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9th Legislative Assembly
Standing Committee on Economic
Development and Tourism

Inquiry into a new convention centre
for Canberra

ACT Government response to the
Inquiry's terms of reference

May 2017

INQUIRY INTO A NEW CONVENTION CENTRE FOR CANBERRA

TERMS OF REFERENCE

The Standing Committee on Economic Development and Tourism, noting that the proposal to construct a new convention centre for Canberra has attracted tripartisan support in the Assembly, resolves to inquire into and report on the proposal to construct a new convention centre for Canberra including:

1. the level of demand from business and clients for a new centre and the likely economic impact of a new centre on Canberra
2. whether the Australia Forum proposal has the support of stakeholders
3. the amount of work required to take the proposal to an investment ready stage
4. the appropriate source of funding (federal, territory or private sector) for each stage of the project
5. the level of priority that should be given to a new convention centre in relation to other infrastructure projects in the ACT
6. other matters arising during the course of the inquiry.

This submission provides a factual account against the matters raised in the terms of reference for the Standing Committee on Economic Development and Tourism's Inquiry into a new convention centre for Canberra. It does not advocate for or against a new convention centre, but rather outlines work undertaken to date with regards to the Australia Forum proposal under the ACT Government's City to the Lake project.

As is publicly documented, the ACT Government has deferred further work on the Australia Forum proposal subject to the outcomes of the city deal Memorandum of Understanding with the Commonwealth.

1) The level of demand from business and clients for a new centre and the likely economic impact of a new centre on Canberra

In 2016 the Territory commissioned KPMG to produce a strategic and delivery options analysis for the Australia Forum proposal. The report considered four options to address the current issues faced by the convention and business events market in the ACT against a base case representing the continuation of current National Convention Centre Canberra (NCCC) operations:

1. the Australia Forum proposal;
2. a lower cost option on the City Hill site delivering the same facility specifications as the Australia Forum reference design;
3. a major redevelopment and upgrade to the capacity of the existing NCCC, delivering the same facility specification as the Australia Forum reference with the exception of the Centre for Dialogue; and
4. a lower cost redevelopment of the NCCC incorporating improvements that specifically target the restrictions it currently faces in terms of flexibility.

A copy of the report, *Australia Forum Strategic and Delivery Option Analysis* is attached at [Appendix 1](#) to this submission. Commercially sensitive sections of the report, primarily relating to operational and financial information specific to the NCCC, have been redacted for the purposes of public release. These redactions do not detract from the substance of the report.

2) Whether the Australia Forum proposal has the support of stakeholders

The development of a significant convention facility in Canberra has been supported by a range of stakeholders, although support is stronger in some sectors than others. A core group comprising the Territory's events and (elements within the) business community provide the strongest support for new or upgraded convention facilities. Consultation with the broader community revealed support was not as strong for the Australia Forum compared with other key infrastructure. Outlined below is an overview of the support received from key stakeholders.

Public

- The ACT community was first made aware of the Australia Forum proposal in April 2011 when a scoping study, on behalf of the Canberra Business Council, into a new convention centre for Canberra was publicly released.

- Stakeholders and the community were invited to provide feedback on the proposed Australia Forum during two public consultation processes in 2013. At this early point in the project's life span, the location for the Australia Forum was presented for comment as part of the City to the Lake and The City Plan consultation processes.
- In February 2015, the community was informed of the winning reference design for the Australia Forum proposal. A public briefing was held at the National Museum of Australia on 29 June 2015, where a presentation was given by Rome based design architect Massimiliano Fuksas and Canberra based Guida Moseley Brown Architects (GMB), the winners of the reference design competition. This was followed by a question and answer session on the reference design with industry representatives on 30 June 2015. The briefings were attended by over 100 individuals. The media also reported on the reference design.

A positive response to the reference design was received.

Events and Business community (ACT & nation-wide)

- The events and business community in the ACT have shown strong support for the Australia Forum proposal, believing it will help to grow the ACT economy. The Canberra Business Chamber has been a particularly strong advocate for a new convention centre to be developed in Canberra. The ACT Government provided a \$250,000 grant to the then Canberra Business Council in 2009-10 to match funding for a scoping study into a new convention centre for Canberra. The study was completed in 2011 and the proposal to develop the Australia Forum arose from this study.
- During the 2013 community consultation on the wider City to the Lake project and The City Plan, strong support for the convention centre was given from the business and events community.
- In April 2014, the Land Development Agency (LDA) convened workshops with the Canberra Convention Bureau, the Centre for Dialogue (ANU) and the NCCC to review the functional and operational brief for Australia Forum, which went on to inform the reference design.
- In June 2014, the LDA issued an invitation for expressions of interests for reference designs for the Australia Forum. Of more than 110 enquiries, 10 expressions of interest from local, national and multinational companies were received. Of these expressions of interest, Economic Development and the LDA engaged seven shortlisted architects to complete a reference design for the Australia Forum. To judge these designs, an evaluation panel was created that comprised:
 - Robyn Hendry – Chief Executive, Canberra Convention Bureau
 - Alastair Swayne - Government Architect
 - Tony Carmichael - Executive Director, Strategic Planning, Environment and Planning Directorate
 - Malcolm Snow - Chief Executive, National Capital Authority
 - John Denton - Australian Institute of Architects Gold Medallist
 - Pieter van der Hoeven - PG International Consulting
 - Gary Kieseker - PG International Consulting
 - Tim Xirakis – Project Director, City to the Lake, Land Development Agency

- Ian Wood-Bradley - Chair - Planning Advisor, City to the Lake.
- In March 2015, a market sounding report was prepared. To create this document, discussion with convention centre operators and equity sponsors was held, including:
 - AEG Ogden
 - Spotless
 - Plenary
 - Capella
 - John Liang.

