mr BAYLEY** - What are the implications of that for government businesses? And then more broadly, to the Treasurer and to the secretary, do you expect a credit rating downgrade in the upcoming update?

**Mr ABETZ** - For the businesses it'd mean business as usual because nothing's changed. In relation to whether or not things are going to change with the credit rating agencies, it would be singularly inadvisable to try to make a prediction.

**Ms JOHNSTON** - If I can go back to the issue around own-source revenue and the chart on page 61 of volume 1. I think, as indicated beforehand, you're expecting an increase in own-source revenue largely due to GBE contributions. I appreciate that the Budget might have been done and this particular graph might have been prepared before the Auditor-General's report came out. But the Auditor-General's recent report highlights their concerns that GBE profits are generally down, government support and investment is up, borrowings are up and equity contributions are down. Indeed, if you look at the MAIB forecasts dividends from year '26, it's \$60.7 million down, into year '29, \$34.7 million. Do you still maintain that own-source revenue will improve, and will be getting closer to our fiscal target of 37 per cent?

**Mr SWAIN** - Could I just qualify my previous answer? I was trying to make a point that there's a couple of abnormal impacts affecting a couple of the key businesses this year. It's a storm event for TasNetworks and it's hydrology for Hydro. So, I would expect that there will be a bigger contribution going forward. But I don't want to say that's the only driver of that uptick in the graph. Also detailed in the revenue chapter is a reasonable growth trajectory for taxation revenue. I think it's 5.6 per cent, from memory. I was just highlighting there's a couple of particular impacts on a couple of our businesses at the moment.

**Ms JOHNSTON** - In terms of increasing revenue - and Treasurer, you said 'never say never', I believe, yesterday - would you consider an increase in casino tax? In 2023, legislation that ended the Federal Group's monopoly over poker machines also slashed casino tax from a 25.8 per cent rate to a 10.9 per cent rate, and the Keno tax rate will drop from almost 6 per cent to less than 1 per cent. Would you consider an increase back up to those rates to increase our own-source revenue through casino taxes?

**Mr ABETZ** - I will have to have a close look at all those individual tax regimes, but if I recall correctly - is the casino tax about 7 per cent? On page 137 of budget paper 1, the casino tax hovers round about \$10.5 million to \$11 million. If you look at the total state taxation of \$2.2 billion, its element, even if one were to double it, would make virtually no contribution -

**Ms JOHNSTON** - I would suggest that the community service organisations here would say it'd make a significant difference to the budget if we had some extra money in there to be able to pay for community services. As miniscule as you seem to think it is in the overall picture, community service organisations are being asked to slash their budgets, to find savings, and to cut back and defer programs and yet you won't consider casino revenue increases.

## PUBLIC

**Mr ABETZ** - No, no. They have been asked to look for savings. Can I just make the general observation that our Neighbourhood Houses - and I was astounded to learn this, each individual house has its own individual insurance policy. I suspect if they were to actually get together and go to an insurance company or agent and say, 'We have got this big basket of insurance', they might be able to get lower premiums and, as a result, they will have more money to assist the community without the need for extra taxpayer input, without -

**Ms JOHNSTON** - And with the good will of the community service organisations, they will probably do that. But why won't you look at casino taxes?

**Mr ABETZ** - without extra taxpayer input.

**Ms JOHNSTON** - The goodwill of the community service organisations will probably do that, but why won't you look at casino taxes?

**Mr ABETZ** - Without extra taxpayer input and so, asking for organisations to seek to identify a savings ought to be something we all encourage so we can drive these efficiencies, because with each community house doing it separately, the only beneficiaries are the insurance companies.

**Ms JOHNSTON** - You're asking community services to do the heavy lifting because you don't want to ask your mates to pay more tax.

**Mr ABETZ** - Why should people pay more tax?

**Ms JOHNSTON** - These are casinos who are profiting from vulnerable Tasmanians.

**Mr ABETZ** - You're asking our fellow Tasmanians to pay more tax rather than getting a situation where insurance companies get less money. If we can get a deal where insurance companies make less profits and Tasmanians pay less tax, guess which side I'm on? Tasmanians paying less tax.

**CHAIR** - Now, we're about to go to a break, but we will hear Mr Jaensch's question, which is between us and the break.

**Mr JAENSCH** - Treasurer, can you please update the committee on the government's commitment to consult with stakeholders on liquor licencing reforms, including single permits for festivals and events, new time frames, et cetera?

**Mr ABETZ** - I can. In the lull before delivering the Budget, the budget speech having been printed et cetera, I wrote out to a number of stakeholders in the liquor area, to the business stakeholders, but also - if I can use the term - community service type stakeholders. I tabled that letter with the Legislative Council, that standard letter, with some of the issues we as a government were thinking about. What we're seeking to do is, for example, at low-risk events, seeing if we can lower the fee for that and make the fee applicable to the risk. For example, I used - courtesy of a staff member - if a glass of wine is served at a flower show, chances are, the risk there is a lot less than at a festival.

Just last weekend we had the Huon show. An example of whether the Huon Show can get itself a liquor licence as to requiring each individual stall holder that might be offering

## PUBLIC

alcohol for taste having to get their own liquor licence and making a risk determination as to whether a sip of alcohol and purchase at the Huon Show might lead to violence or other antisocial behaviour.

Trying to put all that into context and very focused on ensuring domestic violence and other very ugly - and I won't call them antisocial behaviours because they're in fact criminal behaviours of assault et cetera, especially when it comes to what is called domestic violence. I have always considered it a crime, and it should be upgraded rather than being referred to as domestic violence because it demeans that which actually occurs. That, as an aside, we are very mindful of trying to get the balance right, but we're also very mindful of trying to ensure we don't discourage the small boutique winery from going to the Huon Show, for example. Yes, we are looking at all those things to ascertain what we can do. With that said, Chair, I suggest we only drink tea and coffee over the break and not any alcohol.

**CHAIR** - Thank you Premier. We will take a 10-minute break. We will be back at 11:15 a.m. Just to remind the committee that at 12:30 p.m., as agreed, representatives of the Tasmanian Audit Office will be asked to come in, or you will be asked if you're happy to have them in. That happens at 12:30 p.m.

**Mr ABETZ** - Please do.

**CHAIR** - Please suspend the recording.

**The committee suspended from 11.04 a.m. to 11.15 a.m.**

**CHAIR** - The time now being 11.15 a.m. We have a quorum. We are up to Mr Winter.

**Mr ABETZ** - Before Mr Winter does, if I may, Chair - two quick corrections. I was advised that when I was talking about the GST and the no worse off guarantee, I mentioned 2019 rather than 2029, so I correct the record on that. In relation to the Tasmanian government supply portal that is being developed, it's not in existence as yet.

**Mr WINTER** - I want to get to TasInsure, Treasurer. There's been a draft bill that's put out for consultation, and it's in your name - brought in by the Treasurer, Eric Abetz. What involvement did Treasury have in the drafting of the bill or providing advice towards it?

**Mr ABETZ** - Treasury didn't have any involvement in the drafting of the bill, but they are involved in relation to the consultancy and obtaining the consultancy.

**Mr WINTER** - Where did the bill emanate from, if it didn't emanate from Treasury?

**Mr ABETZ** - I will have to check, but I think Premier and Cabinet.

**Mr WINTER** - What advice has Treasury provided thus far to the draft bill?

**Mr ABETZ** - None.

**Mr WINTER** - We have a draft bill in your name with no advice from Treasury thus far. What role will Treasury play from this point forward?

## PUBLIC

**Mr ABETZ** - As I've already indicated in relation to the consultancy and the important thing is, this is a draft bill for consultation for input, and Treasury will undoubtedly have its views and input. With these things, it's always an iterative process, and things will be developed on that basis.

**Mr WINTER** - Can you just confirm, was this bill drafted in Premier and Cabinet or in the Premier's office?

**Mr ABETZ** - I imagine the bill was actually drafted by OPC, I would imagine, on instructions from Premier and Cabinet.

**Mr WINTER** - Presumably some kind of draft. Yes.

**Mr BAYLEY** - Treasurer, in the committee this morning, you've said that the \$375 million cost cap for the stadium is specific to and limited to funding through equity contributions. This is yet another change in definition from the government. Nothing was ever said about the cap only applying to equity contributions when this promise was made, nor in the months afterwards.

We've had a few versions of the story, but the last definition from the government was that the \$375 million cap was a cap on capital expenditure, not a cap on equity. Isn't this latest change in definition just more evidence that the cost cap is and always was just a fiction? The whole 'not one red cent more' was always just made up?

**Mr ABETZ** - No, because when the business case was put out, there was talk of the 375 'and borrowings'. If the 375 is not considered to be 'and borrowings' as a separate element, how on earth would you describe the 375 other than as an equity injection? You don't have to say it's an equity injection for everybody to know that it would be an equity injection.

**Mr BAYLEY** - But Treasurer, I have the business case here, and it says 'cashflow capital funding.' Under it, it limits both the Tasmanian government's \$375 million contribution and borrowings as part of the capital investment. Don't you agree that the business case that the borrowings are a form of capital investment? They always were a form of capital investment. And so, the cap of \$375 million 'and not one red cent more' was always a furphy, because there was always going to be borrowings included as part of the capital investment. That's what the business case says.

**Mr ABETZ** - And that is why it has to be read in the context of which it was said - namely the business case 'and borrowings', so nobody could misinterpret. Why would you say 375 'and borrowings' if you're saying it's only going to be 375? It was always on the table that there would be that initial cash injection of 375 followed up with borrowings, and that the 'and' is joining word to combine the borrowings with that initial cash injection.

**Mr BAYLEY** - But you consistently tried to cap the \$375 million, or claim that the \$375 million of capital funding was capped at \$375 million, and 'not one red cent more'.

**Mr ABETZ** - No, I reject that, because why else would you borrow for this project other than to help build it? So the borrowings, clearly, were going to be part of the capital input to build the stadium.

## PUBLIC

**Mr BAYLEY** - But you previously explained it as 'capital plus borrowings' - that the Tasmanian government's contribution would be \$375 million capped, capital investment, plus borrowings, but the borrowings have always been part of the capital calculations.

**Mr ABETZ** - Yes. It is like if you buy a house, you make a deposit on the house, and that is if you like just as much a capital investment as the house mortgage which, combined, allows you to proceed with the project.

**Mr BAYLEY** - So, are borrowings a form of capital investment?

**Mr ABETZ** - Yes, of course they are.

**Mr BAYLEY** - They are as per the table -

**Mr ABETZ** - As are equity injections, if you like.

**Mr SWAIN** - This is a political discussion, but there's one additional point of potential confusion that I will just deal with.

When funding was first put in the Budget, it was put in as a capital payment to State Growth because at that time there hadn't been a decision that MPDC would be the delivery agent.

**Mr BAYLEY** - That's the \$375 million.

**Mr SWAIN** - Yes, which was then changed over from a capital contribution in State Growth in the department to an equity contribution to the business. But that was just because the decision had been made as to who the builder was and the status of the builder. I'm sorry, I'm not meaning to -

**Mr ABETZ** - No, thank you for the clarification.

**Mr SWAIN** - It's just a factual backdrop on the reason why at some periods of time it's been referred to as 'capital' and at others as 'equity', because there was a change -

**Mr BAYLEY** - But for the avoidance of doubt, borrowings which have always been on the table. Back in the day, it used to be only \$85 million of borrowings. Now it's \$490 million. That's the scale of the cost blowouts here. But for the record, you're saying borrowings were always part of capital investment, capital funding?

**Mr ABETZ** - Well, it goes to the cost of the construction of the infrastructure project which we refer to as the multi-purpose stadium.

**Ms JOHNSTON** - Just before the break, Treasurer, you talked about community service organisations and the letter that you wrote to them where they are being asked to do some of the heavy lifting and looking at:

reducing or ceasing services or deferring services.

## PUBLIC

And we know that public sector workers are also on the chopping block. Yet, I'm wondering whether the same response or request has been made of private beneficiaries for taxpayers' money. We have a \$20 million equity position in a failing tungsten mine. We spent \$12 million on a chocolate experience that no longer includes the key attraction used to justify the investment, and the Advanced Manufacturing Accelerating Growth Program shows promised jobs and exports that are still anticipated or forecast and that's only when businesses have bothered to lodge their acquittals for that particular program at all.

My question is, has Treasury, the Department of State Growth or the Tasmanian Development Board been directed to look at ways to reduce assistance to industry, whether through grant subsidies or equity stakes, just like the community sector organisations have been asked?

**Mr SWAIN** - In the budget improvement pathway that work has been done for the next Budget. The government will need to make some key decisions about the extent of improvement, the pace of improvement, and the allocation of those savings. I would expect that all departments will get a share of that, including State Growth, which is the entity that mostly deals with the kind of grants and payments you're referring to.

**Ms JOHNSTON** - So, community service organisations have to go through a rigorous acquittal process for the grants that they receive, where they're held to account, if they don't acquit their grants, they aren't eligible for funding again. It appears that's not the case for private beneficiaries of taxpayers' money. Is this a rule that Treasury will make across all departments that grants must be acquitted, and the outcomes achieved, before a beneficiary is eligible for further grants?

**Mr ABETZ** - With these grants to businesses, they are nearly always one-offs for a particular circumstance to either encourage or maintain employment and that is what motivates us in providing that assistance. Those that have or seek ongoing funding, we encourage them to ensure that they use their money as wisely and efficiently as possible.

With the example I gave with Neighbourhood Houses: how could anybody object to the suggestion that our Neighbourhood Houses get together and see if they can crack a better insurance deal, which therefore, with the same amount of money from the taxpayers, will allow them to do more with more money remaining in Tasmania rather than the money we give to them being paid to an insurance company that then gets taken off somewhere to the mainland or elsewhere.

**Ms JOHNSTON** - Treasurer, back to private beneficiaries. Would it concern you - and we've done a number of RTIs in relation to these grants to private beneficiaries, private companies, and a number of them receive grants even though they haven't acquitted at the previous grant. Would it concern you and would it be something you will be looking into future budgets, in terms of savings, to ensure that when a company or a private entity receives a grant that they must acquit it, they must meet the targets or KPIs under that particular grant string, before they're eligible for a further grant, either in that particular grant stream or any further grant stream?

**Mr ABETZ** - Look, with these things, each and every case is determined on its merits and so, as a matter of generality, I fully agree with what you're saying, but you've got to consider the circumstances of each business as to or private beneficiary as to what the

## PUBLIC

circumstances are as to why an acquittal may not have been able to have been provided at a particular point in time.

I could imagine that there are a whole host of factors. They get funding to help get a certain piece of machinery into the factory and the manufacturer of that machine somehow has a delay which is not the fault of the beneficiary, and therefore they can't acquit on a particular date to say yes and we've got the machine operating in our business and when asked they say look, we've paid the money, we've made it available, but there was a hiccup with the manufacturer of the machine. It's not there yet, so we can't be producing.

In those circumstances. I think it would be - I was about to say bloody-minded, but I won't use that term as being unparliamentary - but it wouldn't be very wise, I would have thought, to say 'Aha, you've defaulted, we're therefore going to withdraw your loan,' and see that particular collapse. That is why -

**Ms JOHNSTON** - These aren't loans, these are grants of money.

**Mr ABETZ** - Or grant, that is where you need flexibility and common sense to apply. All that said. I agree with your general principle.

**Ms JOHNSTON** - But you agree with the principle that the private sector should also be sharing the pain in terms of cuts to grants. If the community sector and the public sector are likewise asked to share that pain.

**Mr ABETZ** - Well, once again in this Budget, there haven't been the cuts that have been asserted by various press releases, but that said, we do need in the May Budget to wind in expenditure and that will be across the board.

**Mr VERMEY** - Treasurer, can you update the committee on the government's commitment to triple the first home owners grant to \$30,000?

**Mr ABETZ** - Thank you very much, Mr Vermev. That is a 12-month scheme that we took to the last election. It's passed the lower House with the support of the House overwhelmingly, so I thank them for it. It's now with the upper House for determination. We are hopeful it will be carried by the end of this year, because otherwise we will have gone 6 months of a 12-month period without the appropriate allocation.

The idea of it is to support jobs. To encourage the build - or to boost the housing supply and also to empower families and our fellow Tasmanians to get onto the home ownership situation.

**Mr VERMEY** - Stamp duty relief as well on the \$750,000 build. That goes well with that, doesn't it?

**Mr ABETZ** - Yes, and the stamp out stamp duty proposal is something we also have which is going for a period of time which will hopefully boost the housing supply and encourage people to get into it.

**Mr WINTER** - Back to TasInsure, Treasurer. In the draft bill that's in your name but you and your department don't seem to have had much to do with, under section 15, status of

## PUBLIC

company, it says, 'The Crown is not liable for any liability or obligation of the company or subsidiary of the company unless' - and it lists a couple of exceptions. Is the intent of the government here that the new insurer that will be state-owned will not have liability, and if so, isn't it just going to be competing with the private sector and RACT?

**Mr ABETZ** - Look, all those things are for discussion, and as I said before, the next step will be the process for consideration within the community. We're getting a scoping study the Treasury's handling, and when all that information is to hand, I suspect the draft bill will be considerably changed.

**Mr WINTER** - So is the policy at the moment that that will be backed by the state and the finances of the state, or will it not be?

**Mr ABETZ** - The Premier has said in Question Time that it will be a GBE.

**Mr WINTER** - But will it be backed by Treasury? Will there be a guarantee behind it or will it simply be there to compete with RACT in the private sector in the insurance market?

**Mr ABETZ** - All those things are being discussed and I've had numerous discussions, as I understand the Premier has had, with the RACT and we're working through a whole range of issues, so we're not ruling things in or out. What we want to achieve is a better insurance outcome for our fellow Tasmanians who have been slugged fairly heavily. As I was able to say in question time the other day, I met with a small business in Mr Jaensch's part of the world who runs two very successful cafes, but the public liability and other insurance over the last few years has gone from \$8000 to \$20,000 and when you're a family business that is \$12,000 out of the family budget. It's a huge hit and we are of the mind that a Tasmanian-based government insurer will be able to provide a more competitive premium.

**Mr WINTER** - But how will it be able to do that? Let's use that example. It's a real example and it's a real issue for people that their insurance premiums have gone up from \$8000 to \$20,000 per year. Can you explain how a Tasmanian government-owned insurer is going to be able to reduce the premiums for that business?

**Mr ABETZ** - The insurer, as a GBE, will be able to put the interests of the people of Tasmania first.

**Mr WINTER** - Isn't that what the RACT does?

**Mr ABETZ** - The RACT sells a product from some insurance company, I think it's Suncorp but I'm not sure. I don't want the RACT, of which I'm a member, ringing me up to say I have misdescribed it, but I think they sell a product from a company as opposed to the RACT actually running its own insurance schemes.

**Mr WINTER** - So you're not going to be reinsuring them as part of this, you'll be using the assets of the Tasmanian government? If you're not going to be using that or taking on that liability, you're going to be doing the same thing; you'll need reinsurance.

**Mr ABETZ** - I'm only talking hypothetically, but I know the Motor Accident Insurance Board, for example, reinsures at a certain level and then further reinsures at an even higher level.

## PUBLIC

**Mr WINTER** - Have you seen any modelling that indicates to anyone that this new scheme will save someone \$250 a year or reduce their premiums by 20 per cent?

**Mr ABETZ** - That announcement was made during the election campaign and -

**Mr WINTER** - Are you satisfied yourself with the modelling behind this?

**Mr ABETZ** - I haven't looked at that. What I'm looking at -

**Mr WINTER** - Have you asked for it? You weren't interested to see the modelling behind this policy.

**Mr ABETZ** - is the advice that I'm going to get from the scoping study to see how we move forward with this. We can try to fit here, we can try to fit there -

**Mr WINTER** - Surely you'd be inquisitive as the incoming Treasurer with this policy to ask, what about the modelling?

**Mr ABETZ** - We can try and pick here; we can try and pick there. The question is, are you committed to trying to help reduce the insurance burden on our fellow taxpayers?

**Mr WINTER** - So why not ask for the modelling?

**CHAIR** - Mr Winter. We're moving on to Mr Bayley.

**Mr ABETZ** - We as a government are. I have not heard anything of that nature.

**Mr BAYLEY** - Unfortunately, I would like to stick TasInsure because it's a really important issue, and we've noticed in the rhetoric to justify TasInsure you've pointed to natural disasters on the mainland and pose the question: why should Tasmanians pay insurance premiums that are effectively jacked up by the cost of insuring interstate and the natural disasters interstate?

The National Climate Risk Assessment has identified that Tasmania is not immune, in fact that we one of some of the highest risk to natural disasters, but thanks to climate change, bushfires and floods are an almost annual event. Why is it that you point at those natural disasters interstate and use them as an argument to justify TasInsure here, and theoretically cheaper premiums here, when we have the very same challenges and the very same risks ahead of us in a climate-changing scenario?

**Mr ABETZ** - We have risks here in Tasmania. The view is that they are not of the same extent as on the mainland.

**Mr BAYLEY** - Whose view is that?

**Mr ABETZ** - As a small example, there's a local rowing club that in its insurance policy has protection against the event of a tsunami, and it was pointed out, is that a realistic risk for them to insure against in Tasmania, especially when you're a fair way up the estuary? That is the elements - these are the sort of things that are helpful to explore and consider and then determine whether it's an appropriate risk to put onto the Tasmanian insurance policy.

## PUBLIC

**Mr BAYLEY** - It comes back to the modelling, and the advice issued that Mr Winter is asking. You say that the view is that the risks are not as great as the mainland; whose view is that? Who's given you that advice that the risks are lower here in Tasmania and therefore we, if we establish a state-owned insurance company, will be able to offer lower premiums because the risks are not as great as the mainland. That was your words. Who's given you that view?

**Mr ABETZ** - That is, I suppose, my view from observations of that which has occurred on the mainland and the huge consequences of some of the natural disasters that have occurred.

**Mr BAYLEY** - We didn't have them with the '67 bushfires or the 2016 or 2019 floods or the other bushfire emergencies since?

**Mr ABETZ** - Look, the 1967 bush fire is an example, since then I would like to think -

**Mr BAYLEY** - The Dunalley bush fire for example.

**Mr ABETZ** - That's a smaller-scale example, but still nevertheless a good example. All that will be considered in a scoping study which will further advise the government.

**Mr BAYLEY** - Is it purely your view that the risk isn't as great as the mainland, or do you have advice from someone that backs up the business case for TasInsure?

**Mr ABETZ** - The huge hike in insurance premiums in Tasmania don't seem to bear relevance to the occurrence of events in Tasmania, and that is the thing that brought this opportunity to mind. A lot of businesses have mentioned that, and might I add, tourism businesses, et cetera. We see this potentially as a cost-of-living issue, but also as an economic enabler to provide the sort of insurance cover that will give comfort to enterprises. This is all, if I might say, highly speculative and we should wait for the scoping study.

**Mr BAYLEY** - Have you had conversations with those insurers who are charging those premiums to understand why that's the case, ahead of developing this legislation, as Mr Winter says, in your name?

**Mr ABETZ** - I personally haven't, but I have had numerous discussions with the RACT.

**Ms JOHNSTON** - Saul Eslake has been quite public about his criticism at the realistic chances of achieving some of the saving measures, particularly when it comes to employee costs within the Budget. I note that my upper House colleagues, in particular the independent Member for Elwick, Ms Thomas, was very critical yesterday and asked about genuine budgeting. How can you Budget in a genuine fashion for a 2.5 per cent increase in employee costs when you have 3 per cent on the table currently? Should we expect to see a supplementary appropriation bill as a regular feature of our parliamentary calendar year for a cost blow-out?

**Mr ABETZ** - No, we shouldn't. That requires budget discipline, and that is what we are seeking to undertake. I have a high regard for Mr Eslake as an economist. I have met with him, and I note - and Saul, if you're listening in, we have another luncheon engagement to have, so that I can learn further from you. I have been the beneficiary of his advice, and I am under no illusion as to the difficulty of the task we have set ourselves to achieve, the necessary outcomes to achieve that for which you voted for, namely budget repair -

## PUBLIC

**Ms JOHNSTON** - Surely, though, Treasurer -

**Mr WINTER** - They're only doing repair because they were asked to.

**Mr ABETZ** - and recall, that we had an early election premised on - to use the terminology of the motion - budget repair.

**Mr WINTER** - Crisis [inaudible]

**Mr ABETZ** - We are now - Mr Winter interjects and says 'crisis'; let's imagine that we adopt that word even. What does that tell us? We need to engage in budget repair.

**Mr WINTER** - You needed a motion in parliament to tell you the budget was broken.

**Mr ABETZ** - I have not heard anything from the other side of the table as to how we might be able to achieve that budget repair other than a small increase in casino tax, which won't even scratch the surface. What I can confirm is that we will look at everything to ensure that we achieve the target we've set ourselves. In relation to the 2.5 per cent, that will need to be considered by the various agencies and departments, and the secretary might be willing to say something further on that.

**Mr SWAIN** - Just a general point that that 2.5 per cent has been in the budget for a number of years, so two or three years. If you think about it, no agency has a full establishment at any point in time. In Treasury's case, the turnover's gone from 17 per cent to 12 per cent in the last year. It's sort of trending back to normal after a higher period post COVID. At any one point in time you don't have all the positions, you're not actually funding all the positions, so the 0.5 per cent is more around a recognition that that should be able to be managed by agencies based on turnover. It doesn't go to the strategic improvement task. It's an existing measure that's been in the budget for two or three years.

**Ms JOHNSTON** - I fully appreciate that. The Treasurer's comment though, that budget discipline is required, it's much easier to be disciplined with the budget if you're being realistic with the figures you put in the budget. Now, if you've been putting in 2.5 per cent for a number of years now. Year on year, we've seen supplementary appropriation bills because we can't keep to 2.5 per cent. I'm asking you, Treasurer, are we setting ourselves up for failure again, but only budgeting for 2.5 percent, hoping that we'll achieve it when we know history has told us we haven't achieved it the year before last, or the year before that, or the year before that? Are we setting ourselves up for failure, and is that genuine budget repair, or is it just a mirage?

