City Renewal Authority 2025 Strategic Plan (May 2022 update)	The Project will play a key role in the longer-term development of the CCCD as a significant renewal project and key focus area for the Authority.
Cultural Facilities Corporation Strategic Plan 2023 - 2027	Goal 1 of the Strategic Plan outlines creative commitments to the ACT's arts, culture and heritage ecology, including the establishment of more art and creative outlets in the Canberra region. Goal 2 of the Strategic Plan provides future expansion goals in the arts, culture and heritage sectors, thereby expanding income streams for the local economy. Goal 3 of the Strategic Plan is the redevelopment of the CTC and CCCD. Goal 4 of the Strategic Plan prioritises leadership and development of the Arts sector in the ACT, this includes ways to grow audiences, engaging with artists, and people.
Canberra Theatre Centre Future Vision	The CTC Future Vision encompasses each aspect of the CTC's development, from spatial and functional requirements through to business model, programming, audience development and integration in a redeveloped CTC.
Entertainment Action Plan 2019	The Project will deliver new and improved performance, entertainment and hospitality spaces to support the entertainment scene and night-time Economy.
2025 Major Events Strategy for the ACT	The Project will support the Strategy by delivering new and improved performance, event, corporate and hospitality spaces, enhancing the CCCD's capacity to host a broader variety of major events and festivals and its character and appeal to visitors.
City Renewal Precinct Urban Arts Strategy 2020-25	The CTC as part of the CCCD and City Hill Precinct, will be a space of urban arts events and contribute to the continued evolution of Canberra's identity.
Canberra's International Engagement Strategy 2022	The redeveloped CTC will support the ACT's tourist and visitor economy as well as opportunities to attract foreign investment.
T2030: ACT Tourism Strategy 2023-2030	Redevelopment of the CTC (and the CCCD) is directly mentioned as an opportunity to attract world-class stage productions, while encouraging and supporting the development of local arts and cultural experiences in the Canberra region.

Source: ACT Government policy and strategy documents and plans as available

4.1.4 Urban Design Guidelines[31]

The *National Capital Authority* (NCA) and ACT Government have together prepared the City and Gateway – Urban Design Framework to set the principles for development and growth in the city centre and along the gateway corridor of Northbourne Avenue. The new Lyric Theatre is the terminal of Northbourne Avenue's transition from grassland to a structured boulevard and will

[31] NCA (2023), 'Urban design', https://www.nca.gov.au/planning/plans-policies-and-guidelines/urban-design

reflect the spirit of the 'National Capital'. The CCCD will reflect urban renewal principles and increase the city centre's value as the cosmopolitan heart of Canberra.

Further to the Urban Design Guidelines, the NCA developed place-based objectives for the City Hill precinct in a City Centre Framework under its *2018 City and Gateway - Urban Design Framework.*[32] The intent of the framework also emphasises the iconic 'heart' of the city, with City Hill being a place of cultural and community amenity. The Project, as well as the CCCD, aligns with the priorities and objectives of the Urban Design Guidelines and associated Framework by:

- providing a lively public realm and facilitating connections through the revitalisation of Knowles Place, which activates previously underutilised spaces in the CCCD;
- creating an active verge along Vernon Circle, through the Landbridge; and
- creating an iconic location at the heart of the city.

4.2 Wellbeing Impact Assessment

The ACT Wellbeing Framework aims to address disparities between existing economic measurements of progress and quality of life measures which are considered important to the community. Measuring indicators of social progress facilitates a holistic capture of the impacts of projects and policies, creating more wholesome outcomes for the present and future community.

A redeveloped CTC will have a positive impact on the identity and belonging of Canberra as a centre of creativity. Arts and culture create connection through innovation, creativity, storytelling, imagination and celebration. As noted by John Bell[33] (director and founder of the Bell Shakespeare Company) on the CTC's contribution to the ACT community:

> *"It's been proved beyond doubt that a flourishing arts community contributes to the mental and physical health of the nation. It stimulates creative thinking on issues spiritual and ethical, it rouses the imagination and fosters a national spirit that is fearless, resourceful, clever, witty, adventurous, lively, innovative, self-reliant, self-critical, self-respecting, dignified, compassionate and independent, confident of our place in the world and if that's not good for business I don't know what is."*

Arts and culture are also vital to Canberra's identity as a city and overall wellbeing. When fully realised, the Project is expected to have a major direct and sustained impact on the proportion of Canberrans who participate in arts and cultural activities (such as performances, entertainment, and creative events) by providing the appropriate facilities to experience, create and perform productions. Strong arts and cultural offerings have been shown to contribute to improved social connection in the community. By revitalising the CTC, this Project will also enable Canberrans to

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[32] NCA (2018), 'City and Gateway – Urban Design Framework', https://www.planning.act.gov.au/__data/assets/pdf_file/0005/1296986/CITY-AND-GATEWAY-Urban-Design-Framework.pdf

[33] ACT Legislative Assembly (2005) 'Debates of the Legislative Assembly for the Australian Capital Territory Sixth Assembly Weekly Hansard, 17 August 2005', Pages 2857-2858, available at: https://www.hansard.act.gov.au/hansard/6th-assembly/2005/PDF/20050817.pdf

celebrate, express their identity, and promote Canberra as a great place to live and do business, supporting a sense of connection to Canberra.

A Wellbeing Impact Assessment has been developed for the Project and is provided in *Appendix C*. Table 4.4 summarises a number of the key wellbeing domains relevant to the Project.

Table 4-4: Wellbeing Impact Assessment summary – key domains

Domain	Alignment of Project
Identity and belonging	Improved sense of recognition and belonging for multiple community groups as well as capacity to host more diverse programming.
Social connection	Increased social activity, participation and community connection.
Economy	Increased local economic diversification, participation and growth. Further analysis is undertaken in Section 10: Economic Appraisal.
Education and life-long learning	Enhanced educational offerings and experience in the CTC.
Access and connectivity	Enhanced city liveability, with the Project playing a key role in the establishment of the CCCD as a vibrant, accessible and integrated arts and culture precinct.

Source: Deloitte (2023) and ACT Wellbeing Framework (2020)

4.3 Alignment with other Projects, Programs and Precincts

The Project is a part of the broader revitalisation of Canberra's city centre under the City Precinct Renewal Program, which covers the City Hill Precinct and the CCCD. In particular, the Project will play a critical role in establishing the CCCD and the broader City Hill Precinct (refer to Figure 4.1 below) as a vibrant hub for arts, culture and entertainment activities in the city centre. The Project and the CCCD will also improve public amenity of Civic Square and increase the sense of safety through activation.

4.4 Consideration of Australian Government policies and priorities

In addition to providing local and regional residents with access to improved theatre facilities, the Project also represents an investment in an asset of national significance. It is pertinent that the Project is on Commonwealth designated land and is required to align with Australian Government planning requirements as well as relevant Australian Government strategic priorities.

4.4.1 National Capital Authority planning alignment

The NCA was established to represent the Australian Government's interest in the planning and development of the Canberra following self-government of the ACT in 1989. The NCA plays a custodial role to ensure the unique heritage and culture of the city is maintained, as well as maximising returns to the Australian Government's investment in the National Capital.

The Project team within iCBR and the CRA has engaged closely with the NCA, commencing more formal consultation on the Project as the design develops towards planning approvals. The NCA is maintained as a key stakeholder – see *Section 11: Project Governance* and *Section 12: Stakeholder Engagement Plan* for further details.[34]

National Capital Plan

The NCP is a key strategy and planning document prepared by the NCA that outlines the Australian Government's interests and objectives for planning and development of Canberra and the ACT. The CTC site is within the Designated Area identified in the NCP, hence the NCA has planning jurisdiction over the Project.

The plan sets out guidelines in regard to land use, the designation of special areas, major road system development, and detailed conditions for planning, design, and development. This includes conditions for the area occupied by the CTC. Planning and early design for the Project has taken into consideration the NCP guidelines and requirements and notes in particular:

- the need for the new Lyric Theatre to address multiple frontages given its location in the city;
- the need for the new Lyric Theatre to slightly exceed the current 25 metre building height limit to provide for the fly tower of the new Lyric Theatre;
- the desire for ground level activation to improve adjoining public space interface; and
- consideration of transport user hierarchy (pedestrians, cyclists, public transit and then private vehicles), per the Urban Design Guidelines.

City Hill Precinct

The NCP describes the City Hill Precinct as the "municipal heart of central Canberra" and requires design to reflect the national importance of the sight.[35] Key considerations for the precinct include:

- to reflect the city's role as a major metropolitan centre, design of buildings need to maintain public space, be accessible and distinctive;
- to reflect the character of the National Capital, developments require exemplary architecture that are sustainable and inclusive;
- the City Hill Precinct is to be vibrant with high levels of human activity; and
- major buildings of municipal or cultural significance (such as the theatre) are to be located adjacent to the City Hill Park.

These considerations are reflected in the design principles of the Project.

Amendment 59[36] updated the NCP addressing the Griffin Legacy's notion of the City Centre – City Hill as the symbolic and municipal heart of City.

[34] The Project was presented to the NCA Board in August 2023, with two sessions with the National Capital Design Review Panel (NCDRP) occurring in September and November.
[35] NCA (2021), 'National Capital Plan (April 2021 revision)', https://www.nca.gov.au/sites/default/files/National%20Capital%20Plan_rev%20April%202021.pdf
[36] NCA (2012), 'National Capital Plan Amendment 59 – City Hill Precinct', https://www.nca.gov.au/sites/default/files/amendments/Amend%2059%20-%20City%20Hill%20Dec06.pdf

4.4.2 Australian Government policy and priorities

The Project aligns with the Australian Government's National Cultural Policy and Infrastructure Australia's plan and guidance.

National Cultural Policy: Revive – a place for every story, a story for every place

The Australian Government's *National Cultural Policy* is a five-year plan to revive the arts in Australia post-COVID-19. At the heart of this policy is the goal to ensure there is a place for every story, and a story for every place.

The fourth pillar of 'Strong Cultural Infrastructure' is directly relevant to the Project, with the Australian Government's strategic objective being to provide support across the spectrum of institutions to sustain national arts, culture and heritage. This is underpinned by one of the principles guiding the Australian Government's actions and investment, which is to restore, build and maintain cultural infrastructure.

The Project will enhance the place where stories are told and become a location of national significance in which Australia's artistic talent can be showcased. Investment in the CTC and broader CCCD creates an opportunity to revive both urban amenity and an opportunity for development of artists and audiences.

Australian Infrastructure Plan

The *2021 Australian Infrastructure Plan* is a practical and actionable roadmap for infrastructure reform to deliver better infrastructure outcomes for Australian communities. Alignment of the Project and reform areas of the plan are summarised in Table 4.5 below:

Table 4-5: Australian Infrastructure Plan recommendations and alignment

	Recommendation	Description	Alignment
Place-based outcomes	1.1 Rethinking our Fast-growing Cities	Deliver globally competitive quality of life in Fast-growing Cities by growing economies and populations, enabled by place-centric infrastructure investment and reform.	Investment in the Project will enable Canberra as a fast-growing city to host the same diversity and quality of performances as other major cities in Australia.
	1.2 Strengthening Smaller Cities and Regional Centres	Attract growth to Smaller Cities and Regional Centres while maintaining quality of life by enhancing local identity, leveraging social infrastructure and improving digital and economic connectivity to Fast-growing Cities and neighbouring regions.	The CTC is more than a theatre just for Canberra residents, it also serves an important regional catchment area that is not serviced by other capital cities.

	Recommendation	Description	Alignment
Social infrastructure	8.1 Transforming social infrastructure to enhance quality of life	Support Australians to enjoy a healthier, safer, more connected and fulfilled quality of life by facilitating targeted investment in the right physical and digital social infrastructure.	Over half of Australians recognise that creative activities and experiences helped with their mental health and wellbeing, as well as increasing ability to deal with stress, anxiety or depression.[37] Investment in the Project will support better access to social infrastructure to enhance quality of life.
	8.2 Partnerships to build communities	Maximise social and economic community benefits by supporting shared use of social infrastructure through future agreements and capital funding programs prioritising shared use of facilities.	The CTC currently facilitates community use of its facilities for a range of performing arts and other social uses – e.g., graduations, dance competitions, election nights and social debates. Investment will increase the capacity to share the facilities further.
	8.3 Social infrastructure is economic infrastructure too	Support economic development by recognising the value of investment in social infrastructure.	Investment in the Project is an investment in the culture of Canberra and the nation.