Discussions were also held with:

- Canberra Convention Bureau
- PG International Consulting
- National Convention Centre Canberra
- Australian National University – Centre for Dialogue
- ACT Treasury
- National Capital Authority.

Overall, there was support for the Australia Forum from these groups noting that success for this new facility is likely to be best realised by targeting the vision of hosting government events of national and international importance and not simply by competing with other states for the traditional convention centre market. The importance of working closely with the federal government to attract these events was also noted.

- In September 2015, a commercial and economic analysis for the proposed Australia Forum was produced. To prepare this, consultation with the following organisations was held:
 - Arinex
 - Australian Information Industry Association
 - BCC Management
 - Chartered Accountants Australia and New Zealand
 - Concept Event Management
 - Conference Focus
 - Conference Solutions
 - Hire and Rental Industry Association of Australia
 - Informa
 - Leishman Associates
 - MCI Group
 - Waldron Smith Management.

Overall, the Australia Forum proposal was looked upon favourably by these groups based on certain provisions such as having state of the art audio visual infrastructure, good public transport and co-located hotel accommodation in order to attract events to the facility.

Approaches to the Commonwealth Government

- The Canberra Business Chamber (CBC) submitted a 2016-17 budget bid to the Commonwealth Government seeking their involvement in the Australia Forum project and soliciting a funding

contribution of \$250 million towards the project. This proposal had not been endorsed by the ACT Government.

- On 2 March 2016, the Chief Minister wrote to the Prime Minister referring to the CBC submission and seeking Commonwealth involvement in developing a Business Case for the project, identifying funding, governance and delivery options for Australia Forum as a project of national significance.
- The Chief Minister again wrote to the Prime Minister on 29 March 2016 seeking funding support for a number of projects of national significance. This submission identified three Territory projects including Australia Forum that would enhance the national capital.

3) The amount of work required to take the proposal to an investment ready stage

'Investment ready' is taken to mean the point at which a full business case, prepared in accordance with the requirements of The Capital Framework, has been finalised and is ready for consideration by the Budget Committee of Cabinet to approve, or not approve, the scope of the project, delivery model, required funding and any other matters.

Significant investigative work has already been completed on the Australia Forum proposal. This includes, among a wide range of activities, the:

- scoping study for a convention centre in Canberra undertaken in 2011
- Australia Forum Reference Design Report prepared by GMB-Fuksas in 2015
- a market sounding report
- a commercial and economic analysis completed in 2015
- a strategic and delivery options analysis completed in 2016.

The extent of the work required to finalise a business case for new convention facilities will depend on the extent of the investigations Government wishes to pursue, such as reviewing and forming recommendations on:

- the nature of the project (extend/rebuild on the existing NCCC site versus building on a new site)
- the scope of the project (size of exhibition space, size of plenary hall, ancillary facilities, etc)
- the preferred site for a new build
- the availability of project funding, including any Commonwealth contribution.

A business case that addresses these issues and fully revisits the demand projections, financial and economic analysis would require engagement of an appropriate advisory firm and take around 12 months to complete.

4) The appropriate source of funding (federal, territory or private sector) for each stage of the project

Whilst the project could be financed through a Public Private Partnership (PPP), the matter of funding is a significant issue for government due to the potentially high cost of a new build, particularly using the reference design prepared by GMB-Fuksas.

Given the poor financial performance of convention facilities, it is highly unlikely that any funding could be obtained from the private sector, leaving funding a core issue for the ACT Government.

Whether funded during construction, as in a design and construct delivery, or through ongoing availability payments, as in a PPP delivery, funding will fall back on the ACT Budget, reduced by the extent of any Commonwealth contribution that can be obtained. Additionally some funding could be obtained through the sale of associated land for the construction of a hotel or other facilities consistent with a convention centre, however, this would remove those funds from future budget use.

The contribution of a site for a new build convention centre would represent a significant funding contribution by the Territory to the project and may allow the eventual sale of the existing NCCC to assist fund the project or meet other budget priorities.

5) The level of priority that should be given to a new convention centre in relation to other infrastructure projects in the ACT

The priority to be given to convention centre facilities is a matter for Government to weigh up in comparison to its priorities around health; schools; tertiary education; public housing; arts; waste management; roads, public transport; a city stadium; a new Canberra Theatre; and other similar infrastructure investments.

It is noted that there are a number of projects that need to be designed and/or constructed in advance of constructing a new convention centre on the City Hill site. This includes Light Rail Stage Two and the Parkes Way upgrade. These two projects impact on the grade and alignment of critical roads around City Hill, particularly London Circuit, which will impact on the design options for any building to be erected on that site. Similarly, if Light Rail Stage Two is to use London Circuit East, it may be best for that to be completed before construction commences on a convention centre on the City Hill site, as it would seem inappropriate to open a new convention centre onto a light rail construction site.

Further, the priority given to expanded convention facilities in Canberra must take account of the significant recent expansion of similar facilities across Australia, particularly in Sydney.