**Mr ABETZ** - The supplementary appropriations to which you refer, a substantial amount of that was Health.

**Ms JOHNSTON** - Again, we didn't achieve the 2.5 per cent.

**Mr ABETZ** - I have already addressed the Health issue, that we have three wards full of people ready for discharge. They've been certified, if that's the correct term, for medical discharge, but they don't have a placement in aged care or disability care, the responsibility -

**Ms JOHNSTON** - Our employee costs continue to rise more than 2.5 per cent.

## PUBLIC

**Mr ABETZ** - of the federal government, which we then have to backfill with our funding. With respect, I just wish you were as anxious to ensure that the federal government made its contribution in this space, rather than criticising us for backfilling the neglect of the government in Canberra.

Another part of it, if I recall correctly, was the workers comp, was that another part of the supplementary?

**Ms JOHNSTON** - Yes, it was workers compensation last year, Treasurer.

**Mr ABETZ** - The supplementary appropriations are largely health - that was for locums and agency staff which is not part of the 2800 of which we speak. The additional 25 was to ensure the correctional system can operate as effectively as possible. There was \$17.9 million required to reflect the provision for claims related to child sexual abuse in state care, to meet anticipated redress and civil claims. The additional supplementation to which you refer, doesn't refer to the cost of employing our public servants.

**Mr JAENSCH** - The efficiency and productivity unit has a new improvement portal, can you please tell us what that is, and how it will help to drive better outcomes across the state service?

**Mr ABETZ** - The portal of the efficiency and productivity unit is designed to encourage public servants anonymously to put forward their suggestions as to how savings might be able to be made across the board. That is a practise I understand Toyota uses exceptionally well on the factory floor, inviting every single worker to identify where the production system might be able to be made more efficient. As a result, they get greater productivity, reducing the cost of each motor vehicle, making it more saleable on the market. As a result, you sell more of those vehicles and as a result - you know what, it guarantees their job.

What we have invited the public servants to do, is to come forward with generating ideas and improvements, and in just the first four days we received 258 ideas from 153 public servants, right across government. That is a strong response and shows the commitment of our workforce to helping us continuously improve the way government operates. I think the vast majority of our public servants understand the pressure the budgets under. They know that they just recently voted in an election premised on the need for, to quote the motion 'budget repair' and therefore -

**Mr WINTER** - Crisis.

**Mr ABETZ** - Unfortunately, Mr Winter, the motion you moved I don't think used that word, or did it? Anyway, if they did, 'crisis' one suspects is even worse than 'repair' and I think Mr Winter and I can agree on that. In those circumstances the imperative for rightsizing the public service, improving the whole administration of government is an imperative which we seek to pursue.

We're hearing suggestions on everything from improving service delivery, streamlining internal processes, enhancing procurement practises, better use of digital technology and data, and innovative approaches to day-to-day operations. This is exactly the kind of insight we want, practical ideas that can make government more efficient and deliver better outcomes for every

## PUBLIC

taxpayer dollar spent. Our public servants are exceptionally well placed to identify where improvements can be made. As a government, we strongly encourage them to continue to do so. This is another example of the government working constructively with our public service, and it's those people that you won't see on the evening news in relation to the pay offer that's being made. We will continue to work with our public servants to ensure the greatest possible benefits for the taxpayer and in ensuring an efficient public service. It ensures their job security as well and I'm sure they understand that.

**Mr WINTER** - Treasurer, the draft bill for TasInsure was released on the 14 November. When did you first receive a copy of that draft bill?

**Mr ABETZ** - I will take that on notice.

**Mr WINTER** - And what input did you have into that draft bill before it was released for public comment.

**Mr ABETZ** - I didn't have any input into it.

**Mr WINTER** - You are the Treasurer of Tasmania with the task of implementing TasInsure, a bill in your name, and you've had no involvement in the preparation of the bill. You've not seen the modelling that's involved in the claim that can save Tasmanian \$250 per year or 20 per cent on their premiums. Is that correct?

**Mr ABETZ** - What I've said is that this is emanated from Premier and Cabinet.

**Mr WINTER** - How can Tasmanians have any confidence in the credibility of this policy claim they're going to save \$250, if the person tasked with implementing it hasn't seen any modelling, a business case and wasn't even involved in the drafting of the bill?

**Mr ABETZ** - Well, I think you understand how the food chain works in politics. There is somebody that sits above the Treasurer and Treasury and that is the Premier and the Department of Premier and Cabinet.

**Mr WINTER** - Well, actually, I think we'd expect to see a cabinet-style government where these issues are actually dealt with within cabinet and they're properly progressed with advice from Treasury, modelling for example. Yet in this case, we've seen nothing of the sort. We've just seen the Premier apparently just give you the bill in your name for you to then go and consult. You can't answer the basics of whether it will be backed by Treasury or backed by taxpayers or whether they'll be reinsurance at this point four months after the policy was announced.

How can Tasmanians have any confidence in the credibility of your numbers if you can't answer these questions?

**Mr ABETZ** - Because at this initial stage, there is no need for all the details that you are seeking, because what we're doing is we're getting the scoping study and we are seeking feedback in relation to that which has been put out by the Premier's Office or be it in my name - and I accept that, but I am -

**Mr WINTER** - Have you expressed any concern about the policy virtue of TasInsure at any point?

## PUBLIC

**Mr ABETZ** - I am not going to divulge any comments I may or may not have - sorry, any discussions I may have had or not had with Premier, colleagues or other people.

**Mr WINTER** - The Premier says that the lefties should love TasInsure. You're Tasmania's arch conservative of Tasmanian politics. Does that lead me to believe that you think this is a dumb idea and shouldn't be progressed?

**Mr ABETZ** - Well, are you telling me it's a dumb idea and shouldn't be progressed, as a lefty?

**Mr WINTER** - It is a dumb idea and shouldn't be progressed. I don't think there's anyone outside of Jeremy Rockliff that thinks this is a good idea at this point. What do you think of the policy? Do you think it's got any chance of delivering what's promised?

**Mr ABETZ** - We had substantial backing during the election from many a person who was willing to back TasInsure. In fact, it was such a great idea that a former premier went out to try to get the business name, and the former Labor premier at that. So it was such an exciting proposition that somebody else tried to get in first and which thankfully gave extra publicity to TasInsure and the benefits it would provide.

**Mr BAYLEY** - Just a couple of quick questions on the efficiency and productivity unit. Again, just out of interest, who is actually sitting on that unit? Who are the members of that unit and how are they chosen?

**MR ABETZ** - That's in the Department of Premier and Cabinet, so it should have been asked then. To facilitate because Premier and Cabinet has been I'm happy to try to take that question on notice and feed it through to DPAC or to the Premier's office and see if we can get an answer for you.

**Mr BAYLEY** - Thank you. That's appreciated. When it comes to the efficiencies and productivity questions, obviously we note in the PEFO, Treasury has identified that the State Service is unaffordable for want of other words. That it's expensive and that we need to make savings, but there is no advice that it is delivering -

**Mr ABETZ** - Can I correct that? Of course, the State Service is affordable. The only question is the correct size of it. It's like public service pay increases. Of course they're deserving of a pay increase. The only discussion is the extent of it.

**Mr BAYLEY** - And so the question I was going to go to is advice on the size of it delivering on the needs of Tasmanians. For example, we have a housing waitlist that's at record levels. You've just abandoned, or effectively acknowledged, the failure of the banning ambulance ramping policy. There is no suggestion that the size of the public service is adequately meeting the needs of Tasmanian people. How do you ensure that service levels are increased to meet the needs while at the same time delivering these kinds of efficiencies and 2800 positions to be removed from the public service?

**Mr ABETZ** - The number of people engaged in a particular activity does not necessarily translate to efficiency and service delivery. In relation to the housing issue, we are seeking to address that across a whole range of fronts. That said, having more people in offices, mainly in

## PUBLIC

Hobart, does not necessarily assist in getting more houses built out in the community. With some of these issues we can ask ourselves the question with the bureaucracy: is the extent of the bureaucracy serving the needs of the people of Tasmania and ensuring good service delivery?

I'm reminded that public sector employment at the moment is at historically high levels. As at 30 June, full-time equivalents employed within the GGS totalled 33,359. In the figures I mentioned before, the total GGS FTEs increased by 40.9 per cent in comparison over the same period that Tasmania's population increased by an estimated 11.9 per cent. That was between 2015 to 2025, so that decade. We've had a 40 per cent growth in the public service whilst the population has only increased by 12 per cent, rounded out.

**Mr BAYLEY** - You'd have to agree, though, that across that period, the needs, particularly the unmet needs of Tasmanians, have increased as well. I've mentioned housing. We've talked about health. What about speech pathologists and other professionals in schools, and the waitlists of students waiting for support? The needs are immense at the moment. It seems that your approach is to look to cut the public service and find measures there that will cost less money, as opposed to raising revenue, as we've discussed before, or other measures that can maintain and, in fact, improve the level of service that Tasmanians are receiving.

**Mr ABETZ** - We heard from the independent member for Clark earlier that growing the economy was not going to be the only solution. I agree. Part of the expert advice is that we have to right-size the public service as well. Rhetorically, I would ask you, would you right-size the public service or are you satisfied with the number of public servants that we currently have, keeping in mind that it takes up 46 per cent of the state budget?

We do need to address this issue, and if we could at least have a discussion about the number that would be a start. But I have not heard one single word suggesting that there is a need to right-size the public service. If you were to say, look you should only right-size it by 800 or 1000, as opposed to 2800, at least we would have a discussion point to start talking. But there is no recognition by you, despite having voted for that motion that sent us to an election, that budget repair needs to occur.

**Mr BAYLEY** - The point is I don't look at it through the lens of how many public servants or the growth in public servants. I am looking at it through the lens of the needs of the Tasmanian community, particularly the unmet needs of the Tasmanian community. When it is clear that this government is unable to meet the needs of the community in so many different sectors, be it health, be it education, be it housing, be it the needs of the community service sector, having an approach that just looks at the pure numbers of it is a flawed approach because they're not meeting the needs of Tasmanians -

**Mr ABETZ** - Wait a minute. That is where you're misrepresenting the position. We are also looking at efficiency and productivity to which over 200 of - and I can say because we're all public servants around this table, our fellow public servants have had an input into suggesting how genuine savings may be able to be achieved. That is one element. Rightsizing the public service is another. Seeking to grow our economy is another aspect. This is a holistic approach that we are taking and will have more to say about all that in the May Budget.

**Mr SWAIN** - A point that is mathematically obvious is that the comparison, of course, has to be, if you don't do budget improvement, what the size of the public service could then

## PUBLIC

be. If there is more debt and more interest payments, a future public service will, by definition, have to be smaller. It's not so much a case of whether the public sector needs to be smaller or not; it's about when and how you transition back towards a level that's more sustainable.

**Mr BAYLEY** - Which takes us back to where we started the Macquarie Point stadium and the debt that's being accumulated there.

**CHAIR** - Mr Bayley, I just -

**Mr ABETZ** - You can only spend that once.

**CHAIR** - Minister, excuse me. I remind the committee that these are questions, rather than comments.

**Ms JOHNSTON** - If I can go to gambling harm minimisation, in early November you sent out to stakeholders in the gambling industry, community sector and to the regulators as well, asking for their feedback on your proposed gaming care officers. Why have you ignored the strong advice of your own Liquor Gaming Commission to introduce mandatory precommitment cards and, instead, chosen to do consultation on gaming care officers, who will be employed by Hospitality Tasmania, those advocating for no-harm minimisation measures and will have no effect whatsoever on harm reduction?

**Mr ABETZ** - First of all, those engaged in the sector have never said that they don't want any harm minimisation. You do them a great disservice and put on the public record misinformation that you must know is incorrect.

The South Australian example from a state Labor government, of having these gaming officers seems to be providing some assistance. I would have thought that this initiative, should have come to fruition, and we're still consulting about, should be welcomed. I would then understand if you said: 'On top of that, could we have some other harm minimisation? But, basically, no matter what we do in this space, those involved in the industry don't want harm minimisation.' That is false. They do.

Let's see what the consultation provides to us by way of information and how this might be able to assist the community.

**Ms JOHNSTON** - Most in the industry derive their greatest profits from causing harm. There is absolutely no evidence coming out of South Australia that these gaming officers have any kind of efficiency or effectiveness. It hasn't been reviewed. There's no data available about the reduction of harm. In fact, in South Australia, harm is increasing and the amount of gambling has increased significantly, even with these gaming officers in place. If you speak to anyone in the community sector who deals with the harm at the coalface, they will tell you that these officers won't be effective in reducing the harm, but a mandatory precommitment card will.

Again the question is, why are you ignoring yet again expert advice to introduce mandatory precommitment cards, a proven method of harm reduction, instead of favouring something that's unproven, there's no data and has, in fact, led to greater harm caused in South Australia where they are implemented.

## PUBLIC

**Mr ABETZ** - The good news is, and I think the Premier dealt with that yesterday, that electronic gaming machines in Tasmania, we have the lowest penetration of them in the market, we have the lowest rate of problem gamblers. When you put that into context, we are substantially better off than elsewhere in Australia. That said, any one person is not just a statistic; its a human tragedy and we get that, and that is why we want to ensure that there is harm minimisation: but individuals have agency as well. Back in the day, people lost their houses at the racetrack or wherever else and to suggest that electronic gaming machines are the only place where harm can occur - not that I would know how, might I add - but I understand I could just use this phone in my hand and basically gamble away whatever wealth I might have.

**Ms JOHNSTON** - Surely, Treasurer - in Glenorchy \$1.7 million a month is lost into pokie machines. Surely, you'd rather see that money circulating in our economy more broadly, generating economic activity, which you say is important for our budget and for our position, rather than going into electronic gaming machines, into the hands of a very large gambling company with very low taxation rates. Would you not rather see that money being circulated in the economy, instead of harm being caused to Tasmanians - and it's caused at significant rates. We know that gambling companies derive their largest proportion of profits from a small number of addicted people. Would you not rather see that money circulating generally in our economy?

**Mr ABETZ** - I would have to check that statistic, as to whether the majority of their money comes from people with an addiction. I suspect that is not the case, but I will check up on that.

**Ms JOHNSTON** - I certainly invite you to look at the reports from Anglicare, for instance.

**Mr ABETZ** - In relation to the tax paid by companies, as I understand it, there is a company tax rate and it is not reduced if you are a gambling company or a company that provides gambling opportunity, so I'm sure they would pay exactly the same tax rate as any other business. I'm told by some of the hotels that the gaming machines help their viability. I know that there are other people that run -

**Ms JOHNSTON** - It's meant to be in the Deloitte report. Where is the Deloitte report, Treasurer?

**Mr ABETZ** - operations without gaming machines, and I suspect they do so successfully, so well done, but it does help employ locals, et cetera. With all these things -

**Ms JOHNSTON** - Treasurer, have you seen the Deloitte report? You seem to suggest you have seen the Deloitte report; you're giving -

**CHAIR** - Ms Johnston, we will move on.

**Mr ABETZ** - With all those things, it is a question of balance and getting the right decision. As I was able to say in the Legislative Council yesterday, I've only been in this gig for a few short months and I was completely consumed by matters of the Budget and then in the lull when the Budget was locked away and its delivery, that's when I wrote out to stakeholders - not only in the gaming sector, but also in the liquor sector. I'm going to get my

## PUBLIC

head around all those issues in some considerable detail, but I'm also told in relation to the take in Glenorchy that supposedly it is not only from the residents, but also - and this is anecdotal evidence - that a lot of tradies stay there overnight on particular jobs, and they go to the local hotel and have a bit of a flutter. So, the take of machines in Glenorchy is not necessarily representative of the money spent by Glenorchy residents. All of that information -

**Ms JOHNSTON** - Why don't you come out to the Elwick at 2.00 a.m., Treasurer, and see who's gambling.

**Mr ABETZ** - Sorry?

**Ms JOHNSTON** - I invite you to come down to the Elwick Hotel at 2.00 a.m. on a Monday morning and see who's gambling at Elwick Hotel at 2.00 a.m.

**Mr VERMEY** - Thanks, Chair.

**CHAIR** - Go ahead, Mr Vermeay, I'm sure he probably knows the question.

**Mr VERMEY** - Treasurer, can you -

**Mr ABETZ** - Can you just bear with me, please. I'm just being provided some extra information, I think for Mr Winter on Hellyer. At the time the notice was issued, the company owed the Crown monies for unpaid royalties, security deposits and royalty interest debt. Specific amounts are confidential; the company has made some recent payments and has committed to pay the overdue money within the next week. I understand that, to date, this commitment has not been met. The outstanding debts were only one of the reasons why the action was taken by the government last week.

**Mr VERMEY** - Can you update the committee on the short-stay levy that the government took to the 2024 election, please?

**Mr ABETZ** - I can, and I think I've sort of touched on that already that, as a government, to assist in the whole issue of housing, it was determined that a short-term levy would provide some \$11 million to the coffers, which would help in other areas of providing housing need. We hope, subject to the parliament, that the levy will commence on 1 July 2026. The government will release a discussion paper and draft bill early next month, initiating formal consultation, recognising the demands on industry.

At this time of year, we've extended the consultation period to eight weeks. The planning commenced for implementation of the levy under the good Mr Jaensch in the previous government and 1 January 2026 was given serious consideration. However, the timing of the recent election made that start date unrealistic. As a result, it's now 1 July. The levy's proposed design draws on proven models in Victoria and the ACT. The approach ensures efficient use of an existing legislative framework that provides the necessary compliance mechanisms.

Turning to the purpose of the levy, the levy is part of a broader housing affordability strategy, as was set out in the 2024 election policy. In this context, the government has committed the proceeds of the levy to help fund measures to support the first home buyers, including the Stamp Out Stamp Duty initiative which runs until 30 June 2026. What we're seeking to do is to see that housing markets that are popular for short-stay accommodation, where locals are not priced out of their communities, tourism benefits are shared equitably and

## PUBLIC

policies principled, fair and future-focused; and it's about balance, supporting tourism, respecting property rights and improving housing affordability.

**Mr WINTER** - On gaming, as well. I recall - was it early 2022 when the former treasurer, Michael Ferguson, issued a directive to Ms Cranston about implementation of card-based play. Is that letter still in place or has it been withdrawn?

**Mr ABETZ** - Yes, as I indicated to you, I'm getting my head around that aspect of the Treasury Finance portfolio and it was my recollection that letter is still in place.

**Mr WINTER** - If it's still in place, does that mean it's governments policy to implement compulsory card-based play for gaming machines?

**Mr ABETZ** - A government policy remains government policy, I suppose, until it isn't. That said, the Premier has indicated, and I'm not sure the exact wording of it, that he was informing himself of what other states and territories were going to do in this space. Possibly, if I ask Mr Root to come to the table, he might be able to assist.

**Mr WINTER** - I understand the policy. What I'm trying to get my head around is, that you have a directive to the commissioner from the treasurer that's still enacted and yet, you have the government's position that says that it's going to wait. What is the commissioner to do, in this case, when you have a live directive from the minister but also a government policy that says not to do it. Can we get some clarity around what the government's position is?

**Mr ABETZ** - It's not, not to do it, as I understand it. I think it's on hold, but I'll ask Mr Root.

**Mr ROOT** - The policy at present, as I understand it, is to pause that activity pending a more coordinated approach across other jurisdictions. As a consequence of that, the commission's been asked to pause that activity, pending the government's final views on the harm-minimisation strategy.

**Mr WINTER** - While Mr Root's here, in relation to the reforms that came through the House in late 2021 around gaming markets, we were told that the modelling showed there'd be a net benefit to the budget, around \$20 million a year under the new regime. What's been the net impact on the budget from those reforms thus far? Has the \$20 million a year being realised?

**Mr ROOT** - I think the actual increase that the former treasurer Mr Gutwein, he may have been the premier at that stage, was about \$8.8 million and that comprised an uplift in about \$5 million in the tax base and a bit over \$3 million in the CSL revenues. I think at the last Estimates we had a discussion about this and, at that stage, we had a calculation that effectively rolled the old model forward to the current tax rates then compared the expenditure in the current year on the old tax rates with the new tax rates and showed that the uplift was slightly less than that \$8 million and we haven't done that calculation for this year, but I anticipate it's a similar story.

**Mr WINTER** - Great. Could I ask this question, which may go on notice, the question quite specifically being, what has been the net impact on Tasmania's budget as a result of the 2021 gaming reforms, if that's alright with you, Treasurer?

## PUBLIC

**Mr ABETZ** - I will gladly take that on notice, if it is a reasonable task to undertake.

**Mr ROOT** - We can do that calculation.

**Mr ABETZ** - Yes. I just don't want Treasury to be lumbered with something that might be too onerous.

**Mr WINTER** - Absolutely not.

**Mr ABETZ** - We can take the question on notice.

**Mr BAYLEY** - Treasurer on this issue of the electronic gaming machines and the card-based play, where do you sit personally in relation to the card? Because, it's been delayed, the Premier points to other states and other states, I notice, are failing themselves. Victoria has recently taken backward steps when it comes to its commitment around this mechanism and the ability of players to set their limits. It seems that if Tasmania is going to implement this policy, instead of following the rest of the country, it seems that we need to lead the country in this. We know we had a champion in Mr Ferguson in this space and all credit to him for putting this on the table and getting it to where it got it to. It is now going backwards.

What will you as Treasurer do to minimise the harm to problem gamblers by implementing the policy that you have and the recommendations of the gaming commission to implement this card-based play?

**Mr ABETZ** - An exceptionally long question that started with, what was my personal view. Member for Clark, Mr Bayley should well and truly know that when I sit in this chair here, I don't have personal views, I have Cabinet views and the Cabinet view was expressed by the Premier.

**Mr BAYLEY** - One of the justifications for walking away from this commitment was the report by Deloitte that he commissioned and that he promised to publicly release. Is that going to be released? Can you make a commitment to the committee to release that report?

**Mr ABETZ** - I understand that is under State Growth, so it's not a report that comes to me per se, so I can't give any such an undertaking.

**Mr BAYLEY** - Last year the community support levy grants, as I recall, were not fully expended - there was money left over in the grant fund. Could you update the committee on whether the community support levy grant has been fully expended in the financial year?

**Mr ABETZ** - I can't, but I'm sure Mr Root can.

**Mr ROOT** - The answer is no; it hasn't been fully expended. There is a balance in the Community Support Fund. The commitment from the government to make \$8.36 million available has been upheld. The bids from agencies haven't totalled that amount, so there's been

-

**Mr BAYLEY** - Through you, Treasurer. How much has been expended?

## PUBLIC

**Mr ROOT** - There's been about \$7.5 million a year. The current nominal balance, I guess, in the fund is \$2.4 million, which is currently being held against gambling harm minimisation projects. However, that's awaiting the outcome of the government's considerations of the strategy.

**Mr BAYLEY** - Through you, Treasurer. If it's not being fully expended each year - it seems to be a consistent theme - is that a deliberate management approach to retain the \$2.4 million balance in there, or are the guidelines too prescriptive, that that amount of money is inaccessible to people? Is there something here that can be fixed? If this is all about harm minimisation, surely it should all go out the door each year.

**Mr SWAIN** - Through you, Treasurer, and Jonathan may have a more detailed answer. No, it's a consistent - it's just ensuring that the management of that fund is consistent with the policy position of a pause. The government may go in a number of different directions with their harm minimisation package, and we need to make sure there's some capacity to deal with whatever changes come out of that decision-making process.

**Ms JOHNSTON** - Treasurer, have you seen Deloitte's report - either the final version or the draft version or rough versions?

**Mr ABETZ** - No.

**Ms JOHNSTON** - Has Treasury been consulted by Deloitte on it at all in terms of providing figures?

**Mr ABETZ** - Did Treasury have any input?

**Mr SWAIN** - I haven't been. That was a State Growth report. I know it advanced as far as draft; I'm not sure if it was finalised or not, but it's a State Growth report.

**Ms JOHNSTON** - So, Treasury hasn't been asked to provide figures on the employment in that particular sector or economic impact or anything like that?

**Mr SWAIN** - I think we had some interaction, but pretty limited.

**Mr ROOT** - Yes, that's correct. I think we provided some advice at officer level on some of the statistics, but most of our statistics are available on the website as you know.

**Ms JOHNSTON** - Community service organisations are at the coalface of harm minimisation and picking up the pieces when people have been harmed by gambling of all sorts, and they are, again, subject to significant funding constraints thanks to the need for budget repair and the lack of raising additional revenue. What funding has been planned to meet the gap between indexation and actual cost of service delivery to ensure that services, particularly in the harm minimisation area, are not continually eroded, when it comes to community sector?

You've written to them asking them to find ways of saving money, to defer programs, cease programs. Their costs of operating are going up, too. It's not meeting an indexation that you're providing. What modelling has Treasury done to try to ensure that they're not going to continually have to cut back?

## PUBLIC

**Mr SWAIN** - Could I just say, we're getting into budget decisions for next year, I think. In terms of the letter that you're referring to, however, I just want to note that the budget consultation letter is intended to elicit views from informed stakeholders about what should be prioritised in relation to the budget in the portfolio area that they operate in. It's not intended to be a mechanism for requesting funding directly. That letter was, in the context of the current Budget, was reinforcing the point that its input on priorities for the sector that was being sought, not specifically budget requests.

**Mr JAENSCH** - Treasurer, can you please update the committee on the government's commitment to extend the payroll tax rebate?

**Mr ABETZ** - The government is supporting businesses and it had a payroll tax exemption for a number of categories. We have now limited that to apprentices, but what we're seeking to do is support a lifelong career pathway that's critical to the economy. There is, I'm told, a shortage of tradespeople, and therefore getting more apprentices on board seems to be a good social and economic thing to do. In the event that extra payroll tax were to be a disincentive for employers to engage apprentices, the government has taken this view that there should be a rebate of that payroll tax back to the employer as an encouragement for employment. In the most recent full-year data available, payroll tax rebate supported over 400 employers, in the employment of over 4400 employees, at a cost of about \$8.5 million.

Apprenticeships - multi-year, nationally recognised qualifications in traditional industries like plumbing, electric, carpentry and automotive that are critical to our economic future, and that rebate may be claimed for a period of up to two years for apprentices commencing their qualification through to 30 June 2026, meaning there will be cost of the rebate even without extending the rebate for apprentices, reflected in both the 26-27 and 27-28 financial years.

**Mr WINTER** - Treasurer, there was an announcement on 9 March from the Premier about there being a new small business startup permit which was to enable small businesses to trial their concept for 12 months with a single permit. Can you update the committee as to the progress of this?