4.4.3 City Precinct Renewal Program

The Program is informed by the CRA's aim of creating a vibrant city heart for Canberra in partnership with the community through the delivery of design-led urban renewal, with a focus on social and environmental sustainability.

Accordingly, the Program responds directly to the CRA's first three strategic goals, as outlined below.

- **Goal 1**: Curation of high-quality places and precinct development, taking a people-focused and design-led approach.

[37] Creative Australia (2023), 'Creating Value: Results of the National Arts Participation Survey'

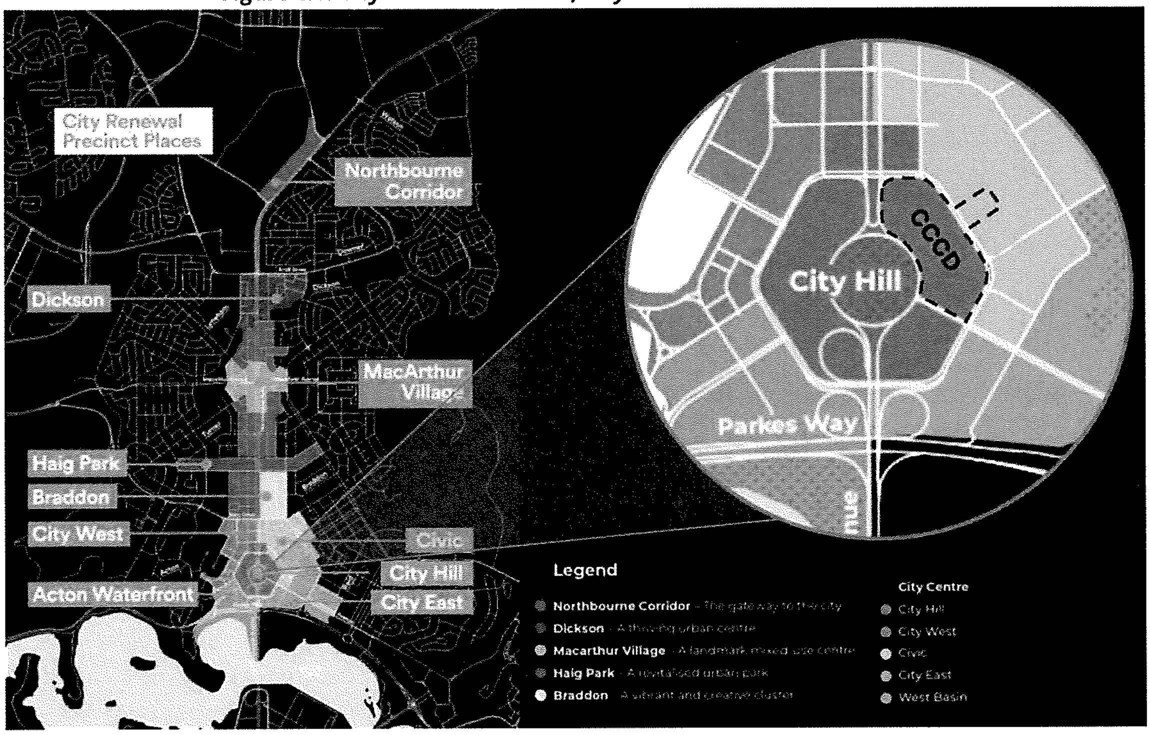
• **Goal 2:** Facilitation of new and diverse investment into the precinct.

• **Goal 3:** Application of robust and innovative social and environmental sustainability principles and programs that will underpin precinct-wide renewal.

These goals accordingly inform planning and design City Hill Precinct, CCCD and the CTC as relevant areas and elements under the Program.

The Program sets out a clear overarching vision and direction for how Government will implement its urban renewal agenda for the key corridor leading through to the city centre via a detailed 30-year action plan for development of the City Renewal Precinct and its component precincts, as depicted in Figure 4.1 below.

Figure 4.1: City Renewal Precinct, City Hill and the Canberra Civic and Cultural District



Source: Modified from City Renewal Authority. (n.d.) City Precinct Renewal Program

The City Renewal Precinct comprises a number of sub-elements or sub-precincts, each with its own distinctive history, characteristics, identity and development objectives. One such sub-element is the City Hill Precinct – also identified in Figure 4.1, which includes the CCCD and in turn the CTC.

4.4.4 City Hill Precinct

The City Hill Precinct renewal, within CRA's Program, aims to establish City Hill as a nationally significant and engaging civic and cultural precinct, transforming and revitalising the precinct through its program of urban renewal. The precinct will facilitate a diverse mix of uses, including cultural, civic and community uses and commercial and limited residential uses, reinforcing the area's economic specialisation while introducing a greater level of activity and vibrancy. The development of a dynamic and integrated arts, culture and entertainment hub in the CCCD includes the CTC playing a central role.

As a core component of the CCCD the Project will facilitate a number of the key development objectives of the Precinct as identified in Table 4-6 below:

Table 4-6: City Hill objectives and targets facilitated by the Project

Category	Objective/Target	Role of the Project
Objectives		
Enhance	Reinforce role as the civic and cultural heart of the city and links to national institutions	As Canberra's primary performing arts theatre, the new centre will contribute to the culture, identity and appeal of the Precinct as a centrepiece of a vibrant arts and cultural scene in the CCCD.
Transform	Create an iconic location befitting role as cultural, civic and community heart of the city	It will transform the theatre into a premiere performing arts centre worthy of the nation's capital and on par with Canberra's other iconic national arts and cultural institutions, making the City Hill Precinct the destination of choice for arts, culture and entertainment.
Targets		
Jobs	Target (2031): 1,446 Target (2046): 3,400	The Project will facilitate: • direct job creation, including an estimated 254 FTE[1] over 6 years during construction, an additional 67 permanent FTE positions once fully operational, and • indirect job creation and sector development opportunities for Canberra's performing arts sector and other arts and cultural sectors and related industries including the cultural tourism, hospitality and retail sectors.
% Cultural sector jobs[2]	Target (2031): 1.4% Target (2046): 2.1%	

Source: CRA (n.d.) City Precinct Renewal Program

Note 1: Calculated using the 2019-20 QLD Guidelines for estimating jobs supported by capital works

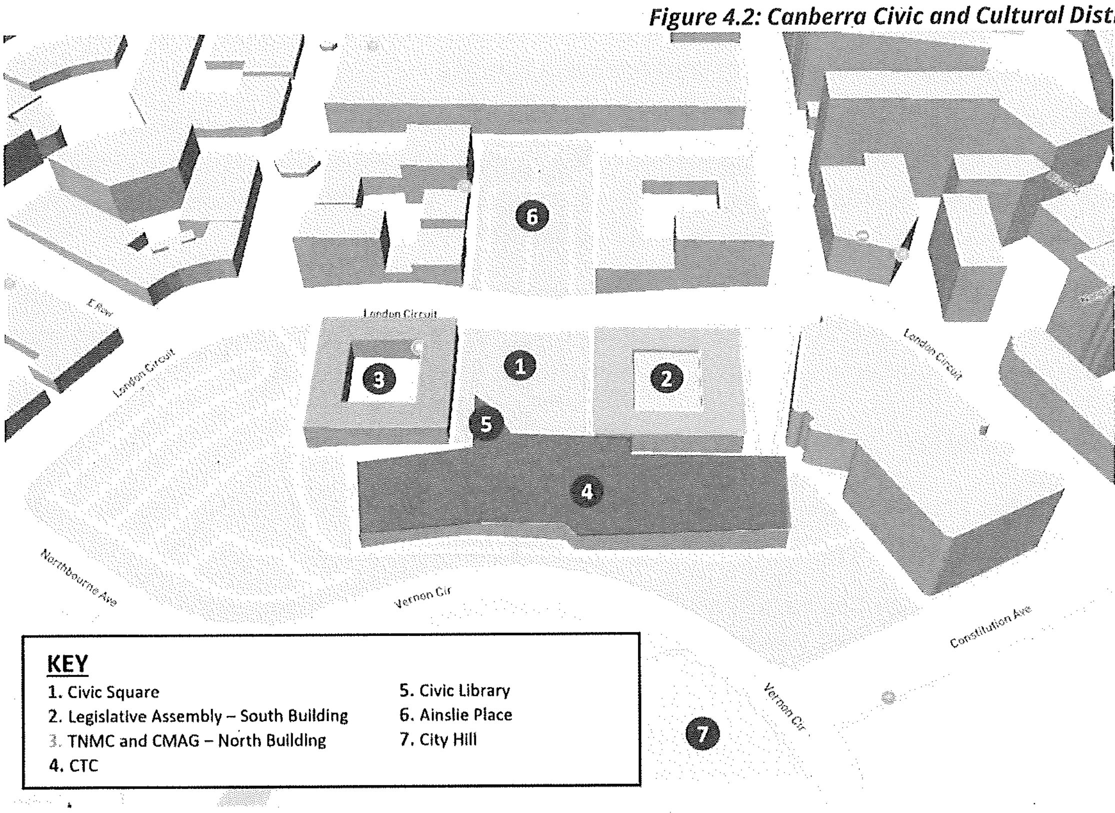
Note 2: Compared to the whole of the ACT Population 2031 and 2046

4.4.5 Canberra Civic and Cultural District

Canberra's Civic and Cultural District is a place encompassed by democratic and cultural institutions with the vision to become an epicentre of Canberra's civic, community and cultural life. The CRA and CFC with artsACT are committed to working collaboratively to reinforce the cultural, social and economic value of the area, provide a connected network of beautiful spaces and elevate the Capital on the word stage as a distinctive global destination. Master planning of the District is underway and will be released shortly - the concept vision document has informed this section of the Business Case. Encompassing a number of Canberra's key arts and cultural facilities and social institutions, the CCCD is a critical component of the civic and cultural identity of the City Hill Precinct and broader city centre.

As illustrated in Figure 4.2 below, the CCCD includes: Civic Square (1); Legislative Assembly - South Building (2); North building including CMAG and the Theo Notaras Multicultural Centre (3); the CTC (4); Civic Library (5); Ainslie Place (6) and City Hill (7).

Figure 4.2: Canberra Civic and Cultural District



Source: Draft Canberra Civic and Cultural Precinct - Vision

As identified in a separate review, the CCCD currently lacks the level of vibrancy and life expected of a core arts and culture district, reflecting the challenges of an ageing city centre in need of renewal.

The CRA is currently in the process of planning the transformation of the CCCD to realise its original purpose of being the cultural heart of Canberra and an iconic art, cultural and civic location recognised locally, nationally and internationally. iCBR and the CFC are working closely with the CRA on the finalisation of the CCCD masterplan to ensure alignment of vision and strategy. The CCCD masterplan recognises that the CTC will be the leading venue and heart of the District.

The review of the CCCD - in particular the Civic Square area, identified a number of opportunities to improve vibrancy, activation and urban amenity of the area.[38] Key themes from this review are provided below:

- **Better District Access** - improve pedestrian access within the precinct and to adjacencies, encouraging shared and appropriate vehicular access, and promote better integration between district areas and functions.

[38] Colin Stewart Architects (2013), 'Civic Square Precinct Future Development Final Report'

- **Improved Frontages** – provide for more active and attractive building frontages, encourage private sector tenants into the District, and support greater public space use and vibrancy.
- **Greater Social Activity** – improve urban amenity and meeting places for people (e.g., restaurants and bars/cafes), with more laneway activity and arts and cultural functions that are available during the week, on weekends and at night.

As Canberra's primary performing arts facility and a key driver of arts, culture and entertainment activity in the District, redevelopment of the CTC will support addressing these issues. Its improved design and operations will encourage greater activity in and around the centre and support better integration and access between the CTC and the rest of the District.

The CRA's current development planning for the CCCD will also include the introduction of a mix of entertainment and recreational uses, including hotel, residential, commercial, cultural and retail facilities, to support greater day and night-time activities to support the CTC.