**Mr ABETZ** - I would have thought that in State Growth.

**Mr WINTER** - You're not able to provide any - you're not aware of any progress towards this?

**Mr ABETZ** - Look, I don't want to make any comments in somebody else's ministerial portfolio. You will be able to get full advice from them.

**Mr WINTER** - In relation to your fiscal strategies, you outline in budget paper 1 that there will be a review of the fiscal strategies and there are 11 at the moment and there will be a review. What's the purpose of the review of those fiscal strategies? Is it to relieve pressure given that you're only currently adhering to two of those 11 strategies? Or is there another motive to this?

**Mr ABETZ** - Look, with all these things, there is only one motive, and that is to do the best thing by the people of Tasmania with the finances that we have and being mindful of the imperatives that are before us. Don't bother trying to read all sorts of motives into things. I think you can be assured that I'm in public life for one reason - to try to do my very best.

## PUBLIC

**Mr WINTER** - So, this fiscal strategy was only in place for a few short years, just post-COVID, and now there's only two of the 11 areas that are currently being met. Is your view that there needs to be a lift in the amount of debt that's carried under the fiscal strategies? Or are you or are you looking to redirect that to lower the target here for the amount of debt carried per-capita and per-GSP as per State Growth.

**Mr ABETZ** - As I indicated in my first speech, and I haven't changed my mind on that, government debt is something that ought to be avoided if at all possible. Deficit budgeting has never been something that has been attractive to me, and given the circumstances that I face as Treasurer, I'm seeking to do my very best to set all the parameters, strategies, et cetera, to wean ourselves out of deficit budgeting, getting back to where the budget is sustainable and then turning to the reduction of our debt.

**Mr BAYLEY** - Treasurer, I want to ask about the Human Resources Transformation Project - given widespread concerns that the project business case and cost estimates may be based on inaccurate or incomplete data -

**Mr ABETZ** - That's Premier and Cabinet I'm told.

**Mr BAYLEY** - Is that correct? We understood that it was Treasury and Finance, no? My apologies. In which case, can I go to the strategic action in the Budget around gross debt per capita? It sets 2032-2033 target of up to \$20,000 per capita of gross debt. It's higher than the current levels of gross debt per capita, a year where the preliminary outcome shows \$5 billion worth of net debt. Of course, eight more years and the debt's going to go to unsustainable levels. So why is the target so unambitious in 2032-2033?

**Mr ABETZ** - What? To reduce debt?

**Mr BAYLEY** - That's right.

**Mr ABETZ** - On becoming Treasurer, the initial flush or brain snap was, let's get rid of debt overnight. If you were to do that, you would have substantial shock waves in the economy, and that is why I've used the term before of needing to wean ourselves out of deficit budgeting to a sustainable level. We do that in a smoother glide path, I understand is the terminology we use these days, as smooth a glide path as possible to get ourselves into that position.

That requires a degree of what judgments, should the ambition be? So much this year, so much next year, so much the following year, and the amount set for each year? That can all be, debated and considered, but overall, be assured, we are seeking to reduce the increase in debt to a point where we hit net debt and then start paying it down.

**Mr BAYLEY** - Before I ask my second question, can I ask - we we're going to have some guests in from the border office?

**CHAIR** - It will be at 12.40 p.m.

**Mr BAYLEY** - Okay, thank you. I thought it was 12.30 p.m. I apologise. In relation to strategic action 4, which is the cost of debt to cash receipts, it sets a target of up to 7 per cent by 2032-33. This is higher than the 2024-25 budget preliminary outcome of 6.8 per cent.

## PUBLIC

Together with strategic action 2, it's another example of a target that's insufficient to address the budget crisis.

How do you justify these targets, as well as the failure to even be on a trajectory to head towards these targets? They just seem to be so unrealistic in the Budget and the forward Estimates.

**Mr ABETZ** - Your concern about debt is welcomed, and I would encourage you to assist in that regard and not just on one project, but across the board. I hear what you say, the Budget, which was delivered on 6 November, an interim Budget. We will have more to say about these things in May next year.

**Ms JOHNSTON** - Yesterday the Premier tabled the well-being framework for the government, which goes across the entire government and all departments. I asked the Treasurer whether you be considering developing a wellbeing budget, in which case the framework would be assessed, the budget recess against the framework. What role will the well-being framework play in determining budget priorities in budget repair and will cuts be tested against whether they harm the population's well-being? Will that be reported upon within the budget papers for May?

**Mr ABETZ** - Whether it's going to be reported upon in the budget papers still needs to be determined, but you can be assured that in every single area when we assess them, we will have to make decisions about priorities and that will be a difficult and time-consuming task. We will go through each and everyone as methodically as we possibly can, keeping in mind the social well-being.

**Ms JOHNSTON** - Will there be a well-being impact statement with the May budget in line with the well-being framework?

**Mr ABETZ** - That I don't know and time will tell.

**Ms JOHNSTON** - Something you could commit to doing?

**Mr ABETZ** - I'm not going to commit to that at this stage.

**Mr VERMEY** - Treasurer, can you provide the committee an update on the infrastructure spend in the 25-26 Budget please?

**Mr ABETZ** - In the 25-26, always well prepared, Mr Winter, as you know from Question Time in the House, that the Budget invests more than \$5.1 billion in infrastructure funding over the Budget and forward Estimates, an average of \$1.3 billion per annum. The Budget and forward Estimates includes \$3.4 billion in investments by the general government sector, with a further \$1.7 billion in equity funding to support investment by other government businesses and entities. Of the \$3.4 billion, \$1.6 billion is dedicated to roads and bridges; \$696 million in health and hospital infrastructure; \$305 million in schools and education facilities; and \$352 million in law and order, and this includes investments for new projects such as the new youth justice facility and the Northern Access Road as was agreed under the Hobart City Deal in 2018.

We have a lot of expenditure in hospitals and health, \$206 million, St John's Park Health precinct, 27 new mental health beds in southern Tasmania, Launceston General Hospital

## PUBLIC

redevelopment, Launceston General Hospital northern heart centre, the Royal Hobart Hospital diagnostic breast imaging, Launceston Hospice, Royal Hobart Hospital redevelopment and \$75.3 million in education capital works. Investment is being made in 15 schools as part of the school building blitz and that helps our school communities.

So, it's a good infrastructure spend and what we are seeking to do is invest in the future of our state.

**CHAIR** - Mr Winter.

**Mr WINTER** - There was an earlier interaction with Mr Bayley about the credit rating agencies. I just wanted to understand does Treasury have a date on which we're likely to receive a decision from Moody's or S&P around the determination on our credit rating?

**Mr ABETZ** - We are anticipating a determination relatively soon.

**Mr SWAIN** - The two rating agencies have their own cycle for decision making. One of them makes decisions typically in November. We would expect both to say something most likely before the end of the year but ultimately, it's up to them.

**Mr WINTER** - In terms of the sensitivity around that, there is some sensitivity analysis. I think in BP1, I can't find it for you right now, around interest rates, but have you done any specific sensitivity analysis around the interest rates payable should there be a decline in our credit rating?

**Mr ABETZ** - The Secretary has already, I think, addressed that to a certain extent in a previous answer, but yes, I'll hand over.

**Mr SWAIN** - I'll just say it's implicit, so the numbers that Treasury puts to the Treasurer for inclusion in the Budget reflects TASCORP assessment or interactions with the market and that reflects an anticipated outcome in terms of credit ratings and so I'm saying that expectations are built into the numbers in the Budget.

**Mr WINTER** - And what's the expectation then, that there'll be a downgrade?

**Mr SWAIN** - I'm not wanting to comment on that matter.

**Mr ABETZ** - We don't speculate on that.

**Mr WINTER** - I might get to that in the GBEs. The other question I wanted to ask is around infrastructure, running on from that excellent Dorothy Dixier.

**Mr ABETZ** - I'm glad you enjoyed the information.

**Mr WINTER** - There is a very large project on the horizon, the stadium, which will take up a lot of the infrastructure and construction industry. Is the government considering as part of its budget repair plan the deferral or cancellation of any existing infrastructure projects currently in the pipeline?

## PUBLIC

**Mr ABETZ** - Not at this stage, but you know, with all these things, you take everything into account and make the necessary decisions when and as they need to be made, but not at the stage.

**Mr WINTER** - There's been a commitment previously within Treasury -

**CHAIR** - One last question.

**Mr WINTER** - around making sure that there is a proper cost-benefit analysis done on new infrastructure projects. I believe that might have been in the previous Budget, this year in the cancelled budget, is that still the case and if so.

**Mr WINTER** - this year in the cancelled budget. Is that still the case and if so, will those projects that are already in the pipeline be considered and have a cost-benefit analysis associated with them to determine whether they go ahead or indeed are deferred?

**Mr SWAIN** - There was an updated capital investment guideline prepared in the last year that requires businesses over a threshold to do a cost-benefit. I believe it's \$50 million from memory. There are some transition issues where a couple of businesses have said, 'we're so far along, we've been doing this for several years. We don't want to go back and do it again', but -

**Mr WINTER** - Do you know what those projects are?

**Mr BURGESS** - Through you, Treasurer, the main one we've had is TasNetworks with the North West Transmission. Part of the consideration was how far they were through the project, but also the regulatory investment test that they have to go through with the Australian Energy Regulator (AER) which pretty much satisfies the cost-benefit analysis.

**Mr WINTER** - That sounds sensible, to be honest.

**Mr SWAIN** - I was going to finish off that that would be very much by exception. There might be one or two of those and then the guideline is enforced.

**Mr WINTER** - Outside those exceptions everything will go through that. Thank you.

**CHAIR** - Before you go on, Mr Winter, it's 12.41 p.m. now and as agreed by the committee, examination of the Estimates contained in Appropriation Bill No 2 may commence, with representatives from the Tasmanian Audit Office outside the room.

Would the committee like the representatives to attend the table? The committee should note that this would constitute the end of the examination of the current outputs with the Treasury officials. Committee, what would you like to do? Do you want to keep going with questions or bring them in? Okay, you're happy to bring them in.

The time then for scrutiny of the current outputs has expired. Treasury officials may now leave the table. Thank you very much. Treasurer, if you could remain, and examination of the Tasmanian Audit Office Estimates will now begin.

Thank you for your attendance.

# PUBLIC

Could we have a quick changeover please.

## **DIVISION 14 -** Tasmanian Audit Office

**CHAIR** - Welcome to the committee. Please identify yourselves and we'll start the questions. Thank you.

**Mr THOMPSON** - Martin Thompson, Auditor-General.

**Mr WASSELL** - Jonathan Wassell, Deputy Auditor-General.

**CHAIR** - Thank you very much.

**Mr BAYLEY** - Auditor-General, Deputy Auditor-General, thank you gentlemen for coming in. I have a question in relation to your assessment of TT-Line's liquidity and your assessment that they are insolvent. Obviously, the Government has vehemently disagreed with you on that and pointed to a range of issues, including the fact that they would never let it become insolvent because it is so important.

What is your response to the government's position in relation to TT-Line?

**CHAIR** - Committee members, may I just remind you that it's questions through the Treasurer.

**Mr BAYLEY** - Through you, Treasurer, I apologise.

**Mr ABETZ** - For the record, I'm very mindful of the fact that we have an independent statutory authority in front of us and I won't be seeking to intervene in relation to any answer that is given. While technically the questions come through me, my role here is simply to be the conduit.

**CHAIR** - Thank you very much.

**Mr BAYLEY** - Or any question asked presumably then.

**Mr ABETZ** - Yes.

**Mr BAYLEY** - Thank you.

**Mr THOMPSON** - Thank you for that acknowledgement, Treasurer.

I don't have a position on the government's position as such, however, it would perhaps be worth reiterating the process and how I came to the conclusion and my opinion.

I have an obligation under the *Corporations Act* to notify ASIC where I develop a reasonable basis for a suspicion of the breach of the requirements. That's a legal obligation on me personally. Under or through our audit processes, we look for evidence to support the assertion around both the going concern and the solvency issues. Solvency is simply defined under the *Corporations Act* as the ability to pay your debt as and when it falls due. It's not

## PUBLIC

time-limited, so we need to consider that out into the foreseeable future. Going concern is limited to really, effectively 12 months after the issue of our audit opinion.

We formed a conclusion based on evidence that we deemed to be sufficient and appropriate in line with the relevant auditing standards, that there was a reasonable basis to suspect that the company would not be able to pay its debts after the relevant period - so, we're talking about after October 26 - based on the evidence that was available at that point in time. To perhaps recap the evidence that it was available at that point in time: the corporate plan and the forecasts embodied within that corporate plan. We had substantial additional conversations and engagement with the entity in an endeavour to sort of explore that, but at no point in time were they able to provide any additional evidence to support the assertion.

Other people can form different conclusions and different opinions, but my conclusion was based on the requirements with the auditing standards in the legislation along with our own internal methodology. It went through a peer-review process, a technical review committee process, so I'm very comfortable with the conclusion that I formed at the end as a result of this.

**Mr BAYLEY** - Since you've formed that opinion, government has made statements - I assume the corporate plan hasn't changed, but the government's pointed to the fact that surplus ferries will be sold in due course and so forth. Has anything new come to light in your mind that has given you cause to change your mind or change your view on the insolvency issue of TT-Line?

**Mr THOMPSON** - I think, just to clarify, the proposed sale of the surplus of the existing ferries was embedded in those original corporate plan forecasts, so that was considered as part of my initial evaluation. I don't have an ongoing monitoring role in relation to the operations of the company. I really need to form an opinion at a point in time, but I haven't been presented with anything that would change that opinion at this point in time.

**Ms JOHNSTON** - Treasurer, the Audit Office, in its recent audit of state entities, raised concerns about the amount of executive payouts. It was so concerned, it said:

As part of the development of our forward work program, we will engage our stakeholders, including the Public Accounts Committee, to assess whether it's in the public interest to divert some of our limited performance audit capacity to review executive appointments, contracts performance, remuneration and termination, with the objective of addressing the questions raised in this analysis.

Treasurer, is this something that you would like to see occur, and would you like to see it also extended to executives in government agencies as well?

**Mr ABETZ** - For the purpose of this hearing, I will take that question on notice. I think, in fairness, it is for the Auditor-General as an independent statutory authority, and I had sought in my initial comment to say that I did not wish to contribute to the examination of an independent statutory authority.

**Ms JOHNSTON** - Well, then my question perhaps is to the Auditor-General. You noted that you have limited performance audit capacity due to budget constraints. Is that something

## PUBLIC

you'd like to be able to see prioritised, in terms of the forward planning for audits over the coming year? How important would it be?

**Mr THOMPSON** - Yes. The most difficult task we have each year is determining our forward work program. There is a finite amount of resources, and with the efficiency dividends and the expirations in funding in relation to our data analytics endeavours, that process is going to get more difficult over time, as our funding levels for the performance audit activities reduces. So, we are faced with making decisions about what we choose to investigate and audit, particularly in that performance audit area, and to what extent we may follow information we identify in our financial audits outside of the scope of the financial audit and into areas of efficiency, probity and the like.

I think the short answer is we believe the parliament would warrant a broader level of coverage; we believe - we don't believe, independent benchmarking analysis indicates that our resourcing is at the lowest level for performance audit activity across the Australasian Councils of Auditor-General's groupings. On a percentage of transaction level, again, it's very much at the lower end of the spectrum in terms of where we sit. We also think that an increase in funding to the Auditor-General would likely lead to the identification of more areas for efficiency and saving. We are interested in engaging with, and indeed, we have a scheduled meeting with the Treasurer in understanding how we can work with areas such as the EPU.

We're not about implementation as such, but we do think that there are opportunities. A very simple example, we recently did a review of the management of the department of office accommodation. The state spends about \$47 million a year accommodating public servants, there is limited level of data around the utilisation of workplaces, and we haven't changed the approach since pre-COVID, so notwithstanding the large number of people working remotely, we still tend to have a desk for each person. There's potentially a 10 per cent saving in that area: it could be twice our funding on an annual basis. We think with more resources - and again, not everything we do is about efficiency - but with more resourcing there is more work that we could do to identify areas of savings that perhaps could be focused on, and the implementation of recommendations could be ensured by other parts of government.

**Ms JOHNSTON** - Without wanting to put words into your mouth, an increase in resources to the Auditor-General's office might provide a greater evidence base for budget repair and saving measures for Treasury to rely on in future budgets.

**Mr THOMPSON** - Yes, I think at the moment the ministers have very little transparency and insight into the financial performance of the larger departments. It is difficult for ministers to identify the financial performance, the operation performance and the efficiency of agencies. The Department of Health, our largest agency, has 403 key performance indicators; they failed to achieve 249 of those this year, and that resulted in an achievement rate of 38 per cent. Nowhere is there any public analysis of the whys and the hows and what's happening in that space.

Equally again, the Department of Health over the last four or five years from 2022-2025 saw admitted patients in health increase by 19.5 per cent; we saw elective surgery increase over that same 2022-25 period by 10.9 per cent; the costs of meeting that increased by 42.4 per cent, and our patients are up by 22 per cent. ED presentations are up by 5 per cent over that same 2022-25 period, however, the costs of meeting that are up to 38.8 per cent.

## PUBLIC

This is all publicly-available information, but it's not all in the one spot, or it's not all analysed and it makes difficult the assessment of performance and the accountability process. They are areas that we could certainly highlight if we had more capacity in that space.

**CHAIR** - I will go to Mr Winter and then I will go to you, Mr Jaensch.

**Mr JAENSCH** - No, my matters have been substantially -

**CHAIR** - Okay, thank you.

**Mr WINTER** - Thanks for being with us. How many people are in your office and how many of those were involved in the audit and opinion on the financials of TT-Line?

**Mr THOMPSON** - Our office has 63 employees, 58.5 EFT. The core team that worked on TT-Line would be about six of our team members, but as part of the process, we engaged with our technical review committee in terms of reviewing certain aspects which includes the executive level. Members of all of my assistant auditor-general's were part of that process; there's another four or five in there.

**Mr WINTER** - To your knowledge, has the Tasmanian Audit Office ever referred directors of a state-owned company to Australian Securities and Investments Commission (ASIC) in the way that it did?

**Mr THOMPSON** - Not to my knowledge.

**Mr WINTER** - The referral is unprecedented. The team was six members of your team worked on, it was reviewed by all of your assistants. It is unprecedented. Can you explain on that basis, what the measure of solvency was that you assessed here to come to the opinion that you did?

**Mr THOMPSON** - Just to clarify in terms of precedent or unprecedented: as part of our process is we did engage with our heads of financial audit through the ACAD group and we did identify that there were a number of other occasions when notifications have been made in other jurisdictions.

For an Auditor-General to notify ASIC is not, from an Australasian perspective, not unprecedented, but I believe it is the first instance from Tasmania. The test of solvency is relatively straightforward. It's the ability to meet your debts when they fall due. Insolvency is defined under the *Corporations Act* as not being solvent.

Our test was to find sufficient appropriate audit evidence. So that goes to the volume of evidence and the appropriateness or the relevance of the of the information to support that assertion. As I mentioned, there's not a time limit on that, and the further out in time we get, the less emphasis or focus we have. What we have with our analysis of TT- Line and the corporate plan and where it was in the life of the project is we have an entity and we track the cash flows of the entity back to 2007.

We looked at the forecasts in the corporate plan to see whether they would be post the construction and with the level of debt projected at the time we were doing the analysis, whether those cash flows will be able to meet that debt servicing requirement. In short, they

## PUBLIC

weren't. Our analysis of those forecasts were that they would not support that debt-servicing cost into the future. So they wouldn't be able to pay that without intervention of some form.

**Mr WINTER** - When you raised these concerns on 21 July. Correct me if I'm wrong, the dates were 21 July? Your task as the auditor, with determining whether the company's a going concern, and then under the *Corporations Act* you're tasked with making a opinion about whether it's solvent or not. Did the resolution that came from government and TT-Line was an increase in their borrowing limit by an extra, bit over \$400 million. Was that designed to satisfy you, or did it satisfy you in any way about the financial state of the business?

**Mr THOMPSON** - When we looked at the corporate plan, which was provided to us, it was finalised at the end of April, sent to shareholder ministers on 30 April. We accessed that around mid-May, which was just part of our cycle. That was a significant trigger of concern. It identified that the level of funding required to complete the projects was beyond the level of debt available to the company at that point in time. That triggered a going-concern basis within the relevant period. But the solvency concern, which was also triggered by a review of the corporate plan, is more about the ability to service the level of debt that we were talking about at that point in time post the construction.

In terms of our timelines: we developed our concerns at the date of the review of the corporate plan. We had a series of conversations, including conversations with the TASCORP CEO as part of our cyclical engagement processes. That was on 26 June. On 11 July, after internal consultation, including the technical review committee, which I mentioned a moment ago, that's when I formed my opinion that the company was insolvent. It's an important date because the act triggers a 28 daytime limit to notify our -

**Mr WINTER** - 11 June or July?

**Mr THOMPSON** - Sorry, 11 July. The act triggers a 28-day time-limit to notify ASIC. We went through and we had a number of additional conversations internally and with the company, then on 22 July, I advised the TT-Line formally that I'd formed that opinion and I was to be notifying ASIC under section 311 of the act.

However, in those discussions I did give an allowance for the seven-day period for TT-Line to provide any and all other information that may have a bearing on the decision. No substantive information, or no information was provided that would change that conclusion.

**Mr WINTER** - During that period they had their debt extended by 400 million.

**Mr THOMPSON** - The extension of the debt partly overcomes the going concern in that provided a pathway through to be able to pay their debt as and when it falls due up until the date of the next audit opinion. The problem we had with solvency was that once we go past that period and we get into the ability to repay that, based on the forecasts that were provided to me and available at that time, the cash flows from the business wouldn't support the ability to repay that debt.

The additional borrowing limits provides a pathway for the project to be completed, for the ships to be finished, for the berth to be constructed, but all along we're looking at the cash flows post the construction and their ability of that to meet the debt requirements.

## PUBLIC

**CHAIR** - Last question, Mr Winter.

**Mr WINTER** - What would be the implications for TT-Line if you weren't able to be satisfied that the company was still a going concern?

**Mr THOMPSON** - If the company was not a going concern, then we would qualify our audit opinion, we would - depending on the actions taken by TT-Line - they could elect to prepare their financial report on non-going-concern basis. If not, we would have a qualification of the financial report, which would indicate that we didn't think that the financial report presented a true and fair view.

**Mr BAYLEY** - You mentioned before you do not sort of maintaining or watching brief on this now; you haven't updated your advice your view is your advice, your view is your advice stands. What does happen next from the Auditor-General's perspective in relation to this issue?

**Mr THOMPSON** - We commence our audit planning for the 25-26 financial statement audit of TT-Lines imminently. We've got a request in about some of the protocols of commencing that and we expect at this stage we will be up in Devonport early December to start our audit planning.

**Mr BAYLEY** - That will be delivered - next year's one would be delivered-

**Mr THOMPSON** - Next year's - but from a from a reporting perspective, we will only form an opinion, as I've formed an opinion at a point in time and made that notification. There's no obligation on me to re-notify or update that status, but from our reporting perspective, we're now into the 25-26 cycle and we will, in the fullness of time, form an opinion on the financial report for 25-26.

**Mr BAYLEY** - There's concern in the PIFO and others around the debt levels being incurred by some of the other government businesses. This popped up as part of your look into the private non-financial corporations more broadly. Are there others that you haven't kind of put on the public record yet that you've got a watching brief on, or that you've got sort of alarm bells ringing in your mind about their, their solvency or their ability to survive into the future given those debt levels?

**Mr THOMPSON** - There are no others that are in what we would say the same spaces as TT-Line. We have a very thorough risk assessment process for all of our auditees, and longer-term sustainability, asset management renewal, these are all common areas of risk that are considered as part of all of our audits. It's fair to say that TT-Line is the only one that we're at this level of reporting.

**Mr WINTER** - I was going to continue on the same line, actually around in your reporting table 7; this is in the Public Non-Financial and Public Financial Corporations report. It lists the debt-to-equity ratios of a number of companies, including TT-Line at 209.4 per cent; I'm sure that some way led to some of the conclusions you made, but also TasNetworks at 152.7 per cent, Tasmanian Irrigation at 100 per cent. What's the level of comfort at having government businesses at those sorts of debt-to-equity ratios?

## PUBLIC

**Mr THOMPSON** - Both of those have different factors and, again, not speaking for management of those organisations, but both of those have different reasons why their debt levels are where they are, and suffice to say from our audit perspective, we're comfortable that they don't represent either a going concern or solvency issue at this point in time.

**Mr WINTER** - In terms of TT-Line, then, and that 209 per cent debt-to-equity ratio, going back to my earlier question, is that forming part of your metric in which you measure the solvency?

**Mr THOMPSON** - It is part of it that what we will see is - and, again, I should note that the forecasts that we relied on have been withdrawn by management and they're working on new forecasts which we are yet to see, but based on those forecasts, which were the best available at the time, the debt-to-equity ratio is likely to increase because company is forecast to continue to incur operating losses, which will lower their level of equity, and they're continuing to generate relatively flat cash flows, or very low and negative cash flows from operations when you allow for the interest costs that will be increasing. In terms of solvency, it is more about the cash flow that the business can generate to meet its debts, but having said that, because of the nature of the forecast, that debt-to-equity ratio will likely worsen over time as the equity is reduced.

**Mr WINTER** - When was the first date in which you informed government of these concerns?

**Mr THOMPSON** - We engage with the state sector, rather than the minister or government directly, and we report to parliament rather than the government. On 31 July we advised the secretary because we were in caretaker mode and given the nature of the transaction, we advised the Secretary of the Department of Premier and Cabinet at that point in time and on the same day, 31 July, we advised the Acting Secretary of the Treasury. As the shareholder representative, we advised Treasury and Finance and, from the caretaker provisions, we advised DPAC on 31 July.

**Mr WINTER** - In terms of the modelling that you were provided and you had concerns about, was it that you didn't believe the modelling or the modelling didn't support the level of borrowing and the business being solvent?

**Mr THOMPSON** - The modelling and the assumptions under the underlying the modelling, we felt, were quite optimistic, given the changes in the environment, so significant increases in freight capacity in the environment, which I'm not sure were consistent with the forecasting in the modelling, significant increases which are yet to be seen, so the underlying assumptions were, we felt, trending significantly away from the current operations and we didn't see necessarily the basis to support that. We had concerns about perhaps whether the base case could be achieved.

**Mr WINTER** - One last one from me for I handball over: you've reported to ASIC, which you're obliged to do under the act; have you heard back from ASIC, or would you expect to hear back from ASIC around that?

**Mr THOMPSON** - No, I haven't and no, I wouldn't necessarily expect to hear back from ASIC.

## PUBLIC

**Mr BAYLEY** - Conscious of time, just quickly, the other audit you did that I was interested in as the local member was the sale of the Wilkinsons Point land process. I will go quickly to the recommendations because I know we're running out of time. Are you content with the way the government has responded, largely supported your recommendations, or accepted them in principle, and do you feel as if a repeat of the situation where this land was purchased without a business case has been well heard and well addressed?

**Mr THOMPSON** - Just to again clarify, so we made those recommendations to the Department of State Growth. One of the challenges we had with that audit was we weren't able to access the relevant Cabinet documents and decisions, so it was difficult for us to understand the adequacy of the advice provided to Cabinet and then the direction coming out of the Cabinet as part of that process. That's a topic for a different conversation, but broadly, we are comfortable with the responses provided by the Department of State Growth and the actions that they're proposing in relation to that particular proposed transaction.

**CHAIR** - That brings us to the end of the scrutiny. Thank you very much, Mr Thompson and Mr Wassell. The next portfolio to appear before the committee is the Minister for Macquarie Point Urban Renewal. Minister Abetz, you will be back, and that will start at 2:00 p.m.

**The committee suspended from 1.11 p.m. to 2.00 p.m.**

### **DIVISION 29 - Macquarie Point Urban Renewal**

**CHAIR** - It's now 2.00 p.m. The scrutiny of the Macquarie Point Urban Renewal portfolio will now begin. Welcome everybody, I welcome the minister and I'd ask you, minister, to introduce persons at the table for the benefit of Hansard.

**Mr ABETZ** - Immediately to my right is the secretary of the DSG, Craig Limkin, to his right is Matt Healey from the (DPAC), Deputy Secretary for

**Mr HEALEY** - Strategy and delivery.

**Mr ABETZ** - To my left is Anne Beach, the CEO of the Macquarie Point Development Corporation. Can I indicate to you, Chair, that Mr Avery is currently in another Estimate with Mr Duigan, but should be available at 2.30 p.m. for questions that might be related to Stadiums Tasmania and how that fits in. Should questions be pursued, we do have Mr David Large in the back who is the chief operating officer. If I may make a brief opening statement -

**CHAIR** - We're not quite there yet minister. The time scheduled for the Estimates for the Minister for Macquarie Point Urban Renewal is three hours. I intend to take a break at the halfway mark for 10 minutes. Now, over to you to make a brief opening statement?

**Mr ABETZ** - Yes, in this term, the government made a purposeful and strategic decision to establish Macquarie Point Urban Renewal as a standalone ministerial portfolio. This reflects both the significance of the opportunity before us and our commitment to prioritising the transformation of Macquarie Point. Our government has a clear vision to transform Macquarie Point from an underutilised wasteland into a vibrant mixed-use precinct anchored by the Macquarie Point Multipurpose Stadium.

## PUBLIC

The stadium is a once in a generation opportunity to reshape Hobart's waterfront, drive economic activity and deliver benefits for the Tasmanian community, including our very own AFL and AFLW teams. It will activate surrounding zones and drive investment and connectivity across the precinct. It will provide a home for elite sport beyond AFL, including, but not, limited to cricket. It will be capable of hosting major concerts in a new conference and events facility for Tasmania beyond the current offering. Without the stadium, our vision for Macquarie Point cannot be fully realised. Without the stadium, there will be no AFL teams.

This Budget includes provision for our investment in the Macquarie Point precinct. Equity funding of \$609 million is provided over four years for the Macquarie Point Multipurpose Stadium. The funding includes \$354 million of the state's total commitment of \$375 million, the Australian Government's total commitment of \$240 million, and the \$15 million commitment from the AFL, expected to be received in 2027-28. I thank the committee.

**Mr WILLIE** - Minister, we've had a role in the approval of this project. It's obviously sitting with the Legislative Council and if they vote to approve the project, it'll be over to you to build it. We'll be holding you to account. I'm interested in, if there is an approval from the Legislative Council in a couple of weeks, what the timelines are. If you can talk us through that process. So, you'll be going to market, you'll be looking for a tier-one provider, I assume, you'd be testing the market. If you could talk us through the timelines and when you expect to start construction?

**Mr ABETZ** - I think the CEO of the MPDC is the best person to provide that answer for you.

**Ms BEACH** - Thank you, through you minister. We have done market sounding, building on the market sounding that was done last year -

**CHAIR** - Excuse me, Ms Beach, would you mind speaking up a little? It's just a little bit difficult to hear.

**Ms BEACH** - We have done market sounding, as you noted, following on from the broad market sounding on the whole precinct last year, and this was our market sound was focusing on tier-one and tier-two contractors, both interstate and locally. There were nine different firms that we engaged with over the last few weeks. That's helping us prepare for, as you noted, to go to market for the main construction contract.

We would intend to start that in January after the matters that are before the parliament are resolved. The first stage of that will be an expression of interest process. Following that, we'll select one or more firms to go into the request for tender process. Allowing for assessment from expert advice through that process and negotiations, we expect to have a contractor in place in the fourth quarter of next year.

**Mr WILLIE** - In the?

**Ms BEACH** - Fourth quarter of next year.

**Mr WILLIE** - Fourth quarter. So, you won't start construction until the end of next year?

## PUBLIC

**Ms BEACH** - Through you minister. We will be doing site preparation. This is for the main construction of the stadium and associated work, such as the landscaping around. The early works will be progressing following approval from the parliament, the methodology to pack down and store the Goods Shed for it to be re-erected and site excavations for the historical feel.

**Mr WILLIE** - Minister, what will the nature of the contract be? Will it be a fixed-price contract for construction? Can you talk us through that?

**Mr ABETZ** - Look, I will leave that with Ms Beach, but I assume that with our market testing, well, with our approach, we will see what the market has to offer.

**Ms BEACH** - Through you minister. It's a design and construct - so, design, develop, construct form that we're going through, which will require a price to be established through that process.

**Mr WILLIE** - What are the different options available to you to agree to?

**Ms BEACH** - In terms of?

**Mr WILLIE** - In terms of the contracts.

**Ms BEACH** - We are working with Crown Law. Also through Crown Law, we are working with MinterEllison for expert construction and delivery advice. We have focused on a design and construct model. We did a procurement analysis at the start of the process that was then reviewed again through the market testing process, and we have focused on design and construct. That enables us to have as much price certainty as possible, going into the commencement of that contract.

**Mr BAYLEY** - Treasurer, you repeated again just now that the equity funding into this project in the Budget is \$354 million of a total government commitment of \$375 million. That's what you said, in your opening statement and, obviously, it has all the hallmarks of the Premier's commitments around '\$375 million and not one red cent more'. Of course, we know now that, through Macquarie Point Development Corporation, there is \$490.7 million to be borrowed to pay for the construction, and if there are further cost blowouts there will need to be further borrowings. Can you detail the plan around security for that loan, security for the borrowings, and debt servicing of that loan?

**Mr ABETZ** - Right, in relation to the 375, that was the initial injection and, as part of the business case we said that is what was going to be provided, and the rest would need to be made up of borrowing, so that was always on the agenda. Of course, the people of Tasmania will be the beneficiaries of both the loan and the stadium. When you talk about what the borrowings might be and the interest payments, don't forget on the other side of ledger, there is going to be this transformative stadium that will deliver many good economic results and be transformative and be a huge economic enabler.

**Mr BAYLEY** - The question was about security and debt servicing though, what security is put up against -

## PUBLIC

**Mr ABETZ** - It is the state government that is the security. The state government will be the owner of the stadium, which one assumes, will be a substantial asset for the benefit of the people of Tasmania.

**Mr BAYLEY** - You'd have to agree then, that the statement of \$375 million being a total commitment from the state government, is not entirely true if you take into account the fact that Macquarie Point Development Corporation is a state entity and it will borrow \$490 million. Do you accept that the State Government's total commitment is the \$375 million, plus at least the \$490 million?

**Mr ABETZ** - Look, that is the total commitment. Let's be clear, the very initial business case said, 375 and borrowings.

**Mr BAYLEY** - Borrowings were part of the capital, though.

**Mr ABETZ** - Yes, and borrowings. That's always been in the public domain, and people have been playing word games. I think the 375 - which was a discreet figure - and borrowings, I think most people understand what this meant.

**Mr BAYLEY** - Just for the record in this committee, I know it has been talked about in other committees, but could you detail the annual debt servicing obligations of the government to meet the servicing costs of that \$490.7 million?

**Mr ABETZ** - I have read this into the record previously, for 2025-26 \$7.2 million, then 2028-29 \$7.2 million and then 2029-20 it goes to \$21.9 million and then to \$30.7 million and then to \$32 million in the year 2031-32.

For the record, can you confirm that Macquarie Point Development Corporation or indeed Stadiums Tas, if they own this asset, they won't be servicing that debt going forward? Can you confirm that it's coming out of the general government sector and that that \$30-plus million a year will be an operational expense to the budget going forward?

**Mr ABETZ** - It will be an operational expense to the budget going forward, keeping in mind that the delivery of the stadium will also be providing income for the budget offsetting that operational expense.

**Mr BAYLEY** - But we've established already in other committees, you don't know how much that is.

**CHAIR** - Mr Bayley, we'll go to Mr O'Byrne and then Ms Johnston.

**Mr O'BYRNE** - Minister, I want to clarify an issue around the timing and various milestones with the project, and it was reported again in the media today about penalty payments paid to the AFL. Could you clarify that for me, because my understanding is that money, if we don't achieve, or if you don't achieve, the milestones as per the agreement, regardless of the negotiations around flexible time with the recent election, but that money goes to the club, not to AFL. That's right, isn't it?

**Ms BEACH** - Yes, that's right. It was included in the negotiations in the deal because it's to reflect the offset revenue. One of the key elements of having the stadium available to the

## PUBLIC

club is the additional revenue that it will generate to support the club and that was the intent. It's not a penalty payment as such, it's to support the operations of the club.

**Mr O'BYRNE** - It's not true to characterise it as a penalty payment to the AFL, is it?

**Ms BEACH** - That's right.

**Mr ABETZ** - It means the money stays in Tasmania with the club.

**Mr WILLIE** - It's called a make good clause, I think.

**Ms JOHNSTON** - Chair, going back to the question that Mr Bayley was asking around the modelling, this morning in Estimates, you indicated that you hadn't received any modelling from Treasury, and you didn't think you could do it. Indeed, in relation to the revenue coming into state government from the stadium and the economic activity generated by the stadium. How can you then continue to say that there's enough revenue coming in to cover the debt-servicing cost, let alone anything additional to that?

**Mr ABETZ** - I've been through a number of examples. First of all, a payroll.

**Ms JOHNSTON** - None of those have come close to the debt-servicing costs even in the first year of \$7.2 million.

**Mr ABETZ** - If I can finish, we begin with a payroll coming to Tasmania that has not previously existed of \$44 million, which I would have thought in anybody's language is sizable. That payroll will be part of paying people who will be coming from interstate to Tasmania. One suspects they may buy houses. They will be paying stamp duty on those purchases. The AFL itself will be paying payroll tax of about \$2.5 million per annum. If a hotel is built, as everybody says is exceptionally likely to occur, if not two hotels, as a result of the stadium, then there will be substantial payroll for those involved in servicing that hotel, or those hotels, where there would be a further flow-on of payroll tax payable to government coffers.

And so, the list goes on. The Lord Mayor herself, in the report that she doesn't want us to look at but did tell us that there would be \$179 million of extra economic activity within the Hobart City Council.

**Ms JOHNSTON** - That doesn't necessarily come back to Treasury, Treasurer. I go back to the question; you've given me a lot of speculation. Can you show me any evidence where there is clear correlation between the economic activity and the money coming into state revenue to actually pay for the debt-servicing costs?

**Mr ABETZ** - As I said earlier in the hearings in Treasury, I recall a business being started up with a substantial loan that had no equity other than two people.

**Ms JOHNSTON** - You need some evidence of the income.

**Mr ABETZ** - People wanting to have a crack at making income and thankfully that was a successful venture, but is there proof that people were going to come through the door? There was no proof. It was a supposition. I would like to think a reasonable supposition. With any business enterprise and with any infrastructure project of this nature, of course there are risks,

## PUBLIC

but to continually demean and discount every single benefit, be it payroll tax from AFL, be it stamp duty, from people coming to the state-

**Ms JOHNSTON** - I just want to understand, is it enough to pay the debt-servicing cost?

**Mr ABETZ** - We believe that it will be such an economic enabler that it will be of benefit to Tasmania for Tasmania's economy.

**Mr JAENSCH** - Minister, in her answer to an earlier question, Ms Beach referred to a market-sounding process. I understand that there's this has been referred to before at different stages of the project in terms of delivery partners and potential construction parties. Could you please outline what the market sounding processes have been in association with this project?

**Mr ABETZ** - That I can, a two-stage market process has been undertaken. First to test interest in the market to partners to develop the project, and then a follow-on process to engage with construction firms to prepare for the delivery of the stadium. On 17 December last year, the government invited suitably experienced parties to register interest for a market-sounding process for the urban renewal of Hobart's Macquarie Point precinct, including the stadium.

Registrations closed on 17 January this year with 42 interested parties submissions received. During 2025, representatives from across government held 30 meetings with a range of local, national and international parties including equity sponsors, construction contractors, facilities, maintenance and specialist contractors. All interested parties were also invited to complete a questionnaire to help inform the market-sounding process. There was a strong interest in the site.

It was important for the government to seek guidance and feedback from the market before commencing construction to confirm the continued interest in commercial opportunities on site and to determine the best delivery approach. Through this process, an inter-departmental review was undertaken to determine the most cost effective and responsible method of delivering the stadium and development of the site more broadly and as a result of that advice were resolved to continue our work to deliver the stadium directly.

Market engagement highlighted that a market-led response would not provide improved cost or timeline delivery outcomes for the community. Further, it highlighted that developing the stadium as the foundation development on site first will increase the value on the surrounding land. It also highlighted the benefit of continuing with the master planning work that is underway prior to land releases to provide certainty and support development.

The corporation is leading master planning for Macquarie Point, working closely with TasPorts and will continue to oversee the design and construction of the stadium working closely with Stadiums Tasmania. The second stage of market sounding was undertaken by the Corporation in October in this year in preparation for the release of the expression-of-interest process for the stadium construction, engaging with potential contractors to highlight the upcoming opportunity.

This provided an opportunity to outline the process and seek feedback ahead of the procurement process commencing in January pending parliamentary approval of the 25-26 budget appropriation bill.

## PUBLIC

**Mr JAENSCH** - Embedded in that answer, Minister, you mention-

**CHAIR** - We're going to Mr Willie now.

**Mr JAENSCH** - Can I not explore the content of that -

**Mr WILLIE** - In a minute you can.

**Mr JAENSCH** - How come everybody else gets to run a bunch of supplementaries and I don't?

**Mr WILLIE** - What I heard earlier, minister, was how you share risk with the contractor through a design-and-construct contract, which will be one of your decision-making points. How will you ensure that local companies are able to participate in this opportunity through the contract? Obviously we have some great Tasmanian businesses and local content's really important. I think a lot of Tasmanians will want to see local content in the construction of it and also in the stadium when it's running.

**Mr ABETZ** - I can assure you, so does the state government, but over to Ms Beach.

**Ms BEACH** - There are multiple layers there. There's the sourcing of materials, there's the workforce that does the work, and there's also, as you noted, the actual product that's in the stadium once developed. All three of those are important elements in the planning.

As part of the government's Buy Local policy, 30 per cent of our assessment criteria is the social and economic benefit to the Tasmanian economy. We will be setting expectations around the contractor needing to set up pathways for not only existing people in the workforce but apprentices and making sure we maximise the opportunities for local participation where those opportunities exist. Part of the assessment will be looking at those specific benefits.

We've also looked at materials and as part of our market sounding we have been looking at the time we've provided for the second stage, the request for tender stage, to make sure there's enough time to engage with local firms, which is one of the feedback items which noted that a little bit more time will allow for more genuine engagement with the local market to make sure we maximise participation there as part of setting prices and setting teams for those bids.

Minister, James Avery, the CEO of Stadiums Tasmania, who might be joining us later, could provide some advice on the engagement that's happened with food and beverage providers. We will ensure there is provision for local providers in addition to some of those larger companies that will support supply in the stadium.

**Mr WILLIE** - There's lots to unpack there. The contract will need to reflect at least 30 per cent local companies -

**Ms BEACH** - To clarify, the weighting of our assessment criteria has a 30 per cent allocation to how the bidder will look to provide benefit to the Tasmanian economy.

**Mr WILLIE** - Okay. I assume because the construction starts towards the end of next year, that will allow the companies that are successful to scale up their workforce and do that workforce planning?

## PUBLIC

**Ms BEACH** - Yes, and by doing some disaggregation and site preparation in advance of that, it does provide pathways for local participants by pulling that out of the major contract as well.

**Mr WILLIE** - Because we would have lost some of the workforce after the Bridgewater Bridge concluded.

**Mr ABETZ** - That stands to reason.

**Mr WILLIE** - I'm interested in the -

**Mr ABETZ** - That's why we are anxious to see other infrastructure projects in Tasmania.

**Mr WILLIE** - I'm interested in the engagement with schools as well in terms of the apprentices that could be involved in the project. Do you have an understanding of how many apprentices might work on the project?

**Ms BEACH** - We have been working on a workforce plan with Keystone through Skills Tasmania to help with some of those pathways, looking at how we can tap into the Jobs Hubs that exist, and it will be a requirement on the contractor to have what's called a 'connectivity manager'; it will be one of our contractual requirements. Their role will be to make sure they're identifying the packages of works and communicating those with our industries so there are opportunities for that readiness and when the timing of some of those works will come up.

**Mr WILLIE** - Is there a percentage of apprentices?

**Mr BAYLEY** - Treasurer, the Premier has repeatedly said, and I quote from a media release from 15 February this year:

We will open private sector investment options for the Macquarie Point precinct to ensure the government's contribution to the project is capped.

In a couple of quotes from the Premier in budget Estimates last year, he said similar things, such as:

We'll be investing \$375 million and the rest will be coming from private resources.

He has said this numerous times and this is the 'not one, red cent more' promise, but the private sector investment was supposed to replace the need to borrow to fund the stadium. Is it still the government's position that you're willing to repeat here that the government would only invest \$375 million into this project?

**Mr ABETZ** - At all times it was \$375 million and borrowings from the very beginning. There was potentially an opportunity for private sector involvement and it was determined that to leverage the maximum benefit we should proceed with the government doing the lot, as we had stated. Ms Beach, do you have anything further to add to that?

## PUBLIC

**Ms BEACH** - I just note that the government did a market-sounding process to test what was the best option and found that there wasn't any financial or time savings in seeking a private sector partner to do that delivery.

**Mr BAYLEY** - Was there much interest? There was a lot of speculation publicly in relation to the level of private sector interest.

**Mr ABETZ** - There were 42 expressions of interest that I indicated in answer to Mr Jaensch's question, and then they were around 30 briefings with private sector companies in relation to the potential opportunities, so, there is genuine interest in the precinct and we will develop that further.

**Mr BAYLEY** - But you maintain it as the government's position and prerogative to take the private-public option off the table and do it purely with public investment, notwithstanding the fact that that makes a mockery of the Premier's commitment to not spend 'one red cent more' than \$375 million.

**Mr ABETZ** - You can repeat that as much as you like. The explanation is on the record and debunks that which you assert in relation to that. We have not taken off the table private investment; the correct terminology might be 'deferred' it.

**Mr BAYLEY** - In the site, not the stadium, though, to be clear.

**Mr ABETZ** - Yes.

**Mr BAYLEY** - So you've taken it off the table in relation to the stadium.

**Mr ABETZ** - They're related. It's all related.

**CHAIR** - Mr O'Byrne.

**Mr O'BYRNE** - Thank you, Chair; it's surprising I got the call. Just on the TPC report, there was the interim report that the TPC handed down in February this year which outlined a range of challenges in building the stadium at that site. Their final report effectively justified their refusal on economic and budget matters and the sheer size of it, but there was a range of issues that were flagged in the interim report that were resolved. Could you talk through, for the committee's benefit, what those issues were and how they were resolved?

**Mr ABETZ** - Yes, I can and thank you, Mr O'Byrne for that question. Initially there were concerns about safety, transport and a range of other issues on which the MPDC was able to provide expert evidence and advice to the TPC, which led them to the conclusion that all the practical questions that had been raised in the draft IAR, independent assessment report, were appropriately addressed by the MPDC. Then they had their three what I have referred to as subjective assessments, which led them to coming to their conclusion, but I'm sure Ms Beach has further detail she is able to provide.

**Ms BEACH** - Thank you, minister. There has been a range of modelling we've provided and the public hearings were a good opportunity for us to provide further information on a number of those items. For example, the stadium has four primary ingresses or entrance gates in each of the corners in correlation with the site. Some of the detailed pedestrian modelling

## PUBLIC

we've worked through and we have five additional egress gates, as one example. In the *Green Guide*, the international sports facility guide, the standard is that you should be able to exit a building in eight minutes. We've tested that and that's what our modelling for one example does. Having those additional egress gates allows for those 'exit only' options when everyone leaves all at once and for there to be full flexibility in how the Stadiums Tasmania as the operator manage that space and also emergency services on the day.

Some other things that weren't raised were environmental factors. We've done wind modelling, both inside the stadium and outside, to make sure we're not creating any wind tunnels or any discomfort and to make sure it's a comfortable sitting environment and also for players on the field. We've also done a lot of work on light spills and making sure we can meet the lux levels required in the stadium and minimising light spill by having those as directional lights. The lighting outside of events is based on safety rather than highlighting a landmark, as you might see in other spaces. There was no concerns around the transport. We've worked through and provided further information to explain the detailed modelling that we've done there.

There's also plans available that highlight the extent of space around the stadium that does help with that safety concerns, including gate 3, which is over 20 metres wide in that plaza, and there's full visibility from all areas because the protection around the practice wickets is transparent. There's also elements such as on the eastern side, where there was concern there wasn't much space. We have shown there's nearly eight-metre ramp for emergency services, and then an additional seven to eight metres that allows for stairs and lifts for accessibility. We've done a huge amount of work and been able to respond to all those questions.

**CHAIR** - Did you want to add something, minister?

**Mr ABETZ** - Yes. In relation to one of the issues that the TPC raised, which was cramping in, if you like, the stadium, that it wouldn't fit: our stadium proposal has a site area of 101,000 square metres. The People First Stadium, Gold Coast, is on 85,000 square metres, AAMI Park in Melbourne on 55,000 square metres, and the GMHBA Stadium, Geelong is on 70,000 square metres. So, when you do a comparison of squeezing stadiums into a particular area, I think we can all be agreed that objectively there are other stadiums on a lot smaller footprints, and I think we can also be agreed that all those stadia are working effectively.

**CHAIR** - Before I hand over to you, Ms Johnston, I am still having difficulty hearing you, Ms Beach. I'm not quite sure if you can speak - it doesn't amplify. Perhaps you could bring your voice this way a little more?

**Ms BEACH** - I will speak louder, sorry.

**Mr O'BYRNE** - In Anne's defence, I think she was talking to me and not through the Chair.

**CHAIR** - I know, but I'd like to hear what's going on the committee I Chair.

**Ms JOHNSTON** - Going back to the financing requirements for the stadium: \$375 million is an equity injection by the government. The remainder will be made up of a

## PUBLIC

Commonwealth Government contribution, the AFL contribution, and borrowings which the MPDC will undertake. So, the debt will sit with MPDC for the remainder. Is that correct?

**Mr ABETZ** - At this stage.

**Ms JOHNSTON** - At this stage. Is there any expectation that the stadium itself will transfer to Stadiums Tasmania, or will it stay in the ownership of MPDC?

**Mr ABETZ** - That is still being considered.

**Ms JOHNSTON** - Okay. Let's assume, for the sake of this, that it will stay with MPDC

--

**Mr BAYLEY** - Sorry to interrupt, haven't you already confirmed, both in parliament and yesterday, it was confirmed it would get transferred to Stadiums Tasmania?

**Mr ABETZ** - Wait a minute - it will transfer at the end of practical completion. You are correct. Thank you, Mr Bayley. Glad that you're listening to things.

**Mr BAYLEY** - Always.

**Ms JOHNSTON** - Thank you for that clarification, Mr Bayley. So, the stadium itself will transfer to Stadiums Tasmania. Will MPDC still have the liability for the debt, or will the debt transfer to Stadiums Tasmania?

**Mr ABETZ** - That is what still needs to be determined, sorry.

**Ms JOHNSTON** - How will MPDC, without a way of generating income through a stadium, pay back the capital of that loan? We've established that the interest will be paid back by the general government sector; I think that was \$91.8 million so far over four years in the forward Estimates. How will the capital be paid?

**Mr ABETZ** - Before I answer that, can I indicate the arrival of Mr James Avery, CEO of Stadiums Tasmania, at the table. The paying down the debt for MPDC will depend on decisions made as the precinct is activated. These decisions will be made having regard to the level of risk that the state wishes to retain, balanced against the return that MPDC wishes to secure from the site. The construction of the stadium and the activation of the Macquarie Point precinct will be a catalyst for increased development not just on the waterfront but throughout greater Hobart. Coupled with the activation of the northern transport corridor, this is a city-changing series of developments.

**Ms JOHNSTON** - My question is: you haven't got modelling as to how much money will be coming into state government revenue through the activation of the stadium. Have you got modelling to show how MPDC, if that's indeed where the debt sits, will pay for the capital?

**Mr ABETZ** - That will be coming out of GGS.

**Ms JOHNSTON** - For the capital to be paid -

**Mr ABETZ** - Sorry, the interest or the capital?

## PUBLIC

**Ms JOHNSTON** - No, the capital. How have you modelled that?

**Mr ABETZ** - With the capital component, that is all in the basket of state borrowings, and we will seek to reduce our state borrowing once we return to a position of surplus.

**Ms JOHNSTON** - When you say 'we', is that MPDC or GGS?

**Mr ABETZ** - It will be coming out of GGS, not the MPDC, because they will be developing the precinct and at this stage, we don't anticipate they will have an income.