4.4.6 CTC Vision

Further to the Project vision, the CTC Future Vision[39] has been developed to inform design principals and strategic focus areas for the redevelopment of the CTC.

The CFC commissioned Claringbold Consultants to develop the **CTC Vision for our Future**, to inform the design principles and strategic focus areas for the redevelopment of the CTC and its future operating model.

The CTC Vision for our Future encompasses each aspect of the CTC's development, from spatial and functional requirements through to business model, programming, audience development and integration. The vision would result in a Centre that is:

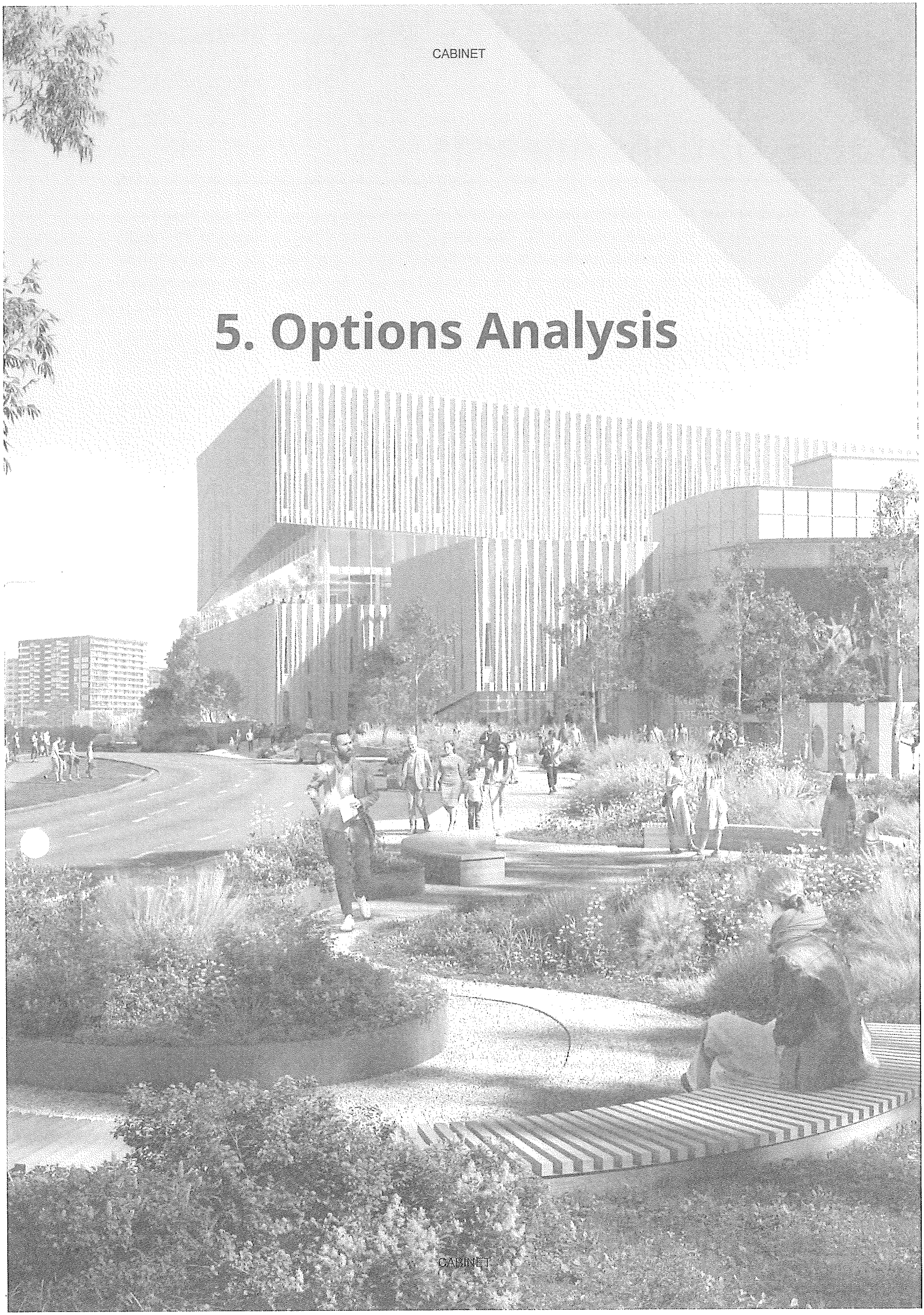
- **a destination** for visitors and the community, whether during the day or at night;
- **integral to Canberra's identity and ambition;**
- **a centre of creativity and connection** for all generations and cultures; and
- **accessible, diverse and vibrant** on stage, on site and online.

The Project provides a key pathway to achieving the Vision for our Future via:

- comprehensive redevelopment and expansion of the existing CTC, including development of a large new theatre and associated hospitality, commercial and other performance-related facilities; and
- operational and programming transformation and growth of the CFC, with the redeveloped CTC facilitating an overall uplift of approximately 157% in performances.

[39] Claringbold Consultants (n.d.), 'Canberra Theatre Centre Future Vision'

5. Options Analysis



5 Options Analysis

This section contains provides a description of the extensive options analysis that was undertaken to determine the recommended Project Option, as well as summarises and provides the results of the multi-criteria analysis undertaken to determine the recommended option. Furthermore, this section provides an overview of the construction staging analysis and recommended construction staging option.

Key messages

- The Options Analysis was developed in close collaboration with directorate partners. Three Project options were developed for assessment within this Business Case in addition to the "Do Minimum" or Base Case. The three Project options have built on extensive analysis previously undertaken on the Project from 2018 to 2020.
- The Base Case provides funding to maintain the 'as is' scope of services at current service levels, to ensure the CTC is able to meet contemporary safety, accessibility, compliance and performance requirements for ongoing operations.
- Based on the results of the multi-criteria analysis (MCA), Option 2 ranked highest and is the recommended option, based on the following:
    - Option 2 delivers strongest against the project objectives, particularly in its ability to deliver on design excellence within an existing budget provision.
    - [redacted]
    - Option 2 delivers strongly against the ACT Government Wellbeing Impact Assessment objectives.
- The recommended construction staging maximises the business continuity for CTC operations during construction. The staged delivery commences with construction of the Lyric Theatre in Stage 1, followed by redevelopment of the existing facilities in Stage 2, which occurs post 'go live' of the Lyric Theatre.

5.1 Overview and Development of the Recommended Project Option

This Business Case recognises the initial three project options and a 'do minimum' base case. The three options have built on extensive analysis previously undertaken on the Project from 2018 to 2020.

In line with the recommendations of the Project Advisory Board and decisions of Government, the development of design the **Recommended Option 2** has been progressed to preliminary sketch plan (PSP) / schematic design, has continued to be developed in line with the previously funding for design development.

Ongoing design development was paused in May 2024, and a tender for Early Contract Involvement (ECI) commenced, whereby the successful contractor will commence ECI services to derisk the construction of stage one, to secure planning approvals and advance the detailed design[40].

5.2 'Do minimum' Base Case

The Business Case is required to consider a Base Case, in this instance a 'Do Minimum' option, which assumes the Project does not proceed. Due to the aging infrastructure within the CTC, the Base Case includes all necessary requirements to maintain the CTC functioning for the period of the Business Case. These include:

- safety, accessibility, and compliance upgrades necessary to keep the ageing buildings and theatre systems operational from a health and safety perspective and to meet community expectations;
- addressing existing maintenance issues;
- upgrading and replacing ageing and end-of-life theatre technical and other building systems; and
- upgrading the security and safety of Theatre Lane and the Link building.

This will allow the CTC to be compliant with:

- *The Federal Disability Discrimination Act 1992* (DDA);
- *The Federal Disability (Access to Premises – Buildings) Standards 2010* (Premises Standards);
- *Building Code of Australia (BCA) – Access provisions;* and
- other various Australian Standards.

Despite the significant capital renewal in the Base Case, ongoing replacement, repairs and maintenance is expected to be more costly due to the ageing infrastructure which is not upgraded. This will also have flow on impacts to the CTC's ability to present contemporary performances, making Canberra less competitive with other capital cities, forcing Canberrans to increasingly travel to other destinations to engage with performing arts. Commencement of Base Case works is likely to trigger a requirement to address sustainability and efficiency impacts in line with current ACT Government policy.

The Base Case includes the funding required to undertake the forecast upgrades in the event the Project does not commence.

5.3 Options Development

This section steps through the approach taken to develop the Project options. This section covers three areas:

- Section 5.3.1 – Recommended strategic solutions
- Section 5.3.2 - Previous options development (from the 2018 concept analysis and the 2020 further proof of concept and design analysis)

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[40] Noting iCBR is in active tender process for the ECI procurement at the time this Business Case was developed. Subject to the procurement outcome, the successful ECI Contractor may bring their own architect or continue with the current Territory's architectural team.

- Section 5.3.3 – Initial Project Options

5.3.1 Recommended strategic solutions

The strategic solutions developed as part of the Investment Logic Map (ILM) are found in Appendix B. The ILM identifies strategic solutions that are aligned to the ILM strategic responses. The ILM strategic solutions are shown in Table 5-1 below:

Table 5-1: Solutions alignment with Investment Logic Map strategic responses

Category	ILM Solution
Changes	Address and resolve through current District master planning
	Collaborate with the sector
	Explore additional options for performance spaces beyond the CTC
	Expand the program to better support local performers
	Continue to deliver artist support and development program
Assets	Re/orient/redevelop the CTC to ensure it contributes to District activation
	Construct new and redevelop performance spaces
	Construct additional studio spaces

As the scope of this Business Case covers infrastructure solutions, the ILM Asset strategic solutions form the basis for the Project options described in the following section.

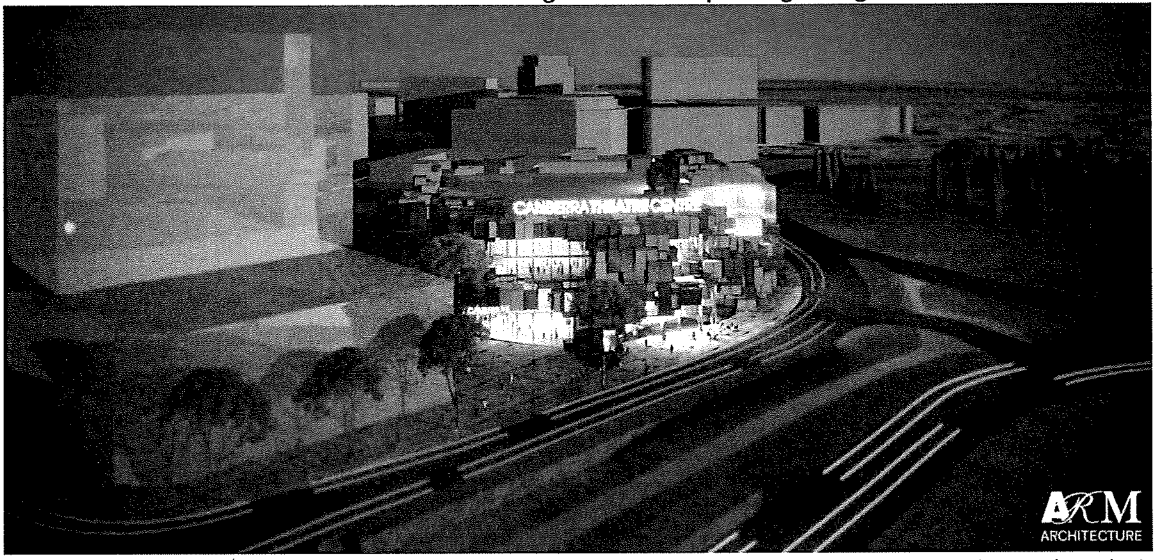
5.3.2 Previous Options Development 2018 - 2020

As mentioned in Section 2, this Business Case builds on previous options analysis and concept designs conducted for the redevelopment. Prior work on the Project examined the feasibility of a new theatre for Canberra, including site location, demand analysis, early design and options for development, with further details provided below.

- The options analysis undertaken in 2018 developed a longlist of seven indicative options and were assessed by varying the level of intervention. From these seven options a shortlist of two Project options was recommended and approved by the former Cabinet on 20 November 2018 to be progressed. These options included the development of a new Lyric theatre and the redevelopment of all existing venues within their current space.
- In 2019 ARM Architects were engaged to develop the Proof-of-Concept Designs and provide detailed analysis of the opportunities within the constrained site boundaries. This was completed in early 2020.
- The ARM Proof-of-Concept options included:
  - new Lyric Theatre up to 2,000 seats;
  - refurbished Canberra Theatre with option for flat floor standing capacity;
  - refurbished or new Playhouse; and
  - new Studio Theatre with 300 seat capacity.

An indicative view of the concept design is provided in Figure 5.1.

Figure 5.1: Concept Design Image - ARM Architecture 2019



In addition to the performance spaces outlined above, the *2020 Proof of Concept Design and Analysis* included:

- **improved loading arrangements** - Below ground loading from Theatre Lane (south side) to provide greater ease of pedestrian movement around the precinct, particularly for Knowles Place (north side) where food and beverage offering of the new Lyric Theatre will activate the precinct;
- **improved back-of-house facilities** - Dedicated rehearsal rooms as part of the New Lyric Theatre, and larger and increased back-of-house and production support spaces for the CTC;
- **improved front of house facilities** - Dedicated bar space and function rooms within the Lyric Theatre, to support events before and after theatre shows or other events;
- **additional commercial space** - Commercial spaces including food and beverage spaces internal and externals to the CTC and a potential band room; and
- **additional flexible space** - Flexible spaces including allowances for increased programming options to cater for diverse show experiences.

Given the refinement and analysis undertaken on this Project to date, the three options represent more subtle scope variations on a developed and endorsed concept design, rather than a broad range of potential project scopes. This is outlined in Section 5.2.3 below:

5.3.3 Initial Project Options (2023)

Summary of project options

In 2022-23, iCBR was funded to continue to develop the Project design and following an international two stage tender process, engaged a design and technical consortium led by Architectus, Henning Larsen and Arup to further refine the proof-of-concept options from 2020 to align with the strategic solutions outlined in Section 5.2.1 and achieve the Project's objectives. Based on this, three project options have been developed for the Business Case.

The three project options, represent subtle scope variations on the developed and endorsed concept design from 2019.

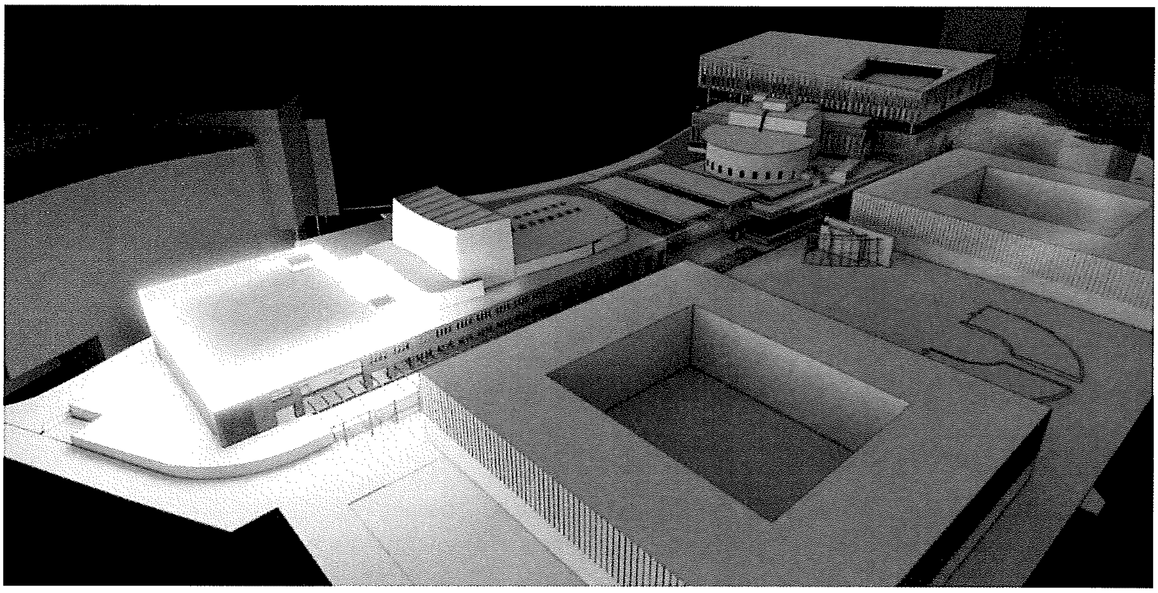
Based on the results of a staging analysis, conducted as part of the design development, demonstrated the scope of each option has been split across Stage 1 and Stage 2 to be delivered in sequence allowing for at least one major venue within the CTC to remain operational during the course of construction.

A high-level summary of the Scope of the Business Case Options is presented in Figure 5.2 below. As shown below, Option 1 and 2 have the same proposed scope for Stage 1, while Option 2 and 3 have the same proposed scope for Stage 2.

Figure 5.2 Business Case Options

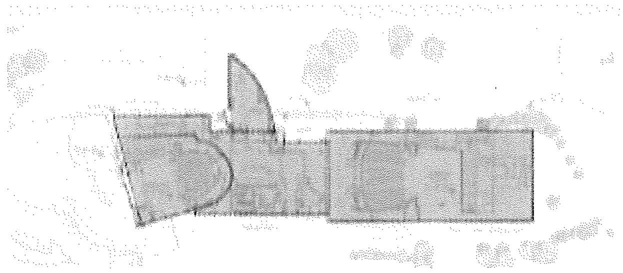
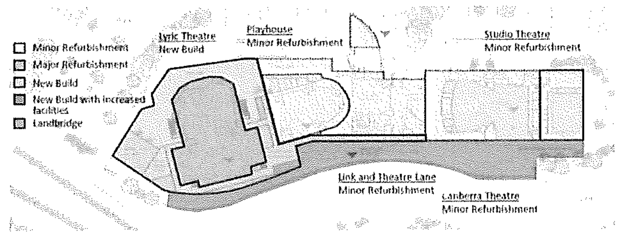
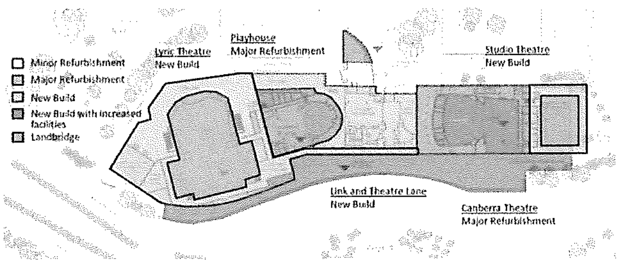
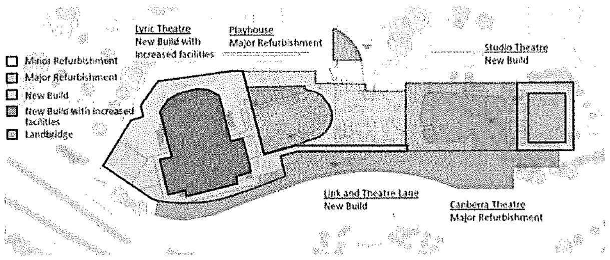
	Base Case 'Do Minimum'	Business Case Option 1	Business Case Option 2	Business Case Option 3
Stage 1 Scope	Compliance upgrades; Essential maintenance; Replacing end of life systems	Lyric new build	Lyric new build	Lyric new build with increased facilities
Stage 2 Scope		Existing venues minor refurbishment	Existing Venues major redevelopment with some new build elements	Existing Venues major redevelopment with some new build elements

Option 3 is illustrated by the image below – which shows the new Lyric with the Sky Stage roof top, new Link and Studio and refurbished Canberra and Playhouse Theatres:



A summary of these current Project options is provided in Table 5-2 below, followed by a more detailed description of the scope for each option.

Table 5-2: Options scope summary

Option	High level scope diagram	Scope Overview
Base Case		• Compliance upgrades • Essential maintenance • Replacing end of life systems
Option 1		• **GFA:** 29,000m^2 • **Lyric Theatre** – New build • **All existing venues** – minor refurbishment including back of house connectivity • **The Link** – minor refurbishment • **Landbridge and Theatre Lane loading dock**
Option 2		• **GFA:** 29,600m^2 • **Lyric Theatre –** New build • **Playhouse/Canberra Theatre** – major refurbishment • **Studio theatre** – New build • **The Link**– new build and major refurbishment • **Landbridge and Theatre Lane loading dock**
Option 3		• **GFA:** 32,950m2 • **Lyric Theatre –** New build with increased facilities • **Playhouse/Canberra Theatre** – major refurbishment • **Studio theatre** – New build • **The Link–** new build and major refurbishment • **Landbridge and Theatre Lane loading dock**

A staging analysis was completed given the number of individual venues in the CTC, the requirement to maintain business continuity for the CTC, and the overall site constraints. The result of the analysis was a recommendation to undertake the Project over two stages as outlined in Table 5-3 below and further detailed in Section 5.5.

Table 5-3: Recommended Staging

	Stage 1 works inclusions	Stage 2 works inclusions
New Lyric then existing venues	Construct new Lyric Theatre concurrent with the Landbridge and Theatre Lane loading dock, back of house connectivity and other interfacing works	Following operational 'go-live' of the Lyric Theatre, undertake concurrent refurbishment works of the existing Canberra Theatre, Playhouse, Studio Theatre and Link Building.

Table 5-4 and Table 5-5 (overpage) provide an indicative view of the Project options by scope and stage.

Table 5-4: Stage 1 scope per Option

Scope	Scope Inclusion	Option 1	Option 2	Option 3
Stage 1 scope includes:				
	New build with full functionality	✓	✓	✓
	Creative hub with terrace hospitality offering	✓	✓	✓
	Improved hospitality offering including theatre bars and cafes	✓	✓	✓
	Rehearsal room	✓	✓	✓
	Warmup space	✓	✓	✓
	Smaller function room	✓	✓	✓
	Sky Stage rooftop hospitality offering with 2 x large function rooms	✗	✗	✓
	Office accommodation warm shell for future expansion	✓	✓	n/a
	Back-of-house interface with existing Playhouse	✓	✓	✓
Loading dock and Theatre Lane	Compliance works, including accessibility upgrades and stair to City Hill	✓	✓	✓
	New Link building	✗ (Refurbishment only)	✓	✓
	Improved public realm and link building accessibility from Vernon Circle and Civic Square	✗	✓	✓
	New rooftop hospitality and public open space offering	✗	✓	✓
	Covering Theatre Lane with Landbridge	✓	✓	✓
	Back-of-house connection for safe movement	✓	✓	✓

Table 5-5: Stage 2 scope per Option

Scope	Scope Inclusion	Option 1	Option 2	Option 3
Stage 2 indicative scope includes:				
Existing Venues Compliance	NCC compliance works including improvements to accessibility to the existing Canberra Theatre Centre venues	✓	✓	✓
Canberra Theatre	**Extent of refurbishment upgrades**	**Minor refurbishment**	**Major Refurbishment**	**Major Refurbishment**
	Flat floor seating option	✓	✓	✓
	Replacement of theatre systems	✓	✓	✓
	Seats on balcony re-raked for improved sight lines	✗ (Compromised sightlines)	✓	✓
	New front of house terrace connection from Studio to Link	✗	✓	✓
Playhouse	**Extent of refurbishment upgrades**	**Minor refurbishment**	**Major Refurbishment**	**Major Refurbishment**
	New seats with re-rake	✓	✓	✓
	Improved sightlines	✗	✓	✓
	Refurbishment of orchestra pit lifts	✗	✓	✓
	Upgrade to automated fly system	✗	✓	✓
	Upgraded theatre systems	✓	✓	✓
Studio	**Extent of refurbishment upgrades**	**Minor refurbishment**	**New build**	**New Build**
	Fully flexible black box theatre	✗	✓	✓
	Dressing rooms	✗	✓	✓
	Foyer (which connect through Canberra Theatre and Link)	✗	✓	✓

	Improved hospitality offering, including new bar	✗	✓	✓
	Replacement of end-of-life theatre systems	✓	✓	✓
	Retain existing office accommodation above studio	✓	✗	✗
Theatre Systems	Prioritised fixed and loose equipment replacement	✓	✓	✓
	Further equipment replacement to provide improved functionality	✗	✓	✓

5.4 Options Analysis

Based on the varying scope of works and services across the three initial project options, a qualitative multi-criteria assessment (MCA) against each of the Project's objectives has been undertaken (refer to Table 5-6 overpage).