**Ms JOHNSTON** - We are paying for the \$490 million. Is that what you just said?

**Mr BAYLEY** - Paying down the 490?

**Ms JOHNSTON** - Who's paying the 490?

**Mr ABETZ** - The government will be in the overall debt that the government has to repay.

**Ms JOHNSTON** - So 375 plus 490.

**CHAIR** - We will go on to Mr Jaensch.

**Mr JAENSCH** - Minister, what governance, assurance and oversight mechanisms are in place to ensure that the Macquarie Point urban renewal project is delivered transparently, on time and on budget?

**Mr ABETZ** - We have considerable oversight of this project and it won't surprise you to learn, having inherited another project, namely the TT-Line, and the need for proper monitoring of large projects, we have ensured that we have proper oversight. Mr Ken Kanofski, the chair of the TT-line, is now part of the oversight. You heard earlier today that the Secretary of Treasury is also on the oversight committee.

We have a body of men and women who are ensuring that we have a very strong governance structure in place for this project. From our perspective, there's a dedicated Macquarie Point Urban Renewal committee of Cabinet, and this subcommittee of Cabinet is dedicated to overseeing all the Macquarie Point-related projects. That includes myself as Chair, the Premier, the Minister for Sport and Minister for Infrastructure and Transport. The Cabinet committee also receives advice from the Macquarie Point Renewal Oversight Committee.

The oversight committee is chaired by the Secretary of the Department of Premier and Cabinet and includes the Secretaries of Treasury and Finance, State growth, and the Crown Solicitor as an advisory member. In addition, representatives from MPDC and Stadiums Tasmania are also in attendance on matters relating to project delivery.

At the project level, MPDC is leading the multipurpose stadium and broader precinct work. MPDC is accountable to its board to proceed. Key components include gateway reviews, health checks, deep dives and regular progress reporting. This includes a gateway review, health check and deep dive reviews over the last 12 months, so these things have already

## PUBLIC

started. Mr Kanofski is an expert advisor above and beyond those two committees to which I've referred.

**Mr WILLIE** - Back to my previous question, minister. It was around apprentices: will there be a percentage of apprentices that are required on the project?

**Ms BEACH** - We haven't set a percentage, we've set an objective to maximise. It's a complex build that requires a variety of skills, and we will be looking to maximise our participation. Apprentices and traineeships is one of the examples of this being a legacy project to upskill our local workforce, but we will require large number and a broad spectrum, so we will need to have flexibility in that and seek to maximise to the extent possible.

**Mr WILLIE** - It won't specifically be written into the contract?

**Ms BEACH** - The requirement to maximise will be required in the contract. A specific number is not in the contract.

**Mr WILLIE** - Obviously with the concept plans, you see a lot of timber. Is there capacity within the Tasmanian timber industry to supply the predominant amount of timber for the project? I just visited the forestry building in the city the other day, they can trace 90 per cent of the timber in that building, which is amazing. I'm just wondering how you're going to manage that.

**Mr ABETZ** - Over to Ms Beach, but that is the intent.

**Ms BEACH** - Through you minister, some of the key elements are the timber structure that is secondary to support the roof. The roof is a 20 by 20 metre steel structure with glue-lam secondaries that create the pillow locations for the roof material. We are looking for that material to be locally sourced and grown, and looking at *Eucalyptus nitens*, from our investigations which will make that a higher value return for that product. There are also inside the stadium opportunities such as in the media spaces where we've looked to use specialty timber for panelling, and opportunities where you can showcase those materials.

**Mr WILLIE** - Corporate boxes too? Tasmanian timber?

**Ms BEACH** - Yes, they'll feature in the corporate boxes.

**Mr BAYLEY** - Minister, just in relation to the question Ms Johnston was asking before, the \$490 million and how that gets paid down, I'll give you the benefit of the doubt. You seem to say that that would be paid down by the government, so I'll give you the opportunity to correct that. I would assume means you either give some sort of debt relief to Macquarie Point Development Corporation or the general government sector assumes responsibility for that debt. Is that what you were explaining to us earlier?

**Mr ABETZ** - As part and parcel of the development, we've said we're looking at the commercialisation and getting private sector involvement and any monies received from that we would seek to put to the reduction of the debt, but that which might remain will be part and parcel of the Government's overall debt, which ultimately will need to be repaid.

## PUBLIC

**Mr BAYLEY** - With respect, I mean the elements of the site that remain able to be commercialised are relatively small compared to what it was earlier, without a stadium at least. It's impossible to think that enough could be earned to pay down a huge portion of that \$490 million debt. I guess it begs the question, if the general government sector is going to be paying annually to service the debt, as you have confirmed up to \$32 million a year, if the government is ultimately going to assume that debt, why doesn't the Government just borrow it outright as they are doing as you are doing with the \$375 million?

Why are you going through the charade, it seems, of enabling Macquarie Point Development Corporation to borrow this money? It just seems to fit the narrative around '\$375 million, not one red cent'. Now there's borrowings, but at the end of the day, you are the Government. You're going to be borrowing the lot. We the taxpayer are going to be paying for the lot. Why don't you just fess up and acknowledge that that this is no longer a '\$375 million and not one red cent more' project, this is going on to a significant amount more.

**Mr ABETZ** - You can spin it however you like, but the language is clear as to the initial equity injection and then the borrowings which was in the very initial business case so that is there for all to read and see. The short answer is that paying down the debt for MPDC will depend on decisions made as the precinct is activated and these decisions will be made having regard to the level of risk that the state wishes to retain balanced against the return that MPDC wishes to secure from the site. A lot of these decisions will be made in due course as we ascertain how much can be leveraged out of the private sector.

**Ms JOHNSTON** - Further on for Mr Bayley's line of questioning, you're hoping to achieve some kind of commercial return from the remainder of the precinct which will reduce the debt that MPDC has, the \$490-odd million, which ultimately you've said Government is responsible for, so it's 375 plus 490, less anything that you've achieved through commercialisation/privatisation of the precinct.

That amount has to be limited and I point to the TPC's report where it does talk about the limitation of the site and how it won't be activated around that and its very limited opportunity for development. Have you got any figures or any modelling done, yet again, in relation to what you might be able to achieve through sale or activation of that site or privatisation of the remainder of the precinct so that we can actually understand the totality of what it is that this Government and Tasmanians therefore are paying for?

**Mr ABETZ** - What we have got, is advice that with the development of the stadium and the activation of the precinct, the potential commercial return will increase. I'm not going to say that it's going to be x dollars, because that may let people know in the private sector, what we're expecting for a particular parcel of land, so I don't want that prejudice -

**Ms JOHNSTON** - I think it would be fanciful to suggest -

**Mr ABETZ** - of us getting the maximum possible return.

**Ms JOHNSTON** - With all due respect, Treasurer, I think it would be fanciful to suggest that you're going to get \$490 million for the remainder of that land.

**Mr ABETZ** - And nobody has ever suggested that, so why do you assert it so boldly now?

## PUBLIC

**Ms JOHNSTON** - But do you have a model -

**Mr ABETZ** - This is part of the misinformation campaign -

**Ms JOHNSTON** -if you let me finish my question.

**Mr ABETZ** - by those who are against the stadium.

**Ms JOHNSTON** - Do you have a model then, of what the likely scenario is? Would you achieve 50 per cent of that? 70 per cent? 20 per cent? What's the modelling, because Tasmanians deserve to know exactly how much we are on the hook for - 375 plus all the extra borrowings. What's the extra borrowings?

**Mr ABETZ** - The people in the marketplace, if I were not to put a figure on it, but say 50 per cent, I reckon they might have the cerebral capacity to work out that 50 per cent of 490 is a particular figure and therefore, we would be giving the game away. I don't think we should be indicating that which we are hoping for, because it may impact the market bid. Be assured it is within the interests of absolutely everybody to maximise the possible return in dealing with the private sector. That is why having tested the market, we realised that the best return would be if we took on the stadium ourselves and activated the precinct, which would then give us a bigger and better commercial return than if they were involved in the stadium build. They're the sort of things that government takes into account, or indeed any prudent business would take into account. We're not going to give away the particular amounts that may be returned.

**Mr O'BYRNE** - Treasurer, in the Budget and the reports around the Macquarie Point - this might be a question for Ms Beach - there's a number of contingencies for various areas of expenditure. Could you outline what those contingencies are, and in what areas of expenditure that we expect to see those?

**Mr ABETZ** - I think Ms Beach is best qualified. I could be cheeky and say, 'it's such an easy question, I will give it to Ms Beach to answer', but in fairness she is the one that has all the information and I don't.

**Ms BEACH** - Through you, minister, there's a couple of things that have informed our estimate: one, is a detailed cost plan that's developed by a quantity surveyor, that goes through and identifies from the plans, measures every item and does a line-by-line trade estimate; and then on top of that, goes builders preliminary and then builders margin, which helps us estimate the actual delivery cost. On top of that, we allow for some market loading, so access to market, there's contingencies, there's resourcing cost, head works and escalations. All of those things factor in to help us get to the full price. It's important to note, that the budget for the project is the full project, not just the construction, so the construction is part of that.

As you noted, we've got contingencies provided in there. There's three types of contingencies - they are construction, design and client - and they total around \$180 million. We also have, given the time it takes for the project to occur and the delay, we've also included a nearly \$150 million in escalation. By starting at the base of the trade cost, it's the additional on-costs that help us get as close an estimate as we possibly can, considering market conditions.

**Mr JAENSCH** - What information and documentation was provided to the Tasmanian Planning Commission during its assessment of the Macquarie Point project?

## PUBLIC

**Mr ABETZ** - I will give that to Ms Beach, because she was engaged in that full-time, I suspect, and a bit more.

**Ms BEACH** - Through you, minister, there were a number of iterations through that process. We made submissions throughout. There were draft guidelines made available to the community to comment on before the process started, so we made comment on that, but our main submissions were through the submission, and then the further information and public hearing process. That started on the 17 September when we made our submission, which included 30 attachments and in total we submitted 4000 pages of information about not only the design, but the integrated assessment and conditions around that.

At the end of 2024, so a couple of months later, and again in the following February 2025, the commission requested further information from us. There were 74 items that were requested as additional information. Some of those were existing and some we needed to do some analysis on to provide. We provided those between December 2024 and May 2025 and responded to each of those items that were requested over a number of responses, all of which are published on the commission's website. In addition, through the public hearing process, we submitted further information, so the Crown submitted 15 technical notes, additional plans, and all information that was presented by witnesses and by our technical experts was also provided and published on that website. So, by the end of that process, there was 5000 pages of materials, reports and plans.

**Mr WILLIE** - I assume there'll be an open process for the food and beverage contract in the stadium, but I'm interested in how that will be managed to carve out spaces for local suppliers within that. Obviously, big companies all compete for the main contract, but there's a lot of Tasmanian suppliers that could be part of it.

**Mr ABETZ** - The people that will be operating the stadium, Stadiums Tasmania, so Mr Avery will be able to answer that for you.

**Mr AVERY** - Through you, minister. Yes, you're right. It's important that we do showcase local providers, local producers, local brands from a food and beverage perspective in particular, given the outstanding quality of food and beverage that we have here in Tasmania. Whilst there are a couple of big players in the food and beverage and catering sense that will no doubt have to be engaged in order to deliver the capacity that we need to run the stadium properly, what we're seeing is there's a trend globally and nationally for those bigger players to have 'carve outs' for local providers or smaller providers.

In addition to that, we've already commenced some of those conversations well in advance and we anticipate that that would be the case. We feel confident that we'll be able to showcase local providers. We're already starting to do a lot more at some of our existing venues, but the aspiration is to up the ante as far as that's concerned with the Macquarie Point Stadium.

**Mr WILLIE** - Will that be, minister, specific bars or spaces within the stadium or will it be an offering across the stadium and also will it be available in general access and the corporate area?

**Mr ABETZ** - Hopefully all the above, but I will let Mr Avery answer.

## PUBLIC

**Mr AVERY** - Through you minister. It is. The ambition is to have all of the above, so it is to have feature bars that showcase specific brands and stock local products. It is to have, for example, perhaps in one of the restaurants that we will have in the venue can be run by a local restaurateur, local provider. Also, when it comes to something like the Goods Shed, which can be open seven days a week, which is the aspiration, then that is another opportunity to showcase local providers and suppliers. Then, within the precinct, we would like to play a strong hand in making sure that that representation exists outside the stadium as well.

**Mr WILLIE** - These will all be things you consider in the open tender process to make sure whoever is bidding, this is an important factor.

**Mr AVERY** - Through you minister. It is and we've already, as I said, started talking to the local market about putting together some concepts, some ideas, - Start approaching, for example, from a beverage perspective, the biggest players in the country, to start that conversation now. That's also going to be built into the tender process when we do go to an open-market situation.

**Mr JAENSCH** - Savory toast and mutton bird; all the Tassie favourites?

**Mr AVERY** - If that's what Tasmanians would like, then -

**Mr JAENSCH** - That's what they want, you know it.

**Mr WILLIE** - In terms of transport, are there opportunities there for local providers? Obviously, buses are going to be a huge part of the transport to and from. There's a lot of Tasmanian-based businesses that could get involved in that.

**Mr ABETZ** - We won't be importing buses to Tasmania just for particular events. Tasmanian buses that reside in Tasmania will be used and we suspect a lot of buses that are otherwise used for school services may well be chartered for special occasions.

**Mr WILLIE** - And general access as well in the general access contracts?

**Mr ABETZ** -Yes.

**Mr BAYLEY** - Treasurer, a couple of times on Thursday in parliament, you made the point that the site is twice the size of the MCG, and I quote, 'As I said, in the introductory speech, the site is twice the size of the MCG. The stadium is going to take up 45 per cent of the Macquarie Point site.' Can you unpack that for us? What data are you using there for the MCG, the MCG is on a site that I understand was originally part of a 10-acre grant, you know, how do you substantiate that claim?

**Mr ABETZ** - That was information that I was given in my brief. I don't know -

**Mr HEALEY** - Certainly reflecting on the site, on the size of the site, it is an extraordinarily large site. The MCG - I'm not sure about the size of the MCG, but I can say that the site or the land that is in excess of the stadium that is available for redevelopment is the size of two Hobart city blocks. It's bigger than Salamanca - Salamanca Square and PW1 all put together. It's bigger than twice the size of Federation Square - including all of the National Gallery of Victoria area.

## PUBLIC

**Mr BAYLEY** - Is the TasPorts site part of those calculations?

**Mr HEALEY** - Yeah, that's right, because that's part of the precinct plan.

**Mr BAYLEY** - But it's not part of the Mac Point site. The precinct plan is very clear, you delineate the Mac Point site. You delineate the TasRail transit corridor. You delineate the TasPorts' Macquarie Wharf. I mean, isn't it a little bit disingenuous to add in TasPorts land and say this is part of it? I mean, it's going to be a working port; TasPorts are going to make their own decisions about redevelopment of that land.

**Mr HEALEY** - Through you, minister. No, I don't believe it's disingenuous at all. TasPorts are actively engaged with Macquarie Point in working out how they can develop that precinct, so it's fully integrated, so it has the look and feel of one precinct that extends from the cruise terminal all the way through past the stadium up to Regatta Point for residential development and then potentially even all the way up to Huon Quays. This is an extraordinary area that, as I said, is bigger than two Hobart city blocks -

**Mr BAYLEY** - Noting, obviously, that no legal document, not the list, not the Macquarie Point development plan identifies that as the Macquarie Point site, but putting that aside -

**Mr HEALEY** - Can I, just to - the precinct plan absolutely does.

**Mr BAYLEY** - No, it doesn't; I have it right here.

**Mr HEALEY** - The precinct plan absolutely talks about the integrated development across those -

**Mr BAYLEY** - You have a red line around what's called the Mac Point site, and you have an orange line around what's called the TasPorts Macquarie Wharf. They are distinct sites. They have different ownership. I think it's - but, look, I've established what I wanted to understand. What I want to understand now is, the regatta grounds land, earmarked for housing development. It's still listed on the on the list as NRE land. I note in the Mac Point annual report in terms of land and buildings; it acknowledges that the Royal Engineers Building has been transferred over to Mac Point Development Corporation's ownership. Can I ask about the status of the NRE land at the regatta stands and, I guess as part of that, if it is to be developed as part of housing, what are the commitments around some of the public facilities there, in terms of boat ramps and wharves and other facilities?

**Ms BEACH** - Through you minister. It is identified as part of the precinct plan and there's a process set out in the *Macquarie Point Development Corporation Act* - I think it's section 53 - that manages the transfer of existing Crown lands to the corporation.

**Mr BAYLEY** - Has it been transferred though?

**Ms BEACH** - It's in the process of that. The area had to be identified and surveyed, so the office of the surveyors has completed that work and the process set out in section 53 requires the approval of the minister responsible for the *Crown Lands Act*, the Treasurer. The corporation needs to agree and its actioned by the minister. Given the minister is also the Treasurer, we did seek some advice about the minister's request as to how we could manage that to avoid a potential conflict, and we're working through that process to nominate a different

## PUBLIC

minister to consider that matter so there is an exchange of two ministers informing that decision.

**Mr BAYLEY** - That is an important piece of public land. One question is, is Mac Point Development Corporation paying for it, or is it being transferred at no cost, or for a dollar? What's the remuneration there, and what's the commitment around the maintenance of access to public facilities?

**Ms BEACH** - Through you minister. It isn't a purchase; it is a transfer, so there isn't a cost. It's moving from one instrumentality of the Crown to another for the management. In terms of the public facilities, an important part of developing that area is maintaining and improving the public amenities. There are two small jetties and there's also a small-vessel ramp there, which is the only central Hobart small-vessel ramp, so access to that is important. In the design work we've been doing in the feasibility around developing housing in that, one of the considerations is not only supporting that area, but also the first level and making sure that remains an activated space so it can't be used for private use, to make sure that feels like a public space. The residential developments would then start from level one above.

**Ms JOHNSTON** - Can I go to the Commonwealth funding agreement - noting that that agreement doesn't mention that the money is for a stadium whatsoever, but it talks about the precinct. It talks about social, affordable and key-worker housing. What guarantee do you have that the Commonwealth will hand over the \$240 million, without evidence that Tasmania is actually fulfilling its part of a deal to provide social and affordable housing?

**Ms BEACH** - The first milestone requirement through the federal funding agreement for the Macquarie Point Urban Renewal is the delivery of a precinct plan and the Commonwealth's acceptance of that. In the precinct plan, it outlines our intended approach to addressing the housing requirements both in our act and the Commonwealth's requirements. In there, we specify that the intent is to provide affordable housing for key health workers, and that has been accepted and agreed by the Commonwealth.

**Ms JOHNSTON** - So, affordable housing for key health workers - so it was, was it, the health workers? How will that impact, then, the delivery of that on the commercialisation, privatisation of the site and to try and recoup some money that we will need to pay down the debt? How's that been factored in or modelled? If we're putting aside some portion of that precinct, the remainder of the precinct for key-worker affordable housing, how is that going to impact on the return on that particular site?

**Ms BEACH** - From our market testing, there is a lot of interest in that residential development. That's why we're expecting that to be a market-led delivery and that will support both the delivery and contribute to the public infrastructure that's required in part of those spaces. It will also be serviced by the northern access road, which is funded in the Budget. The other developments we have are the commercial developments to the east of the site, which is an opportunity to contribute funds.

**Mr O'BYRNE** - Treasurer, I still hear bandied around that the stadium's just a football ground. I've seen the data and the information from Business Events Tasmania and some of their predictability. There's also some commentary around concerts and events, et cetera, and people obviously - this is a point of - a fair bit of to and fro, bit of humour about who's going to play there, but I understand anecdotally that Live Nation and other touring companies are very

## PUBLIC

interested in in Macquarie Point. Maybe this might be a question for Mr Avery, perhaps. What market testing and what sort of market intelligence have you got to justify some of the comments around live events at the stadium?

**Mr ABETZ** - I know that Mr Avery is very excited about all the potential uses of a multipurpose stadium apart from football, but I will handball over to you.

**Mr AVERY** - Mr O'Byrne, you're quite right in terms of the business and conferencing opportunity. It is significant, particularly given that that conference facility is going to represent something that doesn't currently exist in Tasmania. That opens up a new scene within the national and international market that we haven't had available previously, which is not only lucrative but also puts us on the map in terms of international tourism economy and a destination.

In relation to concerts, we are actively involved already in discussions with the major concert promoters that operate on a national and international basis - you mentioned Live Nation, they're one; TEG is another; Frontier Touring is another - and we have had some discussions around, for example, who would be the ideal artist to open the venue.

When we look at comparable venues across Australia and nearby, including in New Zealand, we can see that the proposal that we've put together in relation to an events calendar, particularly in relation to concerts, is very consistent with other venues.

We also think that this will become a destination venue. People do want to come to Tasmania. International artists want to come to Tasmania. We haven't had the facilities to be able to showcase them or be able to make it stack up from a economical point of view. This would obviously change that.

The confidence that it's instilled in the market from a concert promotion perspective is leading us to have conversations about getting some artists down here in the lead up to the venue being open as well. So, in the short term, just to try and start that conveyor belt of content into the state, so when the doors open at Macquarie Point, we hit the ground running and we've got something pretty significant on an ongoing basis from a concert perspective.

As the organisation that is primarily charged with interfacing with those organisations, the interest is probably even higher than we had expected to the extent that, as I've suggested, we may even be able to deliver some events that haven't previously been to Tasmania or haven't been on a scale before prior to the doors opening.

**Mr O'BYRNE** - Just a quick follow up, Chair. In my social media feed over the last couple of weeks, I think every Tasmanian's either gone to AC/DC or Metallica so obviously there's a lot of Tasmanians keen to buy tickets, but there's also an element of that market which is either national or international in terms of their willingness to travel and so what proportion of that market will say, for example, there's 25,000 to 30,000, what's the testing on the kind of numbers that will come to Tasmania for an event like that?

**Mr AVERY** - Well, it's potentially in the thousands; we know that. The question is some of the content we'd be looking to try and secure, some of the content, concerts and events we would try and secure as exclusive within Australia, so, if you can get an artist coming from overseas to play one concert in Australia and that happens to be at our venue, your ability to

## PUBLIC

attract interstate travellers and also from New Zealand and some other locations outside of Australia, increases significantly and that's been a focus of our discussions with concert promoters.

We need to get the balance right to ensure that as many Tasmanians as possible can enjoy these types of events, particularly because they could be new types of events to the state, but clearly the visitation economy and the tourism economy that underpins the modelling is critical as well, so that's part of our challenge, but we feel confident we will be able to strike the right balance to ensure that we can meet both needs.

**Mr JAENSCH** - Minister, could you or Mr Avery maybe comment a little bit further extending that to tell us about the operating model that Stadiums Tasmania has developed from Macquarie Point and what assumptions is its success sort of projected success built on?

**Mr AVERY** - The operating models is underpinned by an events calendar and it's a robust events calendar as I've alluded to, Mr O'Byrne, it's 334 events across 337 event days. That consists of 34 live sport and entertainment events, including cricket, 40 major conferences and we consider a major conference of 450-plus delegates per event, so that's running across 80 event days per annum, 260 minor non-event day bookings, corporate dinners, private functions those type of events. That's obviously underpinned by two tenant hirers in the Devils and Cricket Tasmania.

There's several assumed one off events, for example, an NRL match. There's also several assumed one-off events every four years; so we're not necessarily saying we're going to get those events every year. Things like Socceros or Matilda's games, for example. One full stadium concert a year, and one smaller arena concert and we feel very confident in those numbers based on the way we have built the model, which has been in consultation with a range of experts that build these models that operate in stadia here and abroad.

You will probably notice that the KPMG modelling in the MPDC submission to the TPC is not far off ours in terms of the events calendar, the difference being the number of non-event day events that we have, and that difference has primarily been born out of the fact that we've had far longer to be able to develop our model than KPMG did. It also involved things like focus groups with Tasmanians who are involved in the Devils or the Hurricanes or are interested in arts and music opportunities as well.

There's a range of assumptions that get built into that, but it's been a rigorous process and a robust process and we think it aligns with what we've seen with other venues around the country and internationally, but particularly for those venues that are comparable to the size and scale of this one.

**Mr JAENSCH** - Just for clarification, you referred to non-event day events, what's the distinction between event days and incidental?

**Mr AVERY** - The easiest way to probably understand that is major events are those things that are happening on the grass if you like, and non-event day events are those things that are happening within the venue itself, and ordinarily those events are normally running from a Monday to a Thursday, so you've got activations across the week; it's not just a venue that would be having activity on a Friday, Saturday and Sunday. It's seven days a week.

## PUBLIC

**Mr WILLIE** - Minister, I must admit when this proposal was first floated I was very sceptical about the roof, we're the second driest capital city in the country. What's the current cost of the fixed roof and are there advantages in terms of the quality of the games, broadcasting and corporate interests in the team?

**Mr ABETZ** - Well, when you say in the team, can I say that with a roof, a concert, for example, will not have to factor in the risk of a rain day - of it being rained out. Similarly, as I understand it - Mr Avery can potentially give more information on this - for cricket, the TV rights are very important and if you can guarantee that the isn't going to be a rain day or no play occurring because of the benefit of the roof that will enhance the attractiveness of the facility. Mr Avery I'm sure has more to say.

**Mr WILLIE** - They're secondary, because it's been written into the AFL contract regarding the roof, so I'm interested in the reasons why.

**Mr ABETZ** - Well, as I understand that that was part of the Tasmanian Task Force recommendation at the time that a stadium in the CBD with a roof and I think part of the issue was not only the rain days because - sorry, not the amount of rain but the number of rain days in Tasmania is higher, albeit our rainfall is lower, so we have more rain days but with less rainfall and given the less temperature - dare I use the word 'cold' - could impact the number of people going. Mr Avery, I'll pass to you.

**Mr AVERY** - Through you, minister, in our discussions with potential venue hirers, they have cited the roof as an opportunity that presents something different for them. The minister mentioned cricket there, our discussions with cricket have certainly suggested that it could open up a different way of playing or scheduling the summer of cricket here, international cricket here. You could get a test match away before the traditional first test match, given that it wouldn't be subject to any rain or weather issues. That's also why international cricket in other regions around the world are looking at this very, very closely, because the likes of the UK and India for other reasons have a significant amount of interest given the amount of cricket that they lose to weather affected days. There's no question about that.

Concert hirers have said the same thing as well. If you de-risk the ability to lose concerts or impact concerts then that is of significant interest to them as well.