Overall, Option 1 achieves the Project's objectives, but to a lesser degree, primarily driven by its reduced scope of works compromising performer and audience experience, operational functionality and commercial viability and architectural design excellence.

Option 2 and 3 represent a significant increase in scope and functionality compared to Option 1 and therefore score similarly higher overall. Option 3 better exhibits architectural and theatre design excellence through the inclusion of an additional Sky Stage rooftop hospitality offering at the Lyric Theatre, therefore providing greater activation for the CCCD. Option 2 provides the key scope elements required to provide operational efficiencies and drive revenue activities through improved theatre venues and an improved Link, however, does not provide the additional Sky Stage rooftop hospitality offering.

Table 5-6: Shortlisted options' alignment to Project objectives

Objective	Option 1	Option 2	Option 3	Rationale
Performance – Provides a high-standard, modern experience for performers and audience alike	✓	✓✓	✓✓	• Option 1 provides a high-standard, modern experience through the Lyric Theatre, however, continues to provide a compromised performer and audience experience at its existing venues. Reduced scope for the Canberra Theatre and the Playhouse results in compromised production capability for performers and unimproved sightlines for the audience. The reduced scope for the Studio Theatre also impacts the ability to cater to emerging artists of varying genres and scale in Canberra. • Option 2 represents a significant improvement from Option 1 as it better resolves the issues highlighted above for the CTC's existing venues. Key incremental scope increases such as theatre system upgrades and sightline improvements in Canberra Theatre and the Playhouse, and increased capacity and flexibility of the Studio Theatre, elevates the CTC's ability to provide the high-standard modern experience demanded by performers and audience. • Option 3's provision of a Sky Stage rooftop hospitality space introduces additional opportunity to bolster audience experience and revenue generation.
Tourism – Draws domestic and international visitors to Canberra to see varied performances of all sizes including the largest shows of national significance	✓	✓✓	✓✓	• Options 2 and 3 score equally strongly as the Lyric Theatre and CTC for both options have the capability to host national and international acts and therefore attract domestic and international visitors to Canberra. • Whilst Option 1 includes the Lyric Theatre, which will attract national and international acts of scale, the compromised back-of-house facilities and reduced seating capacity and functionality of the Studio and other existing venues will reduce the CTC's ability to attract national and international acts for the mid-smaller size venues.

Excellence – Optimises design excellence, functionality, program and budget achievement	✓	✓✓	✓	• Although Option 1's reduced scope represents a significant increase from the Base Case, minor theatre system upgrades, manual labour systems and unimproved sightlines adversely affect the CTC's operating functionality, programming capacity and therefore overall budget achievement. • Option 2 addresses the key pain points experienced in Option 1. It optimises operational functionality, programming capacity and budget achievement. This includes major theatre system upgrades, automated systems and improved sightlines. Option 2 achieve design excellent within the existing budget provisions. • Whilst Option 3 provides operating benefits (revenue generation from the Sky Stage rooftop and on-site office accommodation) it has a higher capital cost. This is explored in further detail in Section 9 in the Financial Analysis.
Urban Design – Exhibits architectural and theatre design excellence, underpinning the development of a surrounding Canberra Civic and Cultural District	✓	✓✓	✓✓	• Option 1's relatively lower score is primarily driven by the minor refurbishment of the existing Link building which fails to provide improved connectivity within the CTC or integration with the surrounding CCCD. • Options 2 and 3 score notably higher than Option 1 due to the new Link building providing improved front of house amenities and connectivity with City Hill and Civic Square. • Option 3 scores marginally higher than Option 2 through the inclusion of the Sky Stage rooftop hospitality offering, which is anticipated to be an attraction for all Canberrans, not just for audience members during performances.

5.4.1 Recommended Project Option

Based on the analysis above, and with further consideration around each Option's risk profile and wellbeing impact assessment. Option 2 was selected as the recommended option to progress to preliminary sketch plan (PSP) / schematic design.

When assessing the qualitative measures of the Project, Option 2 is able to strongly align with the Project's objectives with an acceptable risk tolerance. Further detail on each option's alignment to objectives is outlined in Section 6 and further detail on the overall risk rating per option is provided in Section 7. Option 2 delivers strongest against the project objectives, particularly in its ability to deliver on design excellence a balanced capital budget. Option 2 has a [redacted], which is lower than the [redacted] of Option 1.

As per the Wellbeing Impact Assessment undertaken for the Project, Option 2 is expected to have a significant positive impact. This is explored in further detail in Appendix C.

The detailed results of the multi-criteria analysis are provided in Table 5-7 below.

Table 5-7: Project options comparative multi-criteria analysis for both Stages

Criteria	Base case	Option 1	Option 2	Option 3
Alignment with Project objectives				
Performance – provides a high-standard modern experience for performers and audiences alike	××	✓	✓✓	✓✓
Tourism – draws domestic and international visitors to Canberra to see varied performances of all sizes	××	✓	✓✓	✓✓
Excellence – Optimises design excellence, functionality program and budget achievement	××	✓	✓✓	✓
Urban design – Architectural / theatre design excellence, underpinning the development of a surrounding CCCD	××	✓	✓✓	✓✓
Risk Rating				
Risk rating (Project)	[redacted]			
Wellbeing Impact Assessment				
Wellbeing Impact Assessment	~	✓	✓✓	✓✓
Recommended Option	-	3	1	2

5.5 Staging Analysis

A construction staging analysis was conducted for the Project, given the number of individual venues in the CTC, the requirement to maintain business continuity for the CTC, and the overall site constraints. Key staging requirements include:

- requirement to maintain business continuity for CTC operations by having at least one theatre operational for the duration of the works;
- requirement to have theatre bar / lobby available during the works;
- requirement for access by support services including catering, soft services, and set/performance deliveries;
- requirement for provision of new loading dock for Lyric Theatre and continued access and use of Theatre Lane to the rear of the existing Canberra Theatre, as an operational loading dock;
- requirement to minimise impact on Civic Square, the ACT Legislative Assembly building and the Canberra Museum and Gallery (CMAG) building; and
- preference to minimise the impact of construction on vehicular traffic on surroundings streets by incorporating vehicular deliveries and a marshalling area within a site compound area.

Additionally, the staging analysis must consider factors including available funding and building approvals requirements.

In order to achieve the above, the Project considered different avenues for splitting the delivery of the scope of works into two stages. Two proposed staging pathways were developed to consider different sequencing of works across the two sequential stages of works. The two pathways considered are shown in the table below.

Table 5-8: Construction staging options

Staging pathways	Stage 1 works inclusions	Stage 2 works inclusions
New Lyric then existing venues	Construct new Lyric Theatre concurrent with the Landbridge and other interfacing works. Existing venues remain operational to the extent possible (noting some closure of the Playhouse will be required)	Following operational 'go-live' of the Lyric Theatre, undertake refurbishment works of the existing Canberra Theatre, Playhouse, Studio Theatre and Link Building.
Prioritised refurbishment then new Lyric	Undertake refurbishment of the existing Studio and Canberra Theatre first. Playhouse remains operational to the extent possible.	Following operational 'go-live' of the refurbished Studio and Canberra Theatre, undertake refurbishment

			works of the existing Playhouse and complete the construction of the Lyric Theatre.

The options were assessed against the staging requirements, with the relevant considerations per option shown in Table 5-9 below.

Table 5-9 Staging considerations

	Stage 1 considerations	Stage 2 considerations	Overall considerations
New Lyric then existing venues	During this stage, access to the existing theatre bar and lobby area will need to be maintained (via the entrance to the existing theatre) which will support ongoing use of the existing Canberra Theatre for performances. A construction-phase operational management plan will be required during this phase to address operational constraints such as revised deliveries and limitations on other support services such as catering. There may be noise and vibration impacts to the existing Canberra Theatre which may impact performances during construction hours. It is assumed that the Playhouse will be required to close for up to 12 months during this stage due to interface works between the new Lyric Theatre and The Playhouse back of house[41].	During this stage, access to the new Theatre complex and loading dock will be operational. Egress is assumed to be along Theatre Lane with egress out to Knowles Place and Constitution Avenue. This will require shared use of Theatre Lane for both operational use and limited construction use. The refurbishment of the existing venues is assumed to have minimal impact on the adjacent operations of the Lyric Theatre.	Commencing construction with the Lyric Theatre in Stage 1 mitigates some construction interfacing risk with existing CTC venues and adjacent blocks while also minimising disruption impacts to ongoing theatre operations by keeping the CTC's existing venues all operational. While the majority of the CTC's existing venues will not be operational in Stage 2, the operational Lyric Theatre will be able to cater to a proportion of the performances currently hosted by existing venues, either in the main performance hall, rehearsal spaces or function rooms.

[41] This assumption was based on operational analysis. The actual closure period will be confirmed during the next phase of the design.

Prioritised refurbishment then new Lyric	A construction-phase operational management plan will be required during this phase to address operational constraints such as revised deliveries and limitations on other support services such loading dock access as catering to the Playhouse	During this stage, performances continue in the refurbished Canberra Theatre and Playhouse whilst full construction works for the Lyric redevelopment are underway. There may be noise and vibration impacts to the existing Canberra Theatre and Playhouse which may impact performances during construction hours.	Staging Option B would result in more business disruption overall as it would mean the largest operational venue during Stage 1 would be the 600 seat Playhouse. This would displace a significant amount of national and international acts currently serviced by the Canberra Theatre and puts the CTC at risk of losing these acts entirely.

The staging analysis is set out below in Section 5.4.

The recommended staging option involves staging the construction of the new Lyric Theatre in Stage 1, followed by refurbishing the existing venues, as depicted in Table 5-10 below, to optimise the timely completion of construction activities. This option also mitigates some interface risks between adjacent lots and the CTC's existing venues, and minimises disruption impacts to ongoing theatre operations as it keeps the CTC's largest current venue operational.

Table 5-10 Recommended Staging Option

	Stage 1 works inclusions	Stage 2 works inclusions
New Lyric then existing venues	Construct new Lyric Theatre concurrent with the Landbridge and Theatre Lane loading dock, back of house connectivity and other interfacing works with existing venues. Existing venues remain operational to the extent possible (noting some closure of the Playhouse will be required)	Following operational 'go-live' of the Lyric Theatre, undertake concurrent refurbishment works of the existing Canberra Theatre and Playhouse, construct a new Studio Theatre and Link Building and extend the Landbridge to enable further upgrades to the back of house.

Commencing works at the eastern end of the site, focusing on the Studio and Canberra Theatre as an alternative approach, would result in increased business disruption. This would necessitate a more intricate operational management plan to address potential noise and vibration impacts on the CTC's operations.

6. Project Scope

6 Project Scope

This section provides a summary of the Project scope for the recommended Project Option (Option 2). It considers high level scope inclusions, design intent, construction considerations, future operations and maintenance considerations and project interdependencies.

Key messages

- The Recommended Project Option (Option 2) meets the Project's Objectives and will:
    - provide a modern and significant theatre centre that supports the ACT Government's strategic ambition for Canberra to be Australia's Arts Capital;
    - provide technical facilities in all venues that offer flexibility and adaptability to meet the current and future needs of audiences, and Canberra's performing arts sector;
    - improve the connectivity to, and use of Civic Square, whilst refocusing the CCCD as the "heart" of the city;
    - significantly increase Canberra's participation in tours of major productions and attract a broader array of performances to Canberra including ballet, opera, drama, musicals, and large-scale concerts;
    - improve the operational efficiency and financial viability of the CTC through increased sales and alternative sources of revenue;
    - improve the internal and external operational efficiency of bumping in and out concurrent productions; and
    - provide attractive food and beverage and entertainment offerings within the CTC, and
    - be designed and delivered safely, affordably and to the highest standards for the ACT community.
- The recommended Option 2 includes the new Lyric Theatre build, new covered loading dock in Theatre Lane, major refurbishment of the Playhouse and Canberra Theatre, new Courtyard Studio, and new Link building, with options for reuse of the entrance area should the Civic Library relocate.
- Option 2's scope provides greater technical functionality, programming capacity and revenue generating capability. Option 2 provides a high-standard modern performing arts centre that is both welcoming and inspiring for local and visiting artists and audiences.
- The substantial changes proposed will bring the CTC up to date with contemporary building codes and standards, including for energy efficiency, sustainability, mechanical ventilation, fire safety, access for emergency service vehicles and both front and back-of-house accessibility.

6.1 Design Intent

The current Design for the Recommended Option 2 is in line with the Project objectives and aspirations to:

- deliver a theatre centre with architectural excellence that integrates with the existing landscape and future vision for a thriving Canberra Civic and Cultural District;

- renew and expand the venues to attract events and performances that currently by-pass Canberra because the CTC's current facilities are too small – including contemporary music, comedy, circus, musicals, ballet and opera;
- deliver design solutions that are supportive and inclusive for patrons, staff and performers with a disability and those who identify as LGBTIQ+;
- deliver a design solution that engages with Country as informed by First Nations consultation;
- renew and expand the CTC's facilities to support the growth of Canberra's live performance sector by creating spaces for artists and arts workers to develop, rehearse and perform productions; and
- renew and expand the CTC's facilities to support the ACT economy, particularly the tourism, hospitality and accommodation sectors.

6.2 Scope of Works and Services

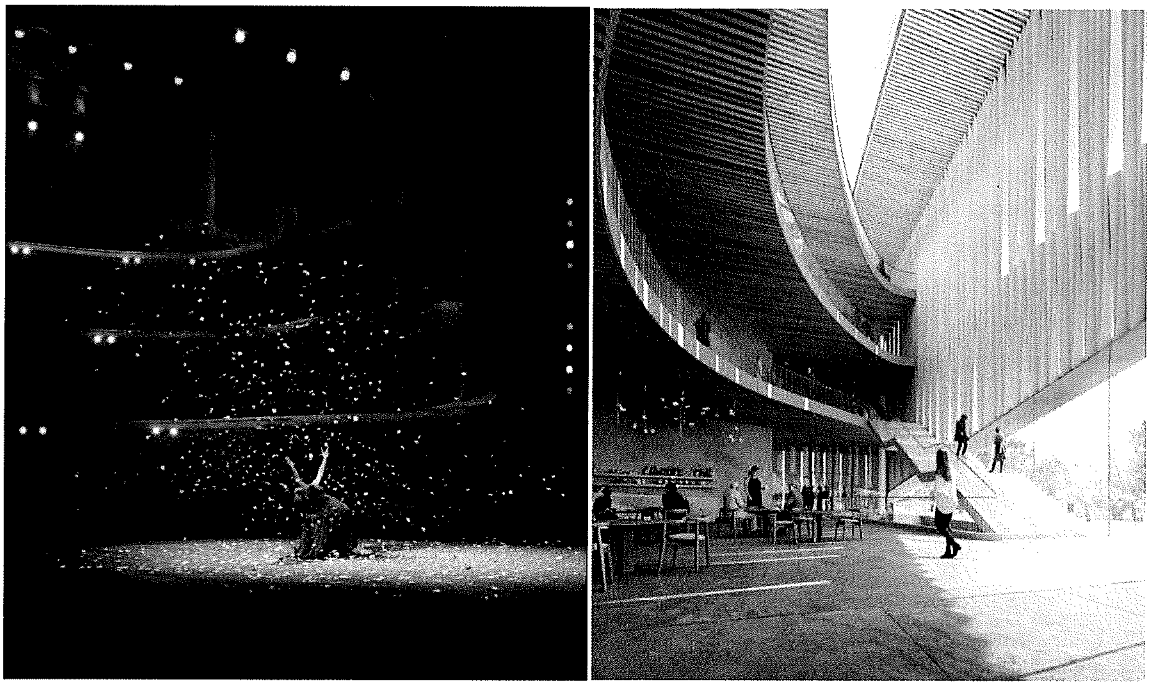
The recommended Option 2 includes the new Lyric Theatre build, covered loading dock in Theatre Lane, major refurbishment of the Playhouse and Canberra Theatre, new Courtyard Studio, and new Link building with options for re use of the entrance area should the Civic Library relocate.

The following subsections discuss the Option 2 scope inclusions per venue and highlights the transformed suite of services the CTC will be able to offer as a result of the new and redeveloped facilities.

Lyric Theatre

The recommended Option 2 will see the development of a new Lyric Theatre adjacent to the Playhouse to cater for major national and international productions, including ballet, opera and commercial theatre productions. Its performance, front-of-house and back-of-house functionality has been optimised by considering specific elements such as the number of balconies, the size of the rear stage and its building orientation. The design includes careful consideration to increase activation in the Precinct, with the theatre providing active foyers, city and interior views and food and beverage offerings across multiple levels.

Figure 6.1: Indicative views of the Lyric Theatre Interior (below left) and Front of House Atrium (below right)



(artist impressions as of June 2024)

The key spaces and inclusions for the Lyric Theatre are listed below.

- **Auditorium** – the auditorium delivers a first-class audience experience in terms of seating, sightlines, acoustics, connection to the stage and other audience members, efficient ingress and egress, and
- a strong emphasis on accessibility and inclusion. With a capacity of up to 2,000 seats, offering flexibility and can be readily configured to accommodate smaller capacities of (approximately 1,750, 1,500, or 1,200 seats).
- **Stage** - the theatre will include variable acoustics to cater for a diverse range of programs; an orchestra pit suitable for larger and small productions; fly tower; automated technical systems; recording and broadcasting technology.
- **Back of house** -the auditorium back of house includes dressing rooms, green rooms, production kitchens. It enables back-of-house operational efficiency and safe and accessible pathways for all performers and staff, including by providing connections to the new loading dock to enable more efficient bump-ins and bump-outs.
- **Vibrant and creative foyer** – a sustainable and energy efficient façade will frame a panoramic foyer which wraps around all levels providing views from the inside across the city as well as views outside into the interior. The foyer space will accommodate a full suite of patron amenities, including cloaking, bathrooms, box office and hospitality.
- **Rehearsal spaces** - the current design includes large and medium sized rehearsal rooms to ensure artists have the necessary facilities for rehearsals and preparation, catering to national and international touring artists and performers, fostering a thriving local arts scene.
- **Visitor experience** – the new theatre will provide a range of visitor amenities across multiple levels of the Lyric Theatre. This will include essential facilities such as cloaking,

bathrooms and box office, as well as commercial offerings to increase and diversify the revenue generating ability of the venue whilst enhancing visitor experience, including food and beverage and merchandising. Theatre bars on each level of the theatre will service audience members during performances and provide a destination for non-audience members to engage with, at the entrance level.

- **Function capability** – expands the venue's versatility by being able to accommodate other events such as corporate functions, conferences, seminars and community gatherings.

Canberra Theatre

The recommended Option 2 Canberra Theatre upgrades will modernise and optimise the venue for both performers and audiences. New flexibility will enable a range of contemporary programming, including programs suitable for a flat floor (standing audience).

The key spaces and inclusions for the Canberra Theatre are listed below.

- **Automated retractable seating** – provides flexibility and adaptability to cater to various events, from intimate performances to larger productions in both raked seating and flat floor configurations.
- **Re-raking balcony seats** – improves sightlines and elevates the audience experience.
- **Compliance works** – addressing essential accessibility and DDA requirements underscores the importance of inclusivity, making the venue more welcome to diverse audiences.
- **New theatre systems** – ensures that the venue is equipped with industry standard technical requirements capable of hosting a wide range of performances, increasing operating efficiency and production capability.
- **Foyer and amenities** – upgrades and increased connections to outdoor terrace, with foyer areas to be destinations.

The Playhouse

The proposed upgrades to The Playhouse under Option 2 will position the venue as modern and technically equipped, capable of delivering exceptional performances and providing audiences with an enriching and immersive cultural experience.

A loved space that requires upgrades to meet modern standards but maintain its character and intimacy for theatre, dance, and a range of contemporary programming.

The inclusions for The Playhouse are listed below.

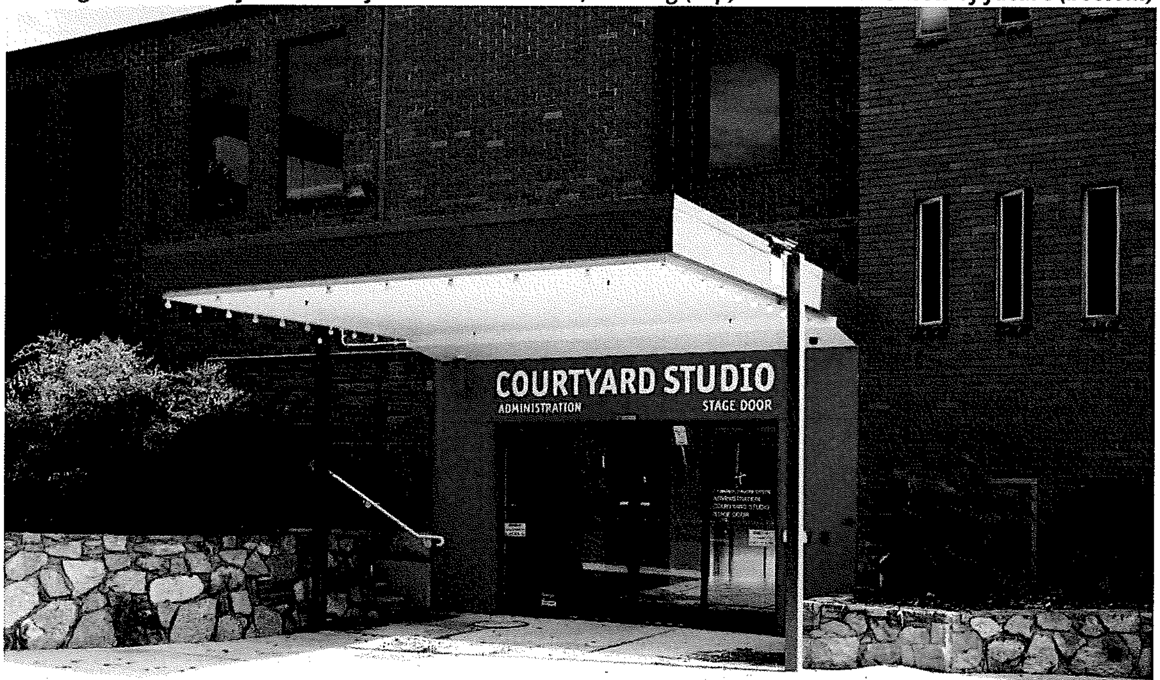
- **Seats re-raking** – focusing on improved sightlines will optimise the viewing experience for audiences.
- **Orchestra pit lifts** – refurbishment will improve theatre operational efficiency and reduce operating costs.
- **Automated fly system** – further enhances the versatility of the venue, allowing for seamless set changes and adding a layer of sophistication to stage productions.