**Ms BEACH** - Through you, minister, some of the other elements that have been important in the design is a fan-first experience, so patron comfort. The full roof gives protection from wind, wind-driven rains, also makes sure the temperature is within 5 degrees of the outside temperature. It provides that additional protection. It also supports, in addition to extending the event calendar and certainty, as Mr Avery noted, there are also some design and impact benefits such as we don't require light towers, so we've got two rings of sports lights that run in the roof at 32 and 36 metres and they're directional lights, so it makes sure that light is pointed inwards.

It also provides for flexibility in the venue that we're able to provide and attract different events. We can hang 108 tonnes across the roof. It allows for it to be divided up into smaller spaces if required, hanging curtains, allowing for flexibility in events and also for apparatus and things to be hung from the roof. In addition to that, that sits alongside our sort of plug and play system of having a concrete base for stages. So it does bring in the flexibility of having that functionality.

## PUBLIC

In terms of your question on cost, one of the advantages of having the full dome roof is doing it at this stage. If we were going to do a partial roof and then add a roof later, the design would be significantly different and more expensive. We looked at 12 different roof typologies in the original research on the best outcome of the design of the roof and the dome was selected because it gives us the best multipurpose functionality by maximising height in the middle so we can support cricket and minimising the edges, so keeping that to a similar street level to the existing buildings that bookend Evans Street.

Working through that, it becomes a steel dome that's self supporting. If we were to do a partial roof like you see in other stadia that cover what's called a drip zone over the patron seating areas, that's cantilevered and we'd have to design it differently and we'd need a not dissimilar amount of steel to provide that cantilevering structure because it does have to hang over rather than being a self supporting structure. To do a partial roof and then change would be a significantly more expensive venture.

**Mr WILLIE** - What's the current cost?

**Ms BEACH** - That's included in the 1.3, I don't have a specific allocation for the roof. It is a separate structure because it allows for future expansion of the seating bowl to get to 30,000, but I'd need to take that on notice.

**Mr ABETZ** - We will take that on notice.

**Mr BAYLEY** - Minister, I want to go back to the TasPorts site. I'm a little alarmed by the flippant nature, including your commentary on the stadium and so forth. I want to check if the redevelopment of the TasPorts wharf, such that it is, is something that government has factored in in relation to repaying the \$490 million debt that Macquarie Point Development Corporation would incur. Commercial returns from redeveloping the TasPorts site, which has been argued is part of the site? Is that factored into repaying the debt?

**Mr ABETZ** - Before asking Ms Beach to respond, I indicate that the government response to the TPC said the MPDC land is not required for the stadium and TasPort's commercial zone is not required for secure port operations, and not including the existing MACq 01 Hotel, amounts to 59,000 square metres, which is equivalent to the MCG footprint. That is where 'double the size' came from, but as you might imagine, I don't do those measurements, I rely on advice in relation to that and if something is wrong with that, I'm happy to say, but that is where that figure I quoted came from, which was the official response to the MPDC.

**Mr BAYLEY** - You said, 'twice the size of the MCG'. Is that what that checks out?

**Mr ABETZ** - Yes, the vacant land would be 59,000 square metres which is equivalent to the MCG footprint. The exact size of that I don't know.

**Mr BAYLEY** - Can we go to the point around the redevelopment of TasPort's land?

**Ms BEACH** - The reference to that is looking at the broader precinct and the delivery of the urban renewal outcome. In the precinct plan it sets out that the southern area of TasPorts' land is designated for both commercial and cruise ship activities, so that area is accessible to the public. To the north is the secure zone, and that is outside of the urban renewal space

## PUBLIC

because it's a protected space to support the operations of the port. Our work with TasPorts is around how we make sure that boundary to the south isn't felt and that it's a continuously planned and coordinated precinct for Tasmanians and visitors to walk through that space.

**CHAIR** - Ms Johnston?

**Mr BAYLEY** - Chair, sorry, but the question was really clear - would the redevelopment of that site be part of paying down the \$490 million debt that Mac Point would incur?

**Mr ABETZ** - I can take that on notice.

I think it was Mr Willie who asked about the cost of the roof. On reflection, having taken it on notice, we don't want to allocate a figure to it, given the construction companies and commerciality of it. That said, I am more than happy for you to have a private discussion about that but on the basis of confidentiality I don't want to prejudice potential contractual arrangements.

**Ms JOHNSTON** - These costs become opaquer as the minutes go on. Minister, can I take you back -

**Mr ABETZ** - Excuse me, do you want us to say to the public and to the commercial world we have put a particular figure on the roof? Guess what they'll do? They will come up with that figure, if not more.

**Ms JOHNSTON** - Treasurer, when we are burdening Tasmanians for future generations to come, they deserve to have some transparency around the cost and the bills, so I think it's reasonable to ask about costs. To the issue of costs, Treasurer and minister, and perhaps to Mr Avery around the events calendar, do you have an additional budget requirement for events attraction? You talked about 34 live sporting events and 40 major conferences, with 450-plus people, 260 minor events, NRL games, one full stadium concert and one arena concert. Do you have an additional budget that you require to be able to attract these events? Mr Bayley just indicated to me then that Coldplay cost \$5 million to get them to Perth. How much do we need to pay Coldplay to come to Tasmania?

**Mr AVERY** - I believe it was \$8 million for Coldplay to come to Western Australia and that was on an exclusive basis which generated a significant amount of tourism from outside of Australia, but nevertheless, yes, there will need to be a separate budget allocation for event attraction. Of course there is an event attraction budget currently within the state, but this would need to be contemplated alongside that or as part of that. Some of those costs we already know. For example, the funding that is allocated to the Devils and to Cricket Tasmania locks in that content of those events, but for other events that you've touched on as well, one-off events or concert events or even some of those conferencing and smaller business events, we would need to spend to be able to acquire those.

**Ms JOHNSTON** - Have you budgeted for that now? I imagine if we anticipated that the stadium will be built in a couple of years' time, we want to be starting to lock in those events for year one, year two and year three potentially. Have you been budgeting for that now and what's the cost and the additional cost?

## PUBLIC

**Mr AVERY** - It's a little hard to lock in those events at the moment, given we are some way out from doors opening. That is something we will be doing in the next 12 to 24 months. The cost to acquire those events varies wildly. For example, we're currently looking at trying to bring an event to Tasmania that's in the hundreds of thousands of dollars. There will be other events, like a concert, for example.

**Ms JOHNSTON** - Is that the upper limit of what you would think?

**Mr AVERY** - No, not necessarily. It can range between hundreds of thousands of dollars to millions of dollars. The Coldplay example that we've cited is certainly at the upper end of the scale. It's anywhere between hundreds of thousands of dollars to that end of the scale. Again, that would be a case for the likes of Stadiums Tasmania and other organisations that are in the content game to put a business case and a proposal to the government. The government would have to make a decision on that. At the moment we haven't built out a budget. We've released a content strategy recently that sets out the beginnings of a strategic framework to work with the likes of Events Tasmania and Tourism Tasmania to develop a model whereby not just for this venue but across Stadiums Tasmania venues, we can develop sophisticated budgets that help us acquire and deliver events on an ongoing basis.

**Ms JOHNSTON** - It wouldn't be unreasonable, then, to suggest that we're looking at tens of millions of dollars on a yearly basis to be able to get the numbers and the kinds or the mix of events you're talking about.

**Mr AVERY** - I wouldn't necessarily say tens of millions of dollars because remember the big-ticket item we've touched on that is potentially millions of dollars is a concert and we're forecasting one of those events per year. We don't anticipate that -

**Ms JOHNSTON** - Forty major conferences.

**Mr AVERY** - Those events aren't necessarily in the same bracket in terms of cost.

**Ms JOHNSTON** - There are a lot more of those.

**Mr AVERY** - That's right, but there's a different model that sits with those from a commercial negotiation and a venue user perspective so they're in a different realm, frankly, but there will be a cost to acquire some of those, there's no question.

**Mr ABETZ** - If I may, the secretary of DSG, who has responsibility for Events Tasmania might have something to say as well.

**Mr LIMKIN** - Stadiums Tasmania, if they do want major events funding, will need to go through the Events Tasmania framework. We have a major events group that does an assessment against the 2030 Visitor Economy and our Event Strategy 2023-2027, which looks at the economic, social and brand impacts [inaudible] the pillars we've been using for the last few years. Ultimately, if they want money from Events Tasmania, Stadiums Tas will put a submission in, that assessment will occur through the major events group and advice will be provided to the Minister for Tourism, Hospitality and Events for appropriate decision-making based on that advice.

## PUBLIC

There are numbers in the forward Estimates in relation to events that will enable choices to be made by governments as they go. As minister Howlett has probably said in the other committee, we don't put all our numbers in the forward Estimates because the fact is that we want to have some commercial tension in there. This is something governments do around the nation to continue to make sure they get the best value for the state, whether it's Mr Avery's proposal or Dark Mofo or a community event, to make sure we keep that competitive tension.

**Mr O'BYRNE** - Treasurer, the parcel of land where the stadium will be built is a much-traversed piece of real estate. It's been researched and tested significantly over the last decade or so and is predominantly reclaimed land. Looking towards the second stage development and the activation from Macquarie Point around to Regatta Point, that's obviously a very different parcel of land. What kind of cultural heritage and environmental challenges will be presented in working through the development of that parcel of land?

**Mr ABETZ** - I will leave that to Ms Beach.

**Ms BEACH** - We have explored that parcel of land - as you note, there's been extensive investigations on the land that was already owned by the corporation, and in looking at the proposal for this parcel of land we did need to do quite a bit of work. We have looked at feasibility and capacity to connect to communications, power, water, sewer, those basic things. We have also done initial surveys, so that includes environmental surveys and investigation by Aboriginal heritage officers. That included identifying remnants of shells or living space in the north-east corner.

As part of going through our work, we have made sure that area would remain undisturbed and that has reduced the footprint that we had initially looked at in that space, from those investigations. It has helped us have clarity about the space that's available and make sure when we do take that parcel to market, we're really clear on what our requirements are and the space that is appropriately available for development.

**Mr O'BYRNE** - Just a quick follow-up. Could you give me a greater explanation of where that Aboriginal heritage is situated?

**Ms BEACH** - Yes, just noting that Aboriginal heritage-identified zones are generally kept in confidence. There are a number of spaces around there that, working with Aboriginal Heritage Tasmania, we've made sure we're thinking about in terms of both access and the development. As an area that is original land, the indications of there being a disturbed site there were in the north-east corner, so the section closest to the port.

**Mr O'BYRNE** - Right, so that's arguably near where the footprint of the proposed 2.0 stadium is; is that right?

**Ms BEACH** - Yes.

**Mr O'BYRNE** - Or thereabouts. Just checking. Thank you.

**Mr JAENSCH** - A related matter: minister, could we please have an update on the site remediation works that have been completed to date? Also, an indication of what remaining activities need to be completed?

## PUBLIC

**Mr ABETZ** - As I think we all know, this has been for the past 200 years an active site - from a farm, to an abattoir, lumber yard, then gas works, cold store, wood storage, rubbish disposal, military site and freight and rail yards until 2014, with the sewage treatment plant there as well. As a result, the site soil and groundwater was heavily polluted with fuels, heavy metals and other dangerous contaminants.

To date, the corporation has excavated 85,000 tonnes of contaminated soil; removed, or beneficially reused 72,000 tonnes of soil; removed 2.3 million litres of contaminated groundwater; conducted nearly 2000 soil samples - it's a wonder there's still any soil left, and 175 groundwater wells; removed 1400 spoil samples to confirm soil decontamination; and removed nearly one kilometre of ageing oil and diesel pipelines previously used by industry and the Navy. Contaminants found and removed during remediation of Macquarie Point include: asbestos-containing materials; spent fuel; coal tar; E-coli; arsenic; copper; lead; zinc and other heavy metals, a wonderful smorgasbord of contaminants. Briefly, in relation to site investigations and constructability, comprehensive geotechnical investigation has been undertaken. I think there might be more work required potentially with the development; is that correct, Ms Beach?

**Ms BEACH** - There's a couple of things that are important. When going through the remediation process, each of the areas are identified, the historic uses are explored. As the minister notes, there's a mixture of things that have occurred on that side over time.

**Mr ABETZ** - There were seven delineated sites?

**Ms BEACH** - That's right, seven audit sites. The program of works is put together and, working with environmental auditor, agreed and then those works undertaken and then that's certified at the end. In terms of works remaining, the physical work to remediate the site as it stands, is complete, but we do need to finalise, assist and provide any further information. We're doing some monitoring as the environmental auditor goes through the closer and does essentially, a certification of that process, that it was conducted as planned and is appropriate for the intended use. 39F in our act sets out the requirements for remediation, and it's the only statutory remediation process in the state.

**Mr JAENSCH** - Would it be fair to say that that sort of work, given the history of that site, would have been needed for any sensitive use of that site in the future that involves people being there?

**Ms BEACH** - Yes, it is important for the future use of that site, but also our work has considered things like risk to ground water contamination. It's the environmental outcomes as well as health outcomes that are important in doing that remediation work.

**CHAIR** - That's a good time to just take a break. We will have a 10-minute break, we'll be back at 3:40.

**The committee suspended from 3.30 p.m. to 3.40 p.m.**

**CHAIR** - It being 3.40 p.m. we will resume the recording, thank you. Before we kick off with Mr Willie, Treasurer, just a question in regarding to the question on notice from Mr Willie in regarding the cost estimate of the roof: Are you going to take that on notice?

## PUBLIC

**Mr ABETZ** - No

**CHAIR** - You won't?

**Mr ABETZ** - I did take it on notice, but I then thought I'd indicated that we had not taken that on notice for the reasons given yet.

**Mr WILLIE** - You've offered a private briefing.

**CHAIR** - Thank you for the clarification.

**Ms JOHNSTON** - For all of us, or just for Mr Willie? The private briefing?

**Mr ABETZ** - We will consider in due course

**Ms JOHNSTON** - Sorry, through you, Chair. Will the minister be providing information back to this committee privately or will that just be to Mr Willie?

**CHAIR** - I'm not sure. It's up to the minister, I think.

**Mr ABETZ** - The offer was made to Mr Willie, but I'm willing to consider -

**Mr BAYLEY** - Consider or?

**Mr ABETZ** - I'm a considerate individual, as you all know.

**CHAIR** - Alright, well, now that we've got that cleared up.

**Mr BAYLEY** - Clear as mud.

**Mr WILLIE** - Earlier we were talking about the roof and there was a comment made about the roof structure being able to accommodate expansion. I am aware that the stadium does have an expansion capacity, but that's new, isn't it? In terms of the roof structure needing to be modified?

**Ms BEACH** - No, not the roof, the seating bowl has capacity for expansion, so the way it's been designed, it doesn't hang off the back of the seating bowl like you'd get with a cantilevered partial roof, which means there is a gap that we've provided for that allows us to essentially, if there is a demand and a business case for it, it can add a further 5 rows and sort of essentially click them to the seating breaker. It extends that top tier.

**Mr WILLIE** - Where are we at in terms of the shading and cricket? Has the testing been done yet in terms of -

**Mr ABETZ** - February next year, I understand, but confidence is ever building in relation to cricket, but I will let Ms Beach -

**Ms BEACH** - We are meeting with Cricket Tasmania, Cricket Australia consultant on a weekly basis and have been working through that shadow risk and concern. As a fully enclosed roof, there is a structure that supports the roof which does create that shadow risk. What we've

## PUBLIC

been working through is what is the right ethylene tetrafluoroethylene (ETFE) specification to make sure we're protecting - particularly the pitch area, but working through the solutions we're confident we will manage that shadow risk for the entire stadium.

ETFE comes in a number of treatments and - sorry, that's the plastic material that we've identified for the roof covering and it's in a two-layer envelope pillow structure. It has air filled in between and that's important for drainage. The treatment we have looked at - so it can be fully transparent, it can be treated with what's called a frit, which is like printing a series of dots that reduces the amount of transparency of light and the option we've been looking at is a matte treatment, where essentially one layer is machine sort of roughed up. What that does is it disperses the light instead of having a straight light through. From looking at material in a modelled situation, seeing it in the factory in situ, out in our structure, what we've it looks is that that will remove the risk of shadow.

We will be building a test rig to make sure we can prove that up and so people can see it but we're very confident that we've got a really good solution that will not only remove the shadow risk from the roof structure, but from the actual stadium structure itself. So you'd see in other stadia, it's the size of the stadium that often drives roof or light towers and you get those stripes and we should be able to remove that as well.

In working through that, the design, the test scenarios we're working through, we had looked at a number of options we could do, including creating a playable surface on site, building the test rig under that to enable officials and players to come and actually test it out. The level of confidence and feedback from cricket is such that we're not looking to build something at that scale and really will be focusing on the UV. So we need to make sure the transparency of the matte ETFE treatment allows as much UV as it's projected to and that's really important for turf health and growth.

**CHAIR** - One more question.

**Mr WILLIE** - In terms of cricket content, there's more potential for cricket content than the home-and-away games for football, isn't there? If some of these issues are resolved, I'm just interested in whether any further conversations have been had with the ICC regarding international test cricket.

**Mr ABETZ** - As I understand it, cricket is exceptionally confident that the issues can be resolved and I will be corrected here if need be, but as I understand it, the ICC does not sign off or certify your ground - ever - until it's been completely delivered. And so we can't get, if you like, pre-certification out of the ICC. However, as I understand it, with the involvement of Cricket Tasmania - Cricket Australia and their confidence, we are confident that ICC approval will occur, but we cannot get it in anticipation. Is that correct?

**Ms BEACH** - Yes.

**Mr BAYLEY** - Treasurer, and through you, possibly: in terms of milestones, can you tell us when the next milestone is in relation to design? We've had 50 per cent design; we're now at 70 per cent design. What is the next stage in relation to design and clarification on design, and also, a cost update in relation to that?

## PUBLIC

**Ms BEACH** - The design process we started at concept and then moved into schematic, and at schematic stage is when we made the planning submission. At that stage, we have the key areas allocated and working through the best way to use those. It allows for flexibility in working through of users to make sure we've factored in all of their considerations and then can go through that co-design process together.

The detailed design process, we get to a finer scale. You start at 1:1500, and we're sort of down to 1:50 to 1:20 depending on the plan, now we're in detailed design. We've worked through 40 and 50 per cent, and now it's 70 per cent.

The next stage from here is issue for construction. We're that advanced. In our showcase that we had open to the public a few weeks ago, we were able to show that we've gone to a level of detail where we've picked finishings and services and materials, and that's really important as part of our costing process.

The costing process - the other part of your question: that's based on work from a quantity surveyor. At key stages in the design, they do a cost plan. In between, they've been sitting alongside us and doing what they call 'health checks' - so as we work through design feedback and tweaks, they will look to see if there's any cost variations that we need to consider. The 70 per cent design is based on a 70 per cent cost plan. So, they are based on the measurements of those detailed plans.

As an example about the difference between issue for construction and 70 per cent design: we have got detailed specifications on different elements, but on the roof, we were just talking about, depending on the manufacturer will depend on the specific structure of the elements that will hold up the pillow. We can't go any further without risking having to do rework, and that's where the construction firm will go through that process and identify the specific supplies and the specific requirements.

**Mr BAYLEY** - Treasurer, on the day that the Tasmanian Planning Commission released its report, the Premier, in his response rejecting their recommendation not to build the stadium, basically announced the fourth price escalation, \$1.13 billion. What date did you find out that that was the cost? When were you informed that that was the new cost estimate?

**Mr ABETZ** - I remember being asked about this previously, and I think it was the day that - can Mr Healey, if he knows -

**Mr HEALEY** - I don't know specifically, but it was very close to the announcement.

**Ms BEACH** - I provided that advice, and it was - we had the discussion on the Monday afternoon prior to the release.

**Mr BAYLEY** - It was released on the Tuesday, was it? And can you tell us if Cox Architects have raised any prospects that the budget is going to need to be increased further?

**Ms BEACH** - No.

**Ms JOHNSTON** - Just following on from that: is there an upper limit - and the Treasurer - the minister advised the Estimates committee this morning that there wasn't really

## PUBLIC

an upper limit on how much we were prepared to pay for the stadium - a little bit of a blank cheque, to be quite frank. I suppose, through you to Ms Beach: when you go out to the market and they come back with a cost estimate for the cost and design contract, are there some design features or finishes that are changeable that might be able to be reduced in order to meet a more appropriate cost? Is there flexibility in that design to reduce cost pressures if it comes back significantly more than the \$1.13 billion?

**Ms BEACH** - Through that process, there's a thing called a PPR - the principal's project requirements - and that's something we're finalising at the moment. It's a really important document because it's where we specify our requirements of what is specifically required and what can and can't be changed and where we're looking for opportunities. I guess, as an example: for each of the sporting codes, they have specific requirements they must meet which we've spreadsheeted and made sure we've got factored into the design, but we also need to make sure they're actually delivered in the construction stage, so they will all be monitored at the start of that project management process. Another example is, some of our accessibility features go above the National Construction Code. We're not looking to compromise on any of those. We do want to see all those accessibility features delivered.

The opportunity for innovation, we'll be looking at. We've made assumptions in working through our estimated program and how some of those things will be delivered based on whether something's welded or bolted. With the products that have been used we've used a base assumption on what you'd use for some of those products, so that's where we'll get feedback from the construction firm on how they would actually deliver it and also the sequencing of how they would deliver it, so it's around the delivery side.

**Ms JOHNSTON** - So, are you able, I forgot what you called it, sorry - PPR was it?

**Ms BEACH** - Yes.

**Ms JOHNSTON** - are you able to table that document in terms of the things that you're not prepared to compromise on in terms of the features, whether it be accessibility as you said, or particular features or codes or whatever it might be, is that document able to be tabled for the committee so we can understand exactly what it is that we mustn't compromise on?

**Ms BEACH** - Through you, minister, the document is not yet finalised, but it will be a document that we use through the procurement process and when it is ready it could be something that could be tabled.

**Mr O'BYRNE** - Following on from the question from Mr Willie around cricket and cricket content, that essentially triggers cascading decisions for not only Cricket Tasmania, but Stadiums Tasmania as well. Obviously all the content being removed from Ninja Stadium across to Macquarie Point would mean that that facility has a different economic model and I know that they've got some significant sort of plans around some redevelopment down at Seven Mile Beach, so what plan is in place to ensure that that transition works and what does the transition for Stadiums Tasmania look like in having a conversation around repurposing or bringing back to the community, Ninja Stadium?

**Mr HEALEY** - Through you, minister, we are having some really productive discussions with Cricket Tasmania about exactly that. It's reassuring to know that we are advancing in our

## PUBLIC

discussions beyond some of the issues that they had with the design to some of the staging and some of the plans that need to be in place in order to be able to transfer content from Ninja Stadium into Macquarie Point and to continue to support cricket to grow and to have a really sustainable future in this state. So, they're really productive discussions that we're having at the moment. Nothing's been finalised, but we do expect to be able to talk more about those issues soon.

**Mr ABETZ** - Did you have something to add, Mr Avery?

**Mr AVERY** - Just to touch on part of your question, through you, minister, just that from Stadiums Tasmania's perspective in relation to Ninja Stadium, we see there being a future use for that once the Macquarie Point Stadium is up and running, we think content in relation to VFL, VFLW, Sheffield Shield cricket, there needs to be a home for those events and that content to be played and that won't be at the Macquarie Point Stadium. So, Ninja Stadium from our perspective is the ideal venue for that sort of content. It is also presenting an opportunity I think future use of the venue would be potentially, use it as a multi-sport centre for excellence that brings a whole range of sports and codes together for some tenancy in that venue.

Cricket Tasmania runs that venue with a very specific cricket lens, which is absolutely their prerogative given they have a lease on that venue at the moment, but I think there would be capacity to run a greater variety and a greater volume of events through that venue when owned and operated by Stadiums Tasmania.

**Mr O'BYRNE** - And as a local member over the many years I've had residents of Bellerive around that ground who are nervous about the fact that there won't be a Macquarie Stadium built because that then puts the pressure on their life and their sort of standard of living in that area. They're obviously very keen to ensure that it remains a community facility and that sounds like something that they would be very happy with. Less high-octane events is probably good for them.

**Mr JAENSCH** - Minister, what engagement has there been with industry groups and peak bodies and what feedback have they provided regarding the redevelopment?

**Mr ABETZ** - There's been a lot of very positive feedback from the various sectors, be it from industry groups or indeed the union movement, very excited about the prospects and they can see the economic enabling that this development will provide. If we go to Civil Contractors, to Master Builders, to the National Electrical and Communications Association, the Tasmanian Small Business Council, Business Events Tasmania, the Tourism Industry Council of Tasmania the list goes on.

Last week I received a joint letter from the CFMEU and the CEPU expressing strong support. If I may quote the letter, it was a joint letter:

This project represents a once in a generation opportunity for Tasmanian workers and local businesses. It is truly a development of state significance, not only for the sporting and cultural legacy it will leave, but for the investment it can deliver in local skills, apprenticeships and jobs for young Tasmanians.

## PUBLIC

Across all those engagements, the message has been exceptionally clear. Industry and workers see Macquarie Point as a catalytic project that will create jobs, drive investments and strengthen Tasmania's economic foundations and we will continue to work closely with them. I don't think it's any secret that the Premier and I have in fact met with those business organisations from time to time, but also with the two trade unions as well, or with their representatives.

**Mr WILLIE** - Nice to hear you speak positively about the union movement.

**Mr ABETZ** - I always take it on the basis of whether they are deserving of praise or not, like with the former TT-Line board. The purchase of the ships I will not fault, but the construction of the berth, I most definitely do. It's on a case by case with everybody. Just because I'm nice to you now, Mr Willie, doesn't mean that I'll always be nice.

**Mr WILLIE** - Likewise.

**Mr O'BYRNE** - We won't be calling you comrade Abetz any time soon.

**Mr ABETZ** - 'Brother', I'll take, not comrade.

**Mr WILLIE** - Just in terms of 'content'. We've talked about cricket content, but I'm also aware the JackJumpers have a wait list of 4000. I'm just interested in whether other sports could be played, given it's got a roof, I think there's a pocket in the northern part of the stand where they are basketball court could be laid down, and the games could be played there or what other sports are being looked at.