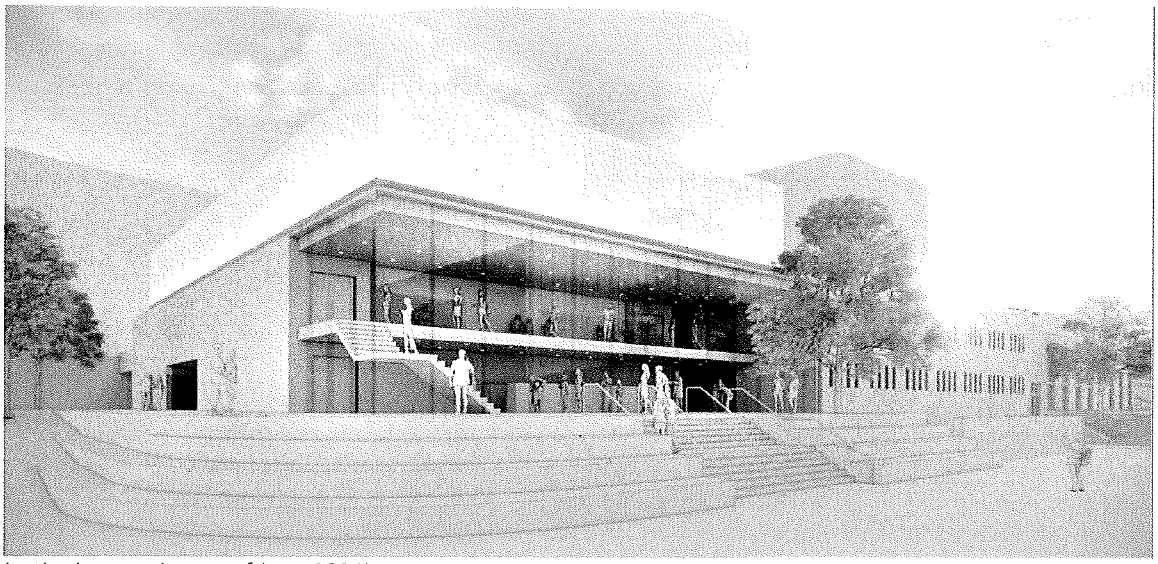
Studio Theatre

The recommended Option 2 proposes the Studio Theatre as a fully flexible black box theatre, capable of accommodating a wide range of performances while providing an enhanced cultural and social experience for its audiences.

A theatre that can bring smaller scale touring works from other theatres and festivals plus provide a space for local works and emerging artists, the new Studio will provide a much needed 300 seat venue to showcase work produced by the local arts sector, filling a current gap in the market.

Figure 6.2: Transformation of the Studio Theatre, existing (top) and indicative view of future (bottom)





(artist impression as of June 2024)

The key specifications for the functional areas are listed below.

- **Functional black box theatre** – capacity increases to 300 patrons in a more flexible format increasing the number and type of performances therefore increasing participation and revenue.
- **Dedicated ancillary facilities** – such as the new bar, foyer, dressing rooms, and back-of-house facilities, significantly improves the overall functionality and comfort for both performers and patrons.
- **Interconnected foyer** – linking to the Canberra Theatre and Link seamlessly integrates the Studio Theatre into the remainder of the CTC, creating a unified and cohesive cultural hub.
- **New theatre systems** – provides technologically up-to-date theatre systems, guaranteeing high-quality productions.

Link and Theatre Lane

The recommended Option 2 proposes extensive development of the middle of the CTC, the Link, to improve urban outcomes, patron experience and accessibility, staff safety and functional efficiency.

The Link provides the foyer connections to the Playhouse and Canberra Theatre, food and beverage amenities both inside the foyer spaces and on the new rooftop terraces. The rooftop connection is directly visible and accessible from Civic Square and creates a new public urban space. The upgrades provide opportunities for casual live entertainment pre and post-show.

Figure 6.3: Transformation of Link Building – existing (below left) and indicative of future (below right)

(artist impression as of June 2024)

Figure 6.4: Transformation of Link Building – indicative views of future

(artist impression as of June 2024)

The key specifications for the functional areas are listed below.

- **Public realm** – restoration of the Mount Ainslie – City Hill axis and honouring the original intentions of the Griffin plan, thereby providing heritage benefits and improved the interfaces and connections to Vernon Circle and Civic Square.
- **Entertainment offerings** – new rooftop hospitality at the Link and open public space will activate the CCCD, providing a scenic destination for patrons and the public to engage with the arts and enjoy the cityscape.
- **Landbridge** - a secure, covered loading dock to provide a weather -protected, safe and secure space for back-of-house operations, which will increase operational efficiency. The existing Theatre Lane will be lowered to create direct loading dock access for the new Lyric Theatre,

The Playhouse and Canberra Theatre stages. A new landbridge will also be created adjacent to The Playhouse, creating a public space with a landscaped frontage to Vernon Circle.

- **Back-of-house connectivity** – upgrades to modernise existing facilities and provide a new back of house connection for overall theatre operations to ensure safe movement of people and goods between venues, separated from vehicles.
- **New Link building** – establishes a dynamic cultural centrepiece of the CTC and CCCD with improved amenities that is transparent and accessible from Vernon Circle and Civic Square.
- **Drop off** – provides for an accessible and VIP drop off zone at Vernon Circle.

Office space[42]

The inclusion of up to 400 square metres of space on location will provide organisational efficiency by allowing key personnel, including event managers, technical directors and administrative staff, to be physically present and easily accessible.

This option provides for future expansion of office accommodation by the provision of a cold shell of 1100sqm on level 4 capable of being fitted out for offices in the future.

6.2.1 Staging and budget

Stage 1

The delivery scope for Stage 1 is:

- the **New Lyric Theatre;**
- the **Landbridge and Theatre Lane loading dock**;
- the **interface work to the existing venues** ensuring the existing Link building remain operational and any required closures to The Playhouse are minimised;
- **back of house connectivity; and**
- **Building Code compliance works** for the existing CTC venues as required to enable all venues to be operational at the completion of the Project which is the opening of the Lyric Theatre.

The delivery of the Project will be carried out in a manner that ensures the other CTC venues remain operational during construction of the Lyric Theatre, with the exception of temporary closure of The Playhouse, however only to the extent that closure is reasonably necessary for relevant interface works.

Stage 2

Stage 2 focuses on a broader redevelopment effort to further improve the CTC, including:

- repurposing the existing **Canberra Theatre;**
- refurbishing the existing **Playhouse**;
- construction of a new theatre in the **Courtyard Studio** space;
- redeveloping **the Link** building;
- extending the **Landbridge** to the south, adjacent to The Link and Canberra Theatre; and
- modernising the existing **back of house** facilities.

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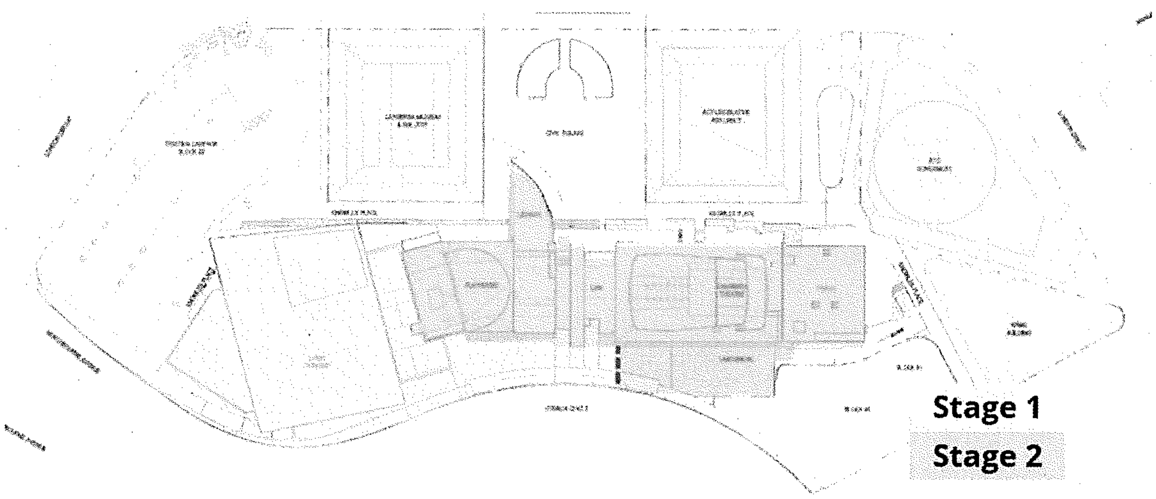
[42] This is based on the current design as of June 2024. The ECI Contractor will develop the design to ensure budget and scope alignment – which may require some value management and reduction in the scope of the current design.

This Business Case presents the redevelopment of Stage 2 as a target scope, against a target budget. The budget for Stage 2 is subject to future Government approval and submission of a subsequent business case.

Stage 2 design development will continue to interrogate the most effective solutions to achieve the Project Objectives for the existing facilities. In particular, the achievement of the desired level of flexibility for the Canberra Theatre within a target budget is challenging given the existing condition of the venue. The business case for Stage 2 works may present options to deliver the full aspiration of the vision for the redeveloped CTC.

The recommended staging is shown in Figure 6.5 below.

Figure 6.5: Recommended staging



6.2.2 Heritage considerations

The original CTC dates back to 1965 and has cultural and historical significance as the first multi-venue arts centre in Australia. The Civic Square Precinct, which includes the CTC, has been registered on the ACT Heritage Register. Heritage advice has been developed by GML in conjunction with the design development, which has identified potential heritage impacts and provides mitigation measures to avoid or reduce the possibility of the Project diminishing the heritage significance of Civic Square and City Hill.

In accordance with the *Heritage Act 2004* (ACT), the Project is required to obtain approval of the Statement of Heritage Effect (SHE) for the Project. Accordingly, iCBR has developed and submitted a Project SHE for consideration by ACT Heritage. It is anticipated a response from ACT Heritage will be received during the RFT Phase. The Works Approval Submission must consider any approval conditions from ACT Heritage.

Key considerations and recommendations from the heritage advice are listed below.

- There are opportunities within the design of **the Link** to conserve and celebrate the heritage of Civic Square and City Hill.

- Consideration should be given to the form and scale of **the Lyric Theatre** and the extent of its alignment to the heritage values of Civic Square.
- The proposed refurbishment of **the Canberra Theatre** has been designed to minimise the potential impacts to internal historic fabric. Although the interior fabric of the Canberra Theatre is not listed in the ACT Heritage Register, a best practice heritage approach will be taken to retain as much of the significant fabric as possible.
- The **Studio** is unlikely to diminish the heritage significance of the CTC, noting the design inclusions for the Studio should respect the heritage significance of Civic Square and the CTC.

The Project team will continue to monitor the heritage implications of the Project and will develop a full and detailed Statement of Heritage Effect (SHE) when the Project undergoes detailed design development.

6.2.3 Construction considerations

There are several key issues that must be considered when determining the optimum construction method for the Project. A summary of key considerations is provided below.

Business continuity

Given that the CTC will continue to be operational throughout the entire construction program, a staged approach to construction has been proposed to allow for at least one significant venue to be open at all stages of the construction period. For the purposes of this Business Case, it has been assumed that the Playhouse will close for the majority of Stage 1 to undertake interfacing works in conjunction with the Lyric Theatre. This will be further tested through the design development and further constructability advice with a view to limiting the disruption to The Playhouse performances in Stage 1.

Site logistics

The Project's location and proposed timing means that there may be site constraints with adjacent sites and facilities which may complicate construction logistics, including material deliveries, equipment access and storage areas. Ensuring efficient movement of construction materials and minimising disruption to neighbouring sites or facilities is essential. Early buildability advice identified the existing car park on Block 23 as a potential project establishment site. This is explored in further detail in Section 6.3. Construction management approaches should be coordinated with adjacent sites where applicable.

6.2.4 ESD Initiatives

In May 2019, the ACT Government joined numerous cities, states, and territories worldwide in declaring a climate emergency, recognising the urgent need for action at all levels of government. This declaration reflects the ACT Government's commitment to addressing this global challenge to ensure a liveable, healthy future for our community, all species, and generations to come.

To achieve the Ecologically Sustainable Development (ESD) targets, initiatives are being incorporated into the design to provide efficiency and reduction of impacts. The Project is designed to target a 5 Star Green Star Building rating with 6 Star as a stretch target, as well as a 100% electric building in line with the ACT Government's Net Zero Emissions Policy. It will be designed and constructed as a fully electric building, operating entirely without the use of natural gas. Initiatives included in the design or considered for inclusion are listed below.

- **Energy** – Passive House principles, Grid Responsive Building, all-LED lighting, occupancy sensors, heat pumps, high performance chillers and cooling towers.
- **Water** – high efficiency water fixtures and fittings, stormwater treatment and rainwater/stormwater collection.
- **Materials and Waste** – re-use of existing structures, on-site waste separation, carbon neutral concrete, low carbon steel, recycled aluminium in façade, storage space for reusable production materials and self-contained organic waste processing equipment.

Appropriate allowances will be made for inclusion of potential climate change impacts. The increase included will be coordinated with the climate change adaptation strategy to be developed for the Project with the ESD consultant as part of the Project's sustainability and climate adaptation strategy.