**Ms BEACH** - Through you minister, James might some further comments on this but we have looked in terms of design and making sure there's full flexibility in the way it can be operated, and this is where the advantage of the roof is really useful. The capacity to hang from the roof allows us to essentially make it a smaller venue. That's not necessarily a crowd challenge for things like basketball, but it is a smaller court, so you do want to create that atmosphere of being close around that space.

There are a number of things that have been considered so similarly boxing can be reduced into that size. One of the key decisions around the actual size of the field was driven by the multi-purpose nature, so rectangular sports such as soccer and all forms of rugby are a key part of the design and we are a little bit narrower than the MCG, for example, because on the wings as a wider stadium, it's tricky for rectangular sports to be able to use in those facilities because you're too far away from the action. As part of setting the size of the field, that was one of our considerations and we've also considered that in the seating bowl, so there's an elevated first row, so it means that when we're activating a different field, you still get great views from those front seats.

**Mr WILLIE** - It'd be possible to host the JackJumpers game, with 10,000 say, if they're in the playoffs?

**Mr ABETZ** - Mr Avery might be able to answer that more effectively than I can.

**Mr AVERY** - The answer is yes, and we have spoken to them about potentially showcasing one game per season there and whilst there's no nothing's locked in and there's no

## PUBLIC

commitments at the moment, absolutely and we've seen that with the trend, if you look at Marvel Stadium for example, there's been Boomers games there, there's been showcase international basketball games there played previously, that is what we would be considering.

As Ms Beach says, the configuration of the elevated first row makes it more attractive and a better proposition from a fan experience to be able to attend those types of games so yes, we would be very, very keen to try and get a JackJumpers game there each year and that would be a brilliant opportunity to get more people exposed to their games because you're quite right, it is hard to get into those games. It's capped in terms of capacity, but it's not just the JackJumpers, we've spoken to Rugby Australia, we've spoken to the NRL, we've spoken to the A Leagues, they're all very interested, and again, the size and the configuration of the ground make it a lot better for those rectangular sports. Traditionally rectangular sports suffer when you're playing them on an oval obviously but given the size of the ground, the spectator experience, the viewing experience would be much better, which is of interest to those rectangular codes.

**Mr WILLIE** - Could that be part of the solution for the JackJumpers?

**Mr ABETZ** - I confess I haven't turned my mind to it, but one would imagine that it would definitely be in play.

**Mr AVERY** - I think the consideration there is, would it be economically viable for them to play all their games there? Probably not. There'd be a threshold as to what would make sense for them, given they also currently lease the venue that they're playing out of here in Hobart. Certainly, it's something that we're very keen to explore. We would love to be able to see at least one game there on an annual basis.

**Mr BAYLEY** - We were talking earlier about stakeholders, and I want to ask you about RSL Tasmania. Mike Gallagher, State President of the RSL, wrote again to legislative councillors last week, unequivocally putting on the record the RSL's opposition to the stadium and their belief that this project disrespects the sacred ground at the Cenotaph and the values that they hold dear, and expressing ongoing frustration that their interests and needs are being sacrificed due to this stadium, irrespective of the platitudes and commitments that were made to them over many, many years.

Minister, in November 2024, you directed Macquarie Point Development Corporation to approach the RSL in relation to leasing the Royal Engineers building. Can you give us an update on where that process is at? Did they lease it, and was that an attempt to address their concerns and as effectively an incentive for them not continue their opposition to this stadium?

**Mr ABETZ** - First of all, the preface to your question, I don't think I can say better than the Minister for Veterans Affairs did in Question Time in answer to your question to him about the RSL and the importance of the Cenotaph, and as a returned serviceman himself, our minister gave an exceptionally good answer, and I will leave it at that. Suffice to say that sometimes I wish I had a dollar for every veteran that came up to me to express a counter view to that of the official RSL line, so just to put on the record that the RSL does not necessarily speak as one voice, but that said, there is no doubt that the RSL is the peak body for the returned servicemen and women of Tasmania, and that is their particular view, but I think Mr Pierce gave an exceptionally good answer and explanation and I will leave it at that.

## PUBLIC

**Ms BEACH** - The Royal Engineers Building was built in 1846 to 1847, and we've done a fair bit of work around the external to protect the stoneworks, but it did need some internal work before it was suitable for its next tenancy. We've been working through that process, and I've been keeping the CEO of RSL in the loop with that, and we're getting close to completion and having that handover in the next couple of weeks.

**Mr BAYLEY** - Is there a lease signed?

**Ms BEACH** - No, that's to prepare the site for tenancy. We have prepared a draft lease for the RSL to consider, but they've recently said that they would like to see it once it is refurbished, to then look at that as a suitable location for them to base some of their services.

**Mr BAYLEY** - The other stakeholder was the Aboriginal community, and in the Tasmanian Planning Commission's report and the submissions to the hearing, it is a true indictment on this government and this project with someone as esteemed as Professor Greg Lehman basically calling the efforts to accommodate the needs of Aboriginal people as 'black cladding', that is an indictment on this government. I will let that stand, but I want to ask the question about the Aboriginal culturally-informed zone. Much has been made of it; it's in all the plans. I understand there clearly there still needs to be more work to be done on it, but how much is budgeted to construct the Aboriginal culturally-informed zone? Can you confirm that it's not part of the \$1.13 billion cost estimate of the stadium?

**Ms BEACH** - It is not part of the \$1.13 billion, and \$11 million was allocated to the development of that space. Progressing that as an Aboriginal culturally-informed zone, it's called that based on the advice of the Aboriginal people that the corporation was working with throughout the history of master planning on site. The feedback was that as the site had evolved, it was appropriate to re-engage with community and not assume a particular use or title for that space, that included Professor Greg Lehman in providing that advice.

The suggestion was that we reengage through Heritage - CHMA, Cultural Heritage Management Australia - and we did do that, and they appointed Aboriginal people to support that engagement, so it was Aboriginal people speaking to Aboriginal people. What we were seeking is guidance on what that opportunity for that space was, what it should be called, how it should be used, if it was appropriate for a cultural centre to be considered in the space and if there's opportunities to interact with the stadium design and maximising that space.

The only caveat I'd note around that not being including the 1.13, is that we have considered if there's need to access services. For example, if there is an access from that side and the space allocated internally. If there was an Aboriginal enterprise that was appropriate to be based there, we'd make sure there are some base facilities within the stadium to support that, that's outward facing into that zone.

**Mr BAYLEY** - What's the staging? In in the meantime, it's just paved and concourse, is it, until you get to point where you will be able to turn a sod on what would be the zone?

**Ms BEACH** - The day one for the stadium is a stage 1. So, the day one development of that space will be as a park space, with native vegetation in that space, based on engagement.

## PUBLIC

**Ms JOHNSTON** - I want to go to the transport issues, because these costs are largely not incorporated into the \$1.13 billion, but they are real costs that need to be met to fix the real issues with transport. The TPC report says on page 119:

The transport studies prepared by the proponent, which informed the panel's assessment of effects, did not include some of the transport scenarios outlined in the project guidelines and generally incorporated a level of optimism bias. The proponent's transport studies do not quantify or articulate the cost and time implications associated with achieving the desired transport scenarios.

Can I perhaps go to, firstly, the aspect of the bus plaza - do we finally have a bus plaza design that's been confirmed?

**Ms BEACH** - The bus plaza is essentially making sure that part of the road is designed so that there's flat spaces for DDA-compliant bus access and that's part of the northern access road scope.

**Ms JOHNSTON** - The northern access road - my understanding is that the northern access road comes in and there's a turning circle for the buses; so that's not the bus plaza bit, the turning bit, but the flat-access bit?

**Ms BEACH** - There is locations in the design for buses to pull in in multiple locations along there, to create that plaza space.

**Ms JOHNSTON** - How many buses will be able to use that at one time?

**Ms BEACH** - We're working through the modelling of both the pedestrian movements and the available bus movements. I don't have that number off the top of my head, but we've been working through that through the project manager in the Department of State Growth and with our stadium design team.

**Ms JOHNSTON** - I've had a number of Metro drivers, or bus drivers, indicate to me concern with the northern access road design, that there won't be enough turning space, let alone space for bus vehicles parked to the side for passengers to embark and disembark from. Have you got that modelling done?

**Ms BEACH** - Yes. The sweep paths have been modelled to make sure - because it's not only buses, but there will be vehicles that may need to be turned away from the port, that need to be able to turn in the facilities. There will be vehicles entering the secure zone of the stadium where we need the turnaway capacity. For large vehicles, turning is required as part of the function of that road, and that sweep path has been modelled within the Department of State growth, where the project is being delivered and there is expertise in public transport services, that's informing the designs.

**Ms JOHNSTON** - With all due respect, we have delivered a bus plaza that can't fit buses in Kingston.

**Mr ABETZ** - Well, that was the Kingborough Council's muck-up, that one.

## PUBLIC

**Mr O'BYRNE** - That was the council, not - let's not let the truth get in the way of a good story. There's been a lot of discussions about the revenue-raising opportunities of the stadium. There was an earlier economist report that completely missed this as an economic revenue, in terms of the naming rights for the stadium. Is there any interest - it would be good to get an update on what we expect that may generate. I notice that they're taking the signs down in Perth Stadium, of Optus, we're moving to the next sponsor, whoever that is. It seems to be pretty lucrative. If you could update the committee on what you think that may look like.

**Mr ABETZ** - O'Byrne's Stadium might have a good ring to it, but I don't think it will deliver the dollars.

**Mr O'BYRNE** - I don't think I've got the coin.

**Mr ABETZ** - Mr Avery.

**Mr AVERY** - We've had early interest - it is a very important commercial asset in relation to the stadium and it is highly sought after there's obviously not many venues certainly that have this profile as well and the level of interest around it. So yes, we have had approaches from organisations in relation to wanting to commence a conversation around naming rights.

I think if you look at the numbers that have historically been attached to naming rights assets, they're in the millions of dollars per annum and this would be no different. Again, the level of interest around this venue is exceedingly high for a range of reasons, but there will be a lot of eyes on the venue when it opens, particularly given the unique design, given that it's in Tasmania. We anticipate that to be a very lucrative commercial asset as part of our operating model.

**Mr JAENSCH** - Minister, there was a public design showcase held over a number of days recently here. How did that go?

**Mr ABETZ** - Exceptionally well. It went for six days and I availed myself of the opportunity and was even able to put a little red disc I think into a vote for the colour of chairs that should be at the stadium. I'm not sure whether -

**Mr BAYLEY** - You went for red?

**Mr ABETZ** - Yeah, I'm not sure whether dark liberal blue -

**Mr BAYLEY** - Union mates and now Labor red.

**Mr ABETZ** - Nevertheless, the engagement of the community and the interactions and the activities were, I must say, first class. Including and - I'm sure there's a technical term for this, but the goggles that you could wear and then - somehow I don't know how the technology works -

**Mr BAYLEY** - Virtual reality.

**Mr ABETZ** - Yeah, virtual reality, and go through the stadium - was a great in itself. I understand it was what attended by at least 1500 people and a lot of engagement, a lot of questions. The feedback I've received as well was that a lot of the issues that had not been

## PUBLIC

properly ventilated within the sort of mass media was - a lot of questions and issues were answered. Ms Beach, I think you were there for the whole time, were you? Or most of the time. So possibly you can give a further account in more detail.

**Ms BEACH** - Yes, thank you, minister. The most popular seat colour was green.

**Mr BAYLEY** - Hear, hear.

**Mr ABETZ** - There you go, Vica.

**Mr O'BYRNE** - Is that out of spite or?

**Mr WILLIE** - Better vote for it now in the Upper House.

**Mr BAYLEY** - It'll take more than a few [inaudible] seats.

**Ms BEACH** - We did have a sample of six stadium seats for people to sit on and to vote for their colour and that was in keeping with our sort of earthy colour scheme.

**Mr ABETZ** - Wait a minute, that was first-past-the-post, wasn't it, that voting.

**Ms BEACH** - As the minister, we had our business information model, which is an electronic version of all the plans in their current stage that's in 3D. We did try and make that accessible by using our virtual reality goggles, so you could have a fly around and see all the spaces. As the minister knows, that ran from Friday 31 October opening at 11 a.m. and then every other day till Wednesday 5 November from 10 a.m. till 4 p.m.

**Mr JAENSCH** - Has any thought been given to taking the showcase on tour?

**Ms BEACH** - Yes, minister. There's a couple of things that we're doing. One is just today we've put on our website at [macpoint.com/showcase](http://macpoint.com/showcase) is a digital version. All of the information boards, the plans on display, the info sheets, all of the videos are now accessible to everyone, but we do intend to take the design samples around as a bit of a roadshow around the state to be accessible. One of the things we found most valuable is people coming and speaking to the staff and asking a lot of questions.

We had staff volunteering over the weekend and found people were spending a lot of time working through and wanted to have a chat. It was a really positive engagement. Before doing that roadshow though, we are looking at doing some industry briefing days. Working with the industry peaks to look a bit more detail into some of the elements that will be delivered and the packages of work so that we can help the local industry get ready and understand what some of those opportunities would be. As I noted, the display information included details on the experience, seating bowl, roof design; we had samples that showed the size of roof elements, we had facade materials explain some of the business events. Some of the accessibility features that might have been less apparent, explained how permit conditions work and also information on the site and the Goods Shed itself. There were also some information sheets on the design development process because some of that design language is a bit confusing, and where we're up to, for the stadium capacity for which we're seeking approval for and then what the design allows for future expansion. Also, some of the elements that have been critical to make sure we can deliver cricket as one of our key anchor tenants in that facility.

## PUBLIC

The plans include sections, elevations, egress modelling, information on turf profiles, all the different layouts including some of the things that were flagged. That is available on our website, but we will be making sure it is available to the community, not just in a digital format.

**Mr WILLIE** - We talked about the governance arrangements at the start of the session. There's obviously the public accounts referral, too, so you will be accountable to a powerful committee of this parliament and having to update Tasmanians in real time.

I'm also interested in the interactions between the governance committee, Macquarie Point Development Corporation as a proponent, and the AFL. My understanding is the AFL have people uniquely placed to develop high-performance centres and stadiums all over the country, and that they're well-placed to help advise in terms of the governance but also the project delivery, so I'm interested in how the AFL is interacting with this.

**Ms BEACH** - There are a couple of ways. On the stadium itself, they have a role on the project steering committee, so they're aware of the status and we can keep them engaged in that process. They've also been one of our key users. Over the last 12 months we've had multiple meetings with them as we've worked through each of the critical design elements, so they can have input not just in code compliance, but how the space will work for them to make sure it's as operationally as efficient as it can be.

In addition to the stadium, they're also involved in the training and admin facility and involved in that steering committee as well.

We have multiple points where we can keep them in the loop but also seek their advice throughout the process.

**Mr WILLIE** - Are they on the ground down here in Tasmania, or are they just doing that from Melbourne?

**Ms BEACH** - There have been times where they've attended in person for some of those meetings. We have had in-person briefings. A lot of our user meetings, because they're relatively frequent, have been online and depending on the discussion - so, for example, if we're focusing on broadcast and camera locations, they will dial in their broadcast in-house and external expertise. For lighting, they had a specialist consultant who attended those to make sure the lux levels across the field were correct and the locations for premium product, they'd bring in different people of their teams. It's not the same couple of people. There are some people who are coordinating within the AFL, but they dial in people of their team depending on the different elements that we're exploring.

**Mr WILLIE** - And do you have the same interaction with Cricket Australia too in terms of what their needs are with people who have been involved in stadium developments?

**Ms BEACH** - Yes, absolutely, including their consultant Chris Loftus-Hills who supported the development of Optus Stadium and advised on that, and that's been a base for some of the things they will hope to see. For example, our practice wickets are 16 wicket bays, so you have eight available at any given time and eight resting. That's based on the Optus model because they have that delivery experience, but similarly, they were dialling their experts based on the topic. In addition to that for cricket, we are meeting as well on a weekly basis as we work through the codesign process for our roof test rig.

## PUBLIC

**Mr BAYLEY** - Minister, a couple of questions in relation to your most recent ministerial direction, 9 June 2025. One is around procurement:

The MPDC is not to commence any procurement activity in respect to the construction of the stadium, including the issue of future opportunity notice, until approval for procurement strategy has been obtained from the Macquarie Point Urban Renewal Committee of Cabinet through the Oversight Committee.

I know we're still at 70 per cent or slightly more with the design, has there been any approval around procurement approved at this point, understanding, of course, that it's not a legally approved stadium, but that doesn't preclude steps being taken. Has there been any approval?

**Mr LIMKIN** - The Macquarie Point Urban Renewal Oversight Committee considered papers from MPDC which Ms Beach can run you through in a second, Mr Bayley; and provided a recommendation to the government that they should commence procurement processes, as you heard earlier, MPDC is preparing to go to market. The other thing I would say, is that MPDC has been utilising the gateway process, you've heard Ms Beach talk about that. A gate 3 done and is in readiness to go to market, it's a pre-procurement test and that was also discussed and looked at by the oversight committee as part of its assessment in providing the recommendation to government. But, Ms Beach, do you want to talk about what you've done in providing that to the community?

**Ms BEACH** - Through you minister. We developed a procurement strategy before commencing any procurement on this project - putting on the design team and similar - at the start of 2024 and starting that process. That identified that a design and construct approach was the best fit for the project. However, throughout the process we've made continual checks to ensure that it's still the right fit. We reviewed that when we had some additional members come to our board. We reviewed it again after the market sounding process that the minister referred to before, and the decision to continue with the design and construct - we did a number of workshops to make sure that was still the best fit to get the best outcome for the community and it has remained that. That is the strategy that we provided through to the oversight committee.

**Mr BAYLEY** - Is the strategy the same thing as the procurement methodology?

**Ms BEACH** - Yes. The design and construct is the method of procurement.

**Mr BAYLEY** - Is that a public document or is that able to be tabled?

**Ms BEACH** - That strategy considers the different elements that we need to consider and objectives and weighing up different options. We could review the document and see if there's a form that that could be shared.

**Mr BAYLEY** - Take that on notice, could you?

**Mr ABETZ** - Yes.

# PUBLIC

**Mr BAYLEY** - In terms of updates, the quarterly updates, I notice the most recent quarterly update is for the year ending 30 June 2024. We're a bit less than a year and a half off. What has happened to the quarterly updates from the Macquarie Point Development Corporation?

**Ms BEACH** - Through you minister. There wasn't a statement of expectations from the previous year. There is one for the current financial year and we are due to give that quarterly report to the minister.

**Ms JOHNSTON** - Going back to the transport issue, I've had a number of constituents raise concerns with me about disability access to the stadium. With transport constraints around getting to the actual stadium, there's very little parking on site. There is a heavy reliance on buses, but there is concern about whether the bus plaza will be accessible, how long you'll have to wait, the suitability of that, also noting that there is geo-blocking, I believe, around the site to prevent Ubers and taxis from getting close to the stadium, they'll have to come from some way away. What's being done to ensure people can access the stadium with disability and particularly mobility issues when parking in Argyle Street car park or Campbell Street car park, or wherever it might be, is some way away.

**Ms BEACH** - Through you minister. There are a number of accessible features, but focusing particularly on access as you've asked - the north of the site is slightly higher than the south, so gates 3 and 4 that are in the north-east and north-west corners are our planned accessibility access points. The reason for that is there are no level changes, so you can come in at the concourse level and circulate around the entire facility without any level changes. The two drop-offs serve different functions. Gate 4 in the north-east is for particularly people seeking to use the event day bus services and there are DDA compliant drop-offs as part of the design of the road. To the north-west is the only drop-off that we'll have for private and dedicated vehicles, which is for people requiring an accessible access and it allows them to either move from a complete level access into the stadium or for there to be on-site buggies to help them with that movement. There are 252 accessible seat locations throughout the stadium and options for every price point. We have also made sure that every entrance has - where they're not a complete level access, gates 1 and 2 have accessible access.

**Ms JOHNSTON** - In regards to bus access, for people with mobility issues in particular to be able to get to the event by buses, how are you ensuring that those charter buses, whatever they might be, are accessible friendly, because many of our bus fleet aren't?

**Ms BEACH** - Through you minister. We're looking at the facilities to support it. The work being led by State Growth around the Northern Access Road and the locations of those bus stops, we'll make sure there's a straight edge and prioritising that as needed for those accessible bus services.

**Ms JOHNSTON** - And the park and ride facility at the other end will be accessible?

**Mr LIMKIN** - Through you minister. That is a matter for Mr Vincent, but I'm happy to answer it for you. Park and rides are being designed to be accessible at the other end as well.

**Mr JAENSCH** - Minister, why is the Hobart City Council's proposed Collins Street Bridge not required for the development of Macquarie Point?

## PUBLIC

**Mr ABETZ** - Look, thank you for that question. The active transport bridge was identified by the city as an additional piece of infrastructure and look, you can't blame them for trying to see whether it might be able to be achieved, but the council's proposed concept of such a bridge predates the stadium design work, so it's been on their agenda for a while.

The corporation worked with Hobart City Council officers to ensure transport modelling was informed by current and planned infrastructure developments. As a result, possible access to a future pedestrian bridge from the northern end of Collins Street to Macquarie Point is considered. The modelling showed that safe travel to and from the stadium does not require the bridge. The development of the council proposed bridge is a matter for the council. It's not part of the stadium project or part of planned works for the urban renewal of Macquarie Point. I also note the Tasmanian Planning Commission agreed the council bridge is not required for the development of the stadium.

**Mr WILLIE** - We heard earlier in the session that the Royal Engineers Building is being transferred to Macquarie Point Development Corporation. I'm interested in what the plans are for that building. Also, the Goods Shed, in terms of packing that down, at what stage that will happen. My understanding is that that's going to be placed towards the Cenotaph under the escarpment on the top of the concourse there?

**Ms BEACH** - Through you, minister. Yes, the Royal Engineers Building and the yard around it will remain as a protected space that was built in 1846 to 1847 and we will be looking to tenant that building. We have just been doing refurbishment works to make sure both from a heritage and accessibility perspective that's improved. There isn't currently an accessible access, for example, to that building, which we're currently resolving.

The Goods Shed, as you noted, is an important part of the design. As Mr Avery noted, it'll be an important part of the everyday activation of that space. It will be, as you know, located to the north and is integrated at the concourse level. So, on event day, it becomes part of the concourse space, providing additional food and beverage, feature bars and toileting facilities. It can be closed off to be entirely separate so it can be available every day, allowing time for additional space for additional toileting facilities and a kitchen, it's a 900 pax venue that is standalone. It's also been really critical in our discussions with Business Events Tasmania about activating the space, so the function the 1500-person seated function room is a bit of a game changer in our offerings, but to really get the best benefit from that, having the Goods Shed there is what makes the difference. Having the two large venues allows for a large conference, but also trade shows and related events to happen with it. So, having those two critical spaces has been really important.

The placing of that location of the shed is really important too. We looked at the historical context and where the rail lines used to run. It used to be a way to load goods onto trains, so the name is quite relevant, and we'll be looking to do some interpretation as well to make sure you can read where those train lines ran and that original placement, which is similar to a train maintenance shed that used to be on site.

In terms of your question around pack down, that will be one of the enabling works that we will be doing in parallel to procuring the main contractor and we'd be looking to take that to market to start that process this year. We have done market sounding with local firms and there's quite a bit of interest in doing those works and that's an opportunity for local participation.

## PUBLIC

**Mr WILLIE** - So, [Inaudible] stored-off site for a number of years until the concourse is in place?

**Ms BEACH** - That's right. So, the first stage is to go through document and methodology for the pack down of it and that needs to be approved by Heritage Tasmania, after that it will be stored and then reassembled on site. It can't be reassembled straightaway because it does sit above a secure zone and to be at that level access it needs further works to happen in the construction before it can be placed in that location.

**Mr BAYLEY** - Minister, through you, I asked this question last year and I'm interested to get an update. The Macquarie Point Development Plan specifically identifies a coach pick-up and drop-off zone on the Domain. From memory, it accommodates about 2 per cent of patrons, you know, we're talking a dozen or more coaches, these are regional coaches for private charters and the like. When I asked last year, there had been no conversations with the Hobart City Council about that potential drop-off zone. I'm interested in an update as to whether conversations have kicked off with the council, and where they're at with it?

**Ms BEACH** - You're right, it is 2 per cent in the projected patronage. Coaches, just for context, are different to the public bus facilities. This is where people might charter a bus together and come to the facility. The lower Domain is still our indicative location. We have had discussions with council but they will need to be progressed in more detail as part of the transport planning that will be developed working with Stadiums Tas.

**Mr BAYLEY** - Where in the lower Domain? What's the proposition there, in your minds, for the site?

**Ms BEACH** - We've identified that location because of the flexibility in access from multiple locations. The specifics of that we will work through with the council as part of the transport plan to activate the stadium, once built.

**Mr BAYLEY** - And the originally proposed three-level car park, now two - can you talk us through the decision around minimising that facility? What were the implications there, why was that decision made and what does it do for finances?

**Ms BEACH** - Do you mean the reduction in the proposed size?

**Mr BAYLEY** - That's right, from a three-level underground car park to a two-level underground car park.

**Ms BEACH** - The car park is separate to the stadium in that it's not required for the operation of the stadium. The agreement between the Tasmanian government and the AFL requires 40 car parks to be made available for officials and support staff and they are provided for within the stadium itself in the secure zone. We keep those separate to public access for security reasons.

The reason we included the car park was, looking at the activation of the broader precinct, we need to have car parking facilities onsite for the other developments onsite. For efficiency, if we were to do that section, it would make sense to do it in parallel, so we sought planning approval as part of that. It isn't required for the stadium, but it was an efficiency in the design.

## PUBLIC

We'll work through getting a price on the delivery on that, and whether or not that solution is something that will be proceeded will depend on the viability of the cost.

**Mr BAYLEY** - So it's still something that's up in the air and you may not proceed with it at all? Is that what you're saying?

**Ms BEACH** - In that location, it's not a certainty. It was looking at exploring that option, making sure we can understand the cost. As I noted before, the site does slightly increase in height as you go to the north, so you can have an underground car park without having to do extensive excavations because you can use the height of the site, but we would only proceed with that if it was viable. It was to make sure we had the option through planning approval to explore it further.

**Mr BAYLEY** - What were the contamination issues associated with digging farther down like that?

**Ms BEACH** - It does require some excavations and it would increase the bulk material we'd need to remove from site.

**Ms JOHNSTON** - I understand in Estimates hearings last night with the Legislative Council there was some discussion about changes made to the deal with the AFL in relation to the timelines for delivery of certain things, and also around penalties. Are you able to provide an update to us in relation to that and how that renegotiation process was conducted?

**Mr HEALEY** - Certainly the reference to the timeframes we talked about last night. I'm not sure about penalties, I'm not familiar with that -

**Ms JOHNSTON** - It was that they would forgo their penalties for late delivery.

**Mr HEALEY** - We've had to renegotiate with the AFL on some of the intermediate milestones associated with planning approvals and the securing of the funding, because of the delayed budgets because of the election and the delays in the ability to get the order into parliament. There's also some interim timelines associated with the Public Works Committee approvals. Those timeframes have simply been pushed back.

**Ms JOHNSTON** - So we instigated that renegotiation?

**Mr HEALEY** - It's not really a renegotiation, it's just the AFL recognising that there's been some unavoidable delays in securing some of those works as part of the early milestone. They've been modified and no doubt we'll talk to the AFL once we get certainty around planning and funding approvals, and then we can really lock some further dates in. There was one other schedule within the agreement that was renegotiated which was some minor changes to the governance which were not of any particular substance.

**Ms JOHNSTON** - So these are changes as a result of parliament and the election and the delays and things like that, that we requested and the AFL was able to accommodate those changes at renegotiation. What makes you think that they wouldn't be willing to accommodate or entertain a renegotiation if parliament decided not to approve the order? The deal is with the government, not the parliament.

## PUBLIC

**Mr HEALEY** - These are not changes that go to the intent or objective or the substance of the order.

**Ms JOHNSTON** - It's the timing of it.

**Mr HEALEY** - They're simply minor milestones that are included within agreements so that you can continue to track progress. I think the AFL understands why the election and the processes of parliament mean that we can't reasonably meet those timeframes, not because we're not doing the work, simply because we're following due process.

**Ms JOHNSTON** - Are you able to table the correspondence to the AFL in relation to those renegotiations or amendments - whatever you want to call them - to the contract? Did the AFL update their financial commitment now that they understand the latest total cost of the stadium? Did they make that offer?

**Mr HEALEY** - I'm sorry, I'm not sure what you mean by 'update their financial commitment'.

**Mr BAYLEY** - The AFL deal talked about a commitment of \$124 million, I think, and they've issued a media release saying it's now \$360 million. Has that been locked into an agreement?

**Mr HEALEY** - There are no changes to the agreement other than for those minor milestones that have been updated to refer to process, and one schedule, which is minor changes to governance - schedules 11 and 12 have been amended.

**Mr ABETZ** - I think we agreed to table those at the Legislative Council so we're happy to table those amendments to this committee as well.

**Ms JOHNSTON** - Is there correspondence that has been written to AFL that you're able to table as well?

**Mr ABETZ** - I'll take that on notice just to make sure there is nothing that requires confidentiality.

**Mr JAENSCH** - In an answer to an earlier question, minister, Ms Beach referred to some work that has been done regarding getting people out of the stadium and the stadium's precinct egress. What modelling has been done regarding emergency procedures and getting people out of the stadium, and how were any issues identified and resolved?

**Ms BEACH** - There's a number of things that we've considered. One is what's called the Green Guide, which is the international reference point for management of stadia. That sets the standard at needing to fully exit a venue in eight minutes and that's what our designs inform. There's a number of modelling pieces of work we've done that's looked at mapping people from both tiers, the bottom layer of seats and the top layer of seats, and also in concert mode where we have people on the field. We also modelled that movement path out into the precinct and then away. That was sort of done on volume and space to make sure we had big enough plazas.

Also, it's informed things like, in the design, while we start with 23,000 seats and 1500 standing locations, so 24,500 capacity in the initial design, it does leave room for

## PUBLIC

expansion up to 30,000, so when we've designed things like the stairs and the concourse they have provided for the large expansion to make sure that they work. We have stress-tested the allocation of space and assumption of people moving to their nearest exit through some dynamic pedestrian modelling. That models people from each seat to their destination in the city, whether that is to a bus, which helps us work out queuing and the spreading out of those bus locations in the design; if it's to parking locations across the city or to other venues people might be going onto and also to ride-share and taxi facilities around the city as well. Through that we've been able to stress-test at different modes where we have any pressure points and what operational supports there might need to be.

There's a couple of things that have come from that. One is we've added some egress gates that allow for flexibility in case one of the main gates was not able to be used. We've also changed some of the directions, so the gates on the eastern side that are additional egress gates, instead of allowing people to go both ways, it directs people to the south, because what we found in the modelling is they go down both and then turn around and need to come predominantly to the southern area towards Sullivans Cove for people leaving those exits. It has led to some improvements.

We've also made sure that there's an egress gate at gate 3 on the bottom side of the cricket practice wickets. That shortens people's journeys if they're heading into the city and they're leaving through gate 3 and aren't sort of forced around that space. There's been a number of things we've considered. In terms of operational overlays, when we're at that larger capacity, once you come out of the facility just in front of Zero Davey, there's a bus layover that sort of steps into the pathway there, so by putting in some barriers to allow for that full seven metres to be available, simple things like that without any permanent changes, creates that flow of people.

**Mr WILLIE** - We just had the cricket wickets mentioned again and I'm interested in turf management, particularly under the roof, what sort of work is being done there, and if cricket is to be played within the venue, which it will be, whether it will be a drop-in pitch or will there be a square that's managed?

**Ms BEACH** - So it will be a drop-in pitch, which Stadiums Tasmania is used to managing; it has a similar facility at UTAS or York Park, which Mr Avery could speak to. It has an existing curation team that it developed as part of managing that facility that can inform work onsite. As a fully covered turf, the drainage system is a little bit different to other stadia because we don't need to manage for those sorts of flood or large rain events, so all of the water that's applied is controlled arrangement. It also means that there will be - the soil that will be supporting the turf is predominantly sand, so allows for good drainage and management.

We did have some samples at the showcase of what is an artificial turf that's sort of a structural support. It provides structural webbing underneath the natural turf, and it just adds for that durability and structural support which we see across a lot of stadia, so it is a natural turf, but it has that artificial webbing that supports it below. I'm not sure if Mr Avery wants to comment on the curation arrangements.

**Mr AVERY** - Just that we've done a lot of investigation with venues such as Marvel, but also venues overseas that have ETFE roofs. We're obviously very interested on looking in relation to the test rig that's being developed and the UV that's been transmitted through that

## PUBLIC

test rig to ensure that there's healthy turf. It's a huge priority for us. It obviously is a critical factor in relation to our operating model and costs associated with that.

We have our ongoing dialogue with the AFL, who obviously own and operate Marvel Stadium; we will also have a staff member who is the general manager of our northern venues in the north of this state who spent 15 years at Marvel as well. We have, as Ms Beach said, a curation team already in place that curates UTAS Stadium, which is widely regarded as probably the best surface within the AFL. They tend to cricket needs up there as well.

In fact, our curation team will be the ones developing the wicket in relation to the test rig as well, so we are very well versed in other experiences and reference points in relation to turf growth under a roof, and we've been intimately involved from day one in the modelling around the turf and the roof.

**Mr WILLIE** - There's ventilation points around the stadium to assist the grass?

**Mr ABETZ** - There's a gap between the roof and the walls.

**Ms BEACH** - Yes, that's right. While it's a fully-covered field, it's not an enclosed venue and that's important for patron comfort, player comfort, but also critically, as you noted, turf growth. We do need ventilation to manage the turf. The ventilation is predominantly, as the minister noted, between the back of the seating bowl and the roof and also in the concourse, particularly on the eastern side. Most of our strong wind comes from the north-west so we do have protection from that space as part of our both climate modelling for patron comfort but turf growth as well.

**Mr WILLIE** - Match day pitches, will they be developed onsite in the cricket wicket or will they be developed offsite?

**Ms BEACH** - We don't have an onsite nursery for those. We do have onsite for the practice wickets, and we will work with Stadiums Tasmania around managing those.

**Mr BAYLEY** - Can I just ask a question about the October 2027 50 per cent completion requirement in the AFL deal? Is that one of the elements that was renegotiated and changed or is the expectation still that this structure is 50 per cent constructed by 2027?

**Mr HEALEY** - That's a date that obviously we'd need to be talking to the AFL about. Once we can confirm the planning approval, the funding approval, the commencement of the engagement of the contractor to commence construction of the stadium, so -

**Mr. BAYLEY** - That date stands in the agreement effectively.

**Mr HEALEY** - At the moment that date stands. Obviously when we've got some more certainty, there's no doubt there's further discussions that will need to be had with the AFL about how this project rolls out.

**Mr BAYLEY** - Can I ask about the remediation audits and sign off in relation to the seven zones, or the seven sub areas: how many of them are signed off, and have you got the site suitability statement already?

## PUBLIC

**Ms BEACH** - There's four of the seven are already signed off and three currently under review. I just caveat that they we are seeking a whole-of-site review just to make sure that it does align with the current uses set out in the precinct plan, because some of those were done a few years ago. We are seeking a full site signoff, as well as those additional zones that are currently with the environmental auditor.

**Ms JOHNSTON** - Treasurer, I asked you this a couple of weeks ago in the House, but you didn't have the benefit of Ms Beach with you at the time. Have you, your government or Macquarie Point Development Corporation held, encouraged or been made aware of any discussions or approaches from gambling companies regarding sponsorship naming rights, advertising a logo placement at the stadium or with Tasmania Devils AFL or AFLW teams?

**Ms BEACH** - We haven't had any approaches. Unless they got caught by our spam filter, we haven't had any requests.

**Ms JOHNSTON** - Will there be any gambling advertising at the stadium? Can you rule that out?

**Mr AVERY** - Stadiums Tasmania has also not been approached by any gambling organisations. Obviously, we can't speak on behalf of the Devils. There have been a number of regulations in place in relation to in-venue gambling advertising, several years ago live-odds in-venue during events was removed. A lot of this comes down to the hire of the venue, for example, Stadiums Tasmania as the operator of the venue will probably have access to somewhere in the vicinity of 5 to 10 per cent of signage, electronic signage, LED and so on during for example, Devils games or Hurricanes games ordinarily. Then, it becomes an issue of what are the commercial arrangements that those hires have entered into, from a sponsorship perspective, with these companies. There are a few layers to it, but at the moment, we haven't been approached by anyone, and we haven't designed anything along those lines.

**Ms JOHNSTON** - Will the government, Stadiums Tasmania, Macquarie Point or whoever is operating it have a policy of no gambling advertising?

**Mr ABETZ** - Look, I haven't turned my mind to that.

**Ms JOHNSTON** - Noting that the AFL's major sponsor is Sportsbet.

**Mr ABETZ** - Alcohol is advertised as well.

**Ms JOHNSTON** - I'd be happy for you to ban that as well.

**Mr ABETZ** - We will take that into account. I don't know whether Mr Avery wants to say anything about that.

**Mr AVERY** - We haven't developed a policy along those lines. Obviously, if government were to make that decision across all state-owned or state-funded venues, then that could potentially have an implication for some of those community organisations that are accessing those venues, that are entering into arrangements with various organisations, whether it's the Federal Group or others potentially; there'd need to be some pretty clear parameters I would have thought. But we haven't designed a policy along those lines, and we would take our cues from government in that sense.

## PUBLIC

**Mr JAENSCH** - Minister, how will noise and vibration be managed during the construction period and also during operation of the finished stadium?

**Mr ABETZ** - That's another one for Ms Beach.

**Ms BEACH** - It's something we constantly monitor now. When there's works onsite, for example, we have vibration noise monitors. Our most recent works was last financial year around the south-west corner, so where Macquarie and Evans streets meet. That was the closest part of our site to the Federation Concert Hall, so we put monitors both on our side and also at the concert hall, both inside and out, to make sure we could monitor for any impacts, because we were doing some concrete cutting and we just wanted to monitor for any impacts. None of that was audible in that space, but it gave us a really good data set for our further works.

We do require all of our construction and leaseholders onsite to be aware of - we will share, when provided, the TSO's forward scheduling to make sure that if there's any loud activity, that it's aware of any sensitive activity that could be required. During the actual construction, both of the stadium and any construction onsite we will monitor. As you noted, vibration is important as well as noise, both because vibration can reverberate and become noise in a sensitive environment, and because we have structures around us that could be impacted by those, so the design approach to piling has been informed by that, and we will be monitoring throughout that process.

There will need to be a noise operating and construction plan developed before any material works commence that could have noise impacts. The order that's before the House, before the parliament, sets out specific requirements that are required to be met during operations. For different activities, for example, the modelling is showing that sporting game-day events were in effect the Federation Hall and they won't be heard within that space, but for major concerts there are restrictions around the number and there's notification provisions because there is a small just detectable noise that can be heard for those occasional events.

**Mr WILLIE** - We're interested in whether anything's been done in terms of access around socioeconomics, making sure that ticketing price is affordable. I've heard of initiatives in other stadiums where there's partnerships with corporates and rows of seats are saved for particular groups and things like that. I'm interested in whether that's been considered or is it too early for that?

**Mr AVERY** - Frankly, it's a little too early, only in the sense that we haven't even begun in earnest to negotiate venue-hire agreements with venue users and that's where those carve outs and those allocations would be determined. However, I will say from a Stadiums Tasmania perspective, we are committed to ensuring that we provide access to venues for everyone in the community, and that may well be via community outreach programming which we would be undertaking. We're committed to doing that, not just at this venue, but all of our venues as well and partnering with key community organisations, which we've seen programs like that run successfully at other venues and with other organisation.

We have an obligation under our act, but also because we think it's incredibly important to service the needs of the community and this would be one way we'd be doing, whether that's by making a certain portion of seats available or access to certain events at certain times. There's a lot of different ways you can do it, but we'd also need to do that when entering into

## PUBLIC

venue-hire agreements without venue users. We won't have access to all the seats and the venues for those events.

**Mr WILLIE** - Do you do market analysis in terms of tipping point for affordability and things like that?

**Mr AVERY** - Yes, we will be, and we already have done as part of our operating model. That's part of the focus groups that we've done with Devils members, Hurricanes members, other members within the community to understand what price points are relevant here in Tasmania. There are no point replicating price points at other venues around Australia. We need to understand what the market is here, particularly for those people who may not be able to afford access to tickets like others in the community.

**Mr BAYLEY** - Can I ask about stormwater and particularly the preparation of the site prior to the ministerial direction to pursue the stadium? Did you deliver stormwater across the site, particularly in the northern part of the site that now needs to be replaced because of the size of the stadium and the new configuration of what's designed for the site and the like?

**Ms BEACH** - The stormwater requirements reflect the development of the site. We are looking at a whole-of-precinct management of stormwater, not a development-by-development. There're a few things to consider. While we've remediated the site, there is still risk of contamination from exposed soil, so during construction stages, we will need to manage holding spaces or treatment to protect as we are quite close to the water. Once the site is fully developed, those aren't a risk, so the runoff is less likely to expose to any of those contaminants.

As part of the order that's before the parliament, there is a requirement to set out some of those storm-water specifics. We have been using the existing storm-water facilities that are in place as part of the development of the precinct. They will need to be increased and we're working through the specifics of that design and the pathway to remove the water from the site.

**Mr BAYLEY** - I think Ms Beach did refer to the fact that there was a year hiatus when there wasn't a ministerial statement of expectations. I've raised this in the past, but when minister Barnett, as the previous minister, directed the corporation to pursue the stadium, he issued a new set of ministerial directions which explicitly dropped some commercial activity requirements. I will read them in. He removed the requirement that,

1. the minister expects the corporation to only carry out commercial activities that are consistent with the corporation's principal objectives and functions;
2. appropriately costed and carefully managed, with the objective that in the absence of a higher priority, the activities deliver a commercial return acceptable to the board; and
3. that are compliant with the government's competitive neutrality principles.

You've issued a new set of statement of expectations in July. Despite the fact that this was brought to the attention of the government, it doesn't appear that those requirements have been reinserted into the Ministerial Statement of Expectations. Why is that? Do you not think

## PUBLIC

that Mac Point Development Corporation needs to be compliant with the government's competitive neutrality principles or do you not think it should appropriately cost and carefully manage its commercial expenditure?

**Mr ABETZ** - All those factors are important factors. I didn't do a comparison, from recollection, between mine and Mr Barnett's. I'm happy to take that on notice and have a look at the differences.

**Ms BEACH** - I note that the existing whole-of-government policies apply to us regardless, so we're required to follow those. The statements of expectations are often used to highlight key things that the government would like us to focus on, not necessarily all our obligations, so they are required. And our act requires us in our principal functions and objectives to, where practical, make a return. While those things aren't specifically listed in the statement of expectations, those expectations are otherwise upon the corporation.

**Mr BAYLEY** - I can appreciate that, but I do find it alarming that on instructing or directing the corporation to pursue the stadium these expectations that you're consistent with the principles and objectives that appropriately costed and managed and compliant with the government's competitive neutrality principles are explicitly dropped out of the ministerial statement of expectations.

**Mr ABETZ** - That's an extravagant use of language there but as I understand from Ms Beach's evidence, these are requirements in the legislation in any event.

**Unknown** - That's correct.

**Mr BAYLEY** - That begs the question as to why they were there in the first place if that's the case.

**Mr ABETZ** - You know me, a man of few words, so if it doesn't have to be stated, I won't state it.

**Mr BAYLEY** - Can you take on notice an explanation around that? Is that what you offered, minister?

**Mr ABETZ** - Yes, I'm happy to have a look at that.

**Mr BAYLEY** - Thank you.

**Ms JOHNSTON** - For community groups, hiring Princes Wharf No 1 (PW1) is often cost prohibitive. It's very expensive to use that space for community events. Minister, can you give any guarantee that the cost of hiring space within the stadium precinct and accessing that for community groups will be affordable?

**Mr ABETZ** - It's of those things isn't it - you run a campaign saying that the stadium won't be viable and here you are now asking the stadium to provide a community service obligation at taxpayers' expense.

**Ms JOHNSTON** - I'm trying to find the benefit somewhere.

## PUBLIC

**Mr ABETZ** - I will ask Mr Avery to would respond.

**Mr AVERY** - What Stadiums Tasmania are doing at other venues is we have a rate for commercial venue hirers and then we have a rate for community users as well. That's something that's been successfully employed for somewhere like UTAS Stadium, for example. And council was doing that before we took ownership of the venue. It's a policy that we would obviously look to consider.

**Ms JOHNSTON** - Thank you. Finally, this might be my last opportunity for a question, minister, in this portfolio area. Minister, in your budget speech you delivered two weeks ago, you said that in relation to this:

This is a sensible and calibrated approach. It is one that reinforces the fundamental principle of responsible government that public money must be spent wisely, purposefully and with objectively measurable benefits to the community.

Yet your evidence today is that you have been unable to provide measurable, quantifiable, modelled benefits when it comes to revenue. Are you throwing out your very sound principle for investment of public money out the window for the Macquarie Point Stadium?

**Mr ABETZ** - No.

**Ms JOHNSTON** - Where are the measurable benefits then, if you can't provide the modelling for the revenue to come in?

**Mr ABETZ** - We've already been through that earlier in the day. We get a brand new payroll that didn't exist before with the AFL of \$44 million. They will be paying \$2.6 million in payroll tax. Brand new hotel or hotels with staff that will be -

**Ms JOHNSTON** - Speculation.

**Mr ABETZ** - As I said before, everything potentially is speculation. For example, we mightn't get anybody wanting to sign up to the Tassie Devils team. For example, it is speculation that we're going to be able to field a full team; not that I'm gambling, but I'd like to put money on that proposition that we will, but it is speculative and I cannot give an absolute guarantee that that's going to occur. Life is full of those risks, those imponderables, that degree of speculation and I cannot give a fixed guarantee in relation to those things, but it makes sense that if there is a venue which is going to be able to attract international and interstate conferences that in the past we've been unable to attract, that we might actually be successful in attracting people. In that case we will need more hotel beds and therefore the demand and for hotels will increase and therefore there is every likelihood and expectation that more hotels will be built. If those hotels are built, they will need people to staff them and if they're staffed then there will be payroll tax payable. The list goes on.

If people come to Tasmania to be part of the Tassie Devils outfit, be it either on the field or behind the scenes, they'll be buying houses, they'll be paying stamp duty and when they spend money there will be GST revenue and we will be seen by the Commonwealth as growing our economy and expanding our GST base, keeping in mind, I think at the moment that we receive \$1.87 for every dollar raised. You're saying that we should be looking at being

## PUBLIC

self funding, and in those circumstances, the more GST we can raise for the total coffers, the more self-sufficient we become, which is something I thought earlier in the day you had argued for.

Many positives will spin off from the stadium and I would like to think that the trade union movement isn't wrong, the TCCI isn't wrong, NECA isn't wrong, the Small Business Council isn't wrong, the Tourism Industry Council isn't wrong and so the list goes on.

**Mr JAENSCH** - Could I ask, has any thought been given to naming or honouring Tasmanians or Tasmanian things or places in in the development of the stadium and its various areas? I'm mindful of in other places stands named after prominent sporting heroes -

**Mr ABETZ** - Ricky Ponting Stand, Boon, -

**Mr JAENSCH** - On the *Spirits* different areas sort of aligned to different areas of the state -

**Mr ABETZ** - The magnificent Huon Bar.

**Mr JAENSCH** - We're beside the Cenotaph; there's the opportunity to honour people with distinguished service to the state in other ways as well. Is any thought being given to those sorts of issues?

**Mr ABETZ** - Yes, it has, on the detail of which I'll pass to Ms Beach.

**Ms BEACH** - Through you Minister. One of the things we sought some feedback on through the showcase, but we'll do some more consultation on, is those types of opportunities. Across the concourse it's an important opportunity to recognise Tasmanians and how we got to the opportunity to do this development as part of that, but also it's really valuable for wayfinding and particularly with people with different abilities to be able to distinguish where they are in the stadium when we have a continuous concourse that takes you all the way around.

We have thought about things like colour coding north, south, east and west to help identify where you are and to highlight where signage and similar located. We've also looked at some of the spaces - we have brick on the outside between the food and beverage and facilities in the general access, opportunities for those to be potentially inscribed and capture some of those Tasmanian heroes in those spaces. It's something we've done some initial thinking on, but we will be seeking some more consultation on. We do have a few feature bars and similar across the facility that Stadium Tasmania will need to balance both people's connection to space, but also the need for a commercial return and the flexibility in working with food and beverage providers. We'll be looking at that whole spectrum of opportunities.

**Mr WILLIE** - Thank you. If the Legislative Council votes no to the stadium and then the AFL walk, how quickly will the football club be wrapped up? It's got 50 employees I think currently.

**Mr ABETZ** - That I don't know but there is no Plan B. I know from my informal discussions with the AFL personnel that there are many other states and territories or some other states and territories that are looking to fielding another team or their own team and the AFL would undoubtedly be advised by themselves and their 18 clubs to take the \$360 million

## PUBLIC

on offer to Tasmania, to a place where that investment would be welcome such as potentially Darwin or as I understand it, another team in Western Australia.

That said, I don't want a countenance that possibility but that is a real consequence of a negative vote in the upper House - no stadium, no team. That has been very clear from the AFL from the outset.

**Mr WILLIE** - So the 50 employees, they would be out of a job by Christmas?

**Mr ABETZ** - I would have thought it'd be very difficult for them to sustain that, but that said, I can't speak for the AFL team and the AFL outfit, I don't know if anybody else can, but no. That would be for them to determine but the fact is 'no stadium, no team'.

**CHAIR** - Mr Bayley.

**Mr BAYLEY** - Minister, can you outline whether the Macquarie Point Development Corporation is subject to the efficiency and productivity unit and is subject to the same lens as every other kind of government agency and department?

**Ms BEACH** - Through you, minister. We're an agency but not a department and as a public non-financial corporation we don't receive an allocation like departments do. We receive an operating grant, so we're expected to carefully manage the operating funds that we have and live within those means and I imagine those expectations will continue.

**CHAIR** - Ms Johnston, did you have another question before we finish up?

**Ms JOHNSTON** - Just back on the vote of Legislative Council. It's your understanding, you haven't had it confirmed that there won't be a decision made or announced by the AFL on the Friday following a decision on the Thursday by the Legislative Council, and have you had discussions with the AFL about if the Legislative Council does approve the stadium and there are significant issues in construction delay, cost blowouts, what the ramifications will be for AFL around that and how long they'll hang on the line for that?

**Mr ABETZ** - Look, in relation to discussions with the AFL, no I haven't, but they have made it exceedingly clear - no stadium, no team, and I understand that they made that exceptionally clear through a delegation that I think you may have been part of. Were you? Yes.

**Ms JOHNSTON** - I was, yes.

**Mr ABETZ** - You were part of that delegation and so you can tell us and put on record what Tom Harley told you from the AFL perspective that if there's no stadium approved, what the consequences would be for the team.

**Ms JOHNSTON** - Has the AFL raised concerns about project management with the stadium? They certainly were concerned and mindful and very aware of the *Spirits of Tasmania* issue and the berth issues. Have they raised concerns about whether this stadium's actually achievable?

## PUBLIC

**Mr ABETZ** - For those who want to talk Tasmania down, you will always refer to one of those occasions where there has been a trip-up, a stumble -

**Ms JOHNSTON** - A catastrophic stumble.

**Mr ABETZ** - and with the TT-Line, a fall, and we have put in place a whole range of governance and other issues, but if you were to take that approach in life because you take a fall on an occasion, you would never bother getting yourself back up to have another crack.

You have a look at the Bridgewater Bridge, you have a look at the Legana and Brighton schools, you have a look at a whole host of other projects which we have delivered exceptionally well, and so the question might be asked in relation to the TT-Line and the Bridgewater Bridge, which are two sort of contrasts in project delivery, at the time you had the same minister responsible for those, but different personnel underneath that minister responsible for delivery. One exceptionally good, one exceptionally bad, and you can try to blame government or whoever for that. Look in our system, sure it ends up with a minister, but I think most fair-minded people would say, 'Have a look at the personnel beneath', and we have now got governance arrangements in place for our GBEs continually improving and with the governance and the specialist advice of somebody like Mr Kanofski. I'm sure the AFL are now satisfied that we won't have another TT-Line situation when it comes to the stadium.

**CHAIR** - The time for scrutiny has expired. Thank you, minister, thank you, guests, and thank you, committee. We will take a five-minute break so we'll be back at 5.15 for Housing and Planning.

**The committee suspended from 5.10 to 5.16 p.m.**