6.2.5 Compliance considerations

While the current applicable version of the National Construction Code is the 2022 edition, NCC 2025 may be applicable to the Project depending on release of the NCC revision and timing of the Construction Certificate application. The assumptions on Compliance with the NCC in this Business Case are based on advice relating to NCC 2022.

Section 29 of the *Building Act 2004*, states that an existing building is required to be upgraded to meet current day compliance regulations should a substantial alteration (such as extension or refurbishment) occur within the building that exceed 50 per cent of the area of the original building. Compliance standards triggered by this requirement are per the NCC 2022 Volume One – Building Code of Australia.

[redacted]

[redacted]

The base case includes the estimated compliance cost alongside the end-of-life systems replacement nothing that the extent of these works will be further tested during the detailed design phase.

The cost consultant has estimated the construction cost of the direct compliance work at [redacted] (excluding design and ACT Government delivery costs). The full extent of works is costed within Stage 2 of the Project. The direct compliance work also forms part of the base costs or "do minimum option" capital costs, alongside the end-of-life systems replacement.

6.2.6 Operations and maintenance considerations

The Project introduces a significant enhancement in the scale of the CTC and its ongoing operations. With modern facilities and new theatre systems and technical equipment, the CTC will be able to host a greater number and more diverse array of live performances and will streamline processes, enabling smoother and more efficient rehearsals and performances. The significant investment in non-performance spaces such as the Link and supporting food & beverage offerings will elevate the audience experience as well as enable higher revenue generating capabilities.

It is expected that additional operations and facilities maintenance (FM) capability will be required to manage the new and upgraded facilities. Further analysis on the ongoing financial impact is explored in Section 9. Further detailed analysis on the CTC's future operational efficiencies is explored in the separate Operational business case.

The Project's significant capital investment will revitalise the current ageing facility and ensure a more durable and resilient facility, reducing the scale of major repairs and ongoing maintenance. Further analysis on the planned replacement costs post construction completion is explored in Section 9.

6.3 Project Assumptions

The following Assumptions, inform the outcomes of the Business Case analysis.

1. Stage 2 works follows sequentially the completion of Stage 1. [redacted]
2. Stage 2 works are proposed to be delivered sequentially, but due to interface areas within the Canberra Theatre Centre, venues (Playhouse, Studio, Canberra Theatre and the Link Building) are expected to have periods of concurrent closing to allow these works to be delivered. This will be further tested during 2025 with input from the Project team's advisors and feedback from the Contractor procurement for Stage 1, with further updates to be brought back to Board progressively leading into the request for an investment decision for Stage 2.
3. The Playhouse theatre may be required to close twice - once for the majority of Stage 1 and during Stage 2 when the physical works within the Playhouse are undertaken. The extent of closure, should it be required for Stage 1 will be further tested through the procurement and market engagement process. Noting the ultimate benefit arising from the upgrades to the Playhouse, the current proposed two closures will present challenges for the CTC to manage audience and staff retention and disruption.
4. The Business Case assumes a target budget for the recommended concept design for Stage 2, noting there are major risks associated with the existing buildings (as outlined elsewhere in this paper and the Business Case). This will be further developed, leading to a request for funding approval – including the presentation of options regarding scope and budget – particularly for the Canberra Theatre and Playhouse.

[redacted]

5. Both Stages will be designed to a level required to enable Works Approval (particularly important for urban design elements such as the New Lyric, Loading Dock, new Link and new Studio).

6.4 Project Interdependencies

Whilst discussion of how the Project complements the CCCD Program is outlined in Section 4.3, there are key interdependencies such as timing, delivery and operating constraints that must be considered to ensure successful delivery which successfully manages and mitigates any interface risk. These have been documented in Table 6-1 below.

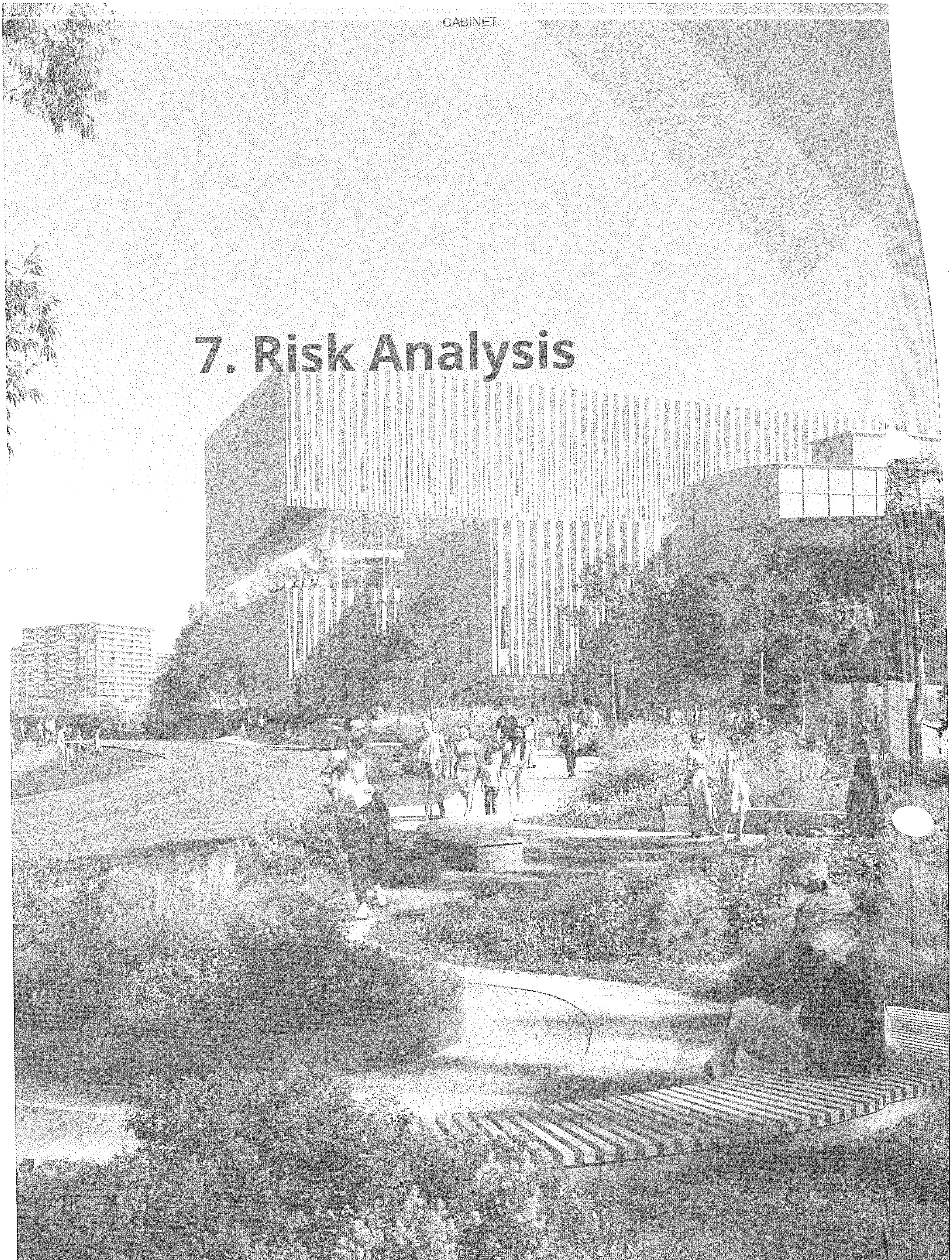
Table 6-1: CCCD interdependent projects

Project / Development	Timing	Delivery and operating considerations
Block 40, Section 19, City	The vacant 2,743 square metre block was released by the ACT Government in mid-2023, with the Capital Property Group to begin construction on the development in FY25 featuring 14,000 square meters of office and retail space.[44] Construction at Block 40 is scheduled to commence prior to the Project's construction commencement.	Service continuity during Block 40 construction. CTC accessibility during construction. Increased CTC foot and vehicle traffic. Impact on local parking.
Block 23, Section 19, City	Given Block 23 is directly adjacent to the proposed Lyric Theatre, staging analysis must be considered to determine an optimum approach which minimises adjacency impacts. Block 23 is currently targeted for mixed development with land release planned by CRA for FY26/27, including development of a landmark building in the north-east corner and the CRA is developing a masterplan and design guidelines to ensure the development complements the redeveloped CTC, including the provision of future public parking for the CTC.	As per Block 40. Impacts to parking for the CTC are a further key consideration (addressed further in Section 5 Options Analysis). Facilitation of land release to the market given Block 23 has been identified as a construction establishment site for the Project.
Civic Library	Options to relocate the Civic Library prior to construction work on the Project commencing (proposed Q4 2025) are currently being considered.	Civic Library relocation prior to Q4 2025. If the Library is not relocated, the construction work will need to enable it to continue operations as much as practicable.
Light Rail Stage 2A	Construction on Stage 2A is set to commence in early 2025 and expected to run concurrently	Potential access issues to the loading dock in

44 City Renewal Authority (2023) 'New $150 million office development coming to Constitution Avenue' https://www.act.gov.au/cityrenewal/blog/city-renews/new-$150-million-office-development-coming-to-constitution-avenue

	with the Project. The Construction Contractor must cooperate and coordinate with the Light Rail Stage 2A Contractor and with the ACT Government around the impact of any extended surrounding road closures.	Theatre Lane depending on traffic changes for Vernon Circle.
Block 40, Section 100, City	The vacant 11,380 square metre block was acquired by the Capital Property Group in 2024 to deliver 65,000 mixed – use office space for the Australian Government and retail space. Construction is expected to commence in late 2024.	Service continuity during Block 40 construction. Impact on local parking.
Civic Square	Timing of Civic Square works is unconfirmed however would impact interfacing Stage 2 works for The Link.	Interface works of Civic Square and Link need to be confirmed prior to Stage 2.
Canberra Civic and Cultural District (CCCD)	The CCCD masterplan and design guidelines are being prepared in response to the CCCD Concept Design Report. The masterplan will provide a vision for the CCCD and how adjoining developments and public spaces will interface with and enhance the CTC redevelopment. Confirmation of scale and timing of CCCD works is yet to be determined.	Opportunity for the CCCD vision to be realised with the Project as the cultural centrepiece. Provision of CCCD masterplan, design guidelines for future developments and future traffic conditions are relevant to inform the Projects Works Approval.

7. Risk Analysis



7 Risk Analysis

This section of the Business Case outlines the key Project risks and the risk management governance and risk management controls.

Key messages

- The overall risk rating for the Project varies based on the phase
  - Design and procurement: Overall risk rating of [redacted]
  - Delivery: Overall risk rating of [redacted]
- Since funding of the design in 2022-23, the ACT Government and iCBR has undertaken a number of key mitigations and controls to manage the project risks identified, including:
  - [redacted]
- The Project is a complex project that has a number of site-specific risks, combined with key local market and industry delivery risks. The Business Case has robustly evaluated these risks and detailed the mitigations and controls measures proposed to be undertaken during the project to ensure project success.
- [redacted]
- Key risk considerations for the delivery phase include:
  - [redacted]
- Local Market and Industry risks that may impact the Project, include:
  - [redacted]

- Analysis of Project Risk informs the Proposed Delivery Model, which is further discussed in Section 8 and the Project Contingency, further discussed in Section 9.

7.1 Risk Analysis Process

This section outlines the risk processes currently underway within the Project including Risk Governance and Risk Management. Further, this section summarises the risk workshops and evaluation undertaken as part of preparing this Business Case.

7.1.1 Risk Workshops Undertaken

Two risk workshops with key stakeholders were conducted, under the guidelines of the capital framework as part of the development of this Business Case.

- A risk identification workshop with participants from: iCBR, CFC, CMTEDD (including Treasury and artsACT), CRA, TCSS, ESPDD, Architectus, Arup and Deloitte, to identify the risks of the Project and assess the likelihood and consequences of those risks eventuating and associated mitigation measures.
- A risk quantification workshop with participants from: iCBR, CFC, CMTEDD (including Treasury and artsACT), CRA, TCSS, ESPDD, RLB, Architectus, Henning Larsen, Arup and Deloitte, to quantify delay and/or cost estimates of Project risks eventuating.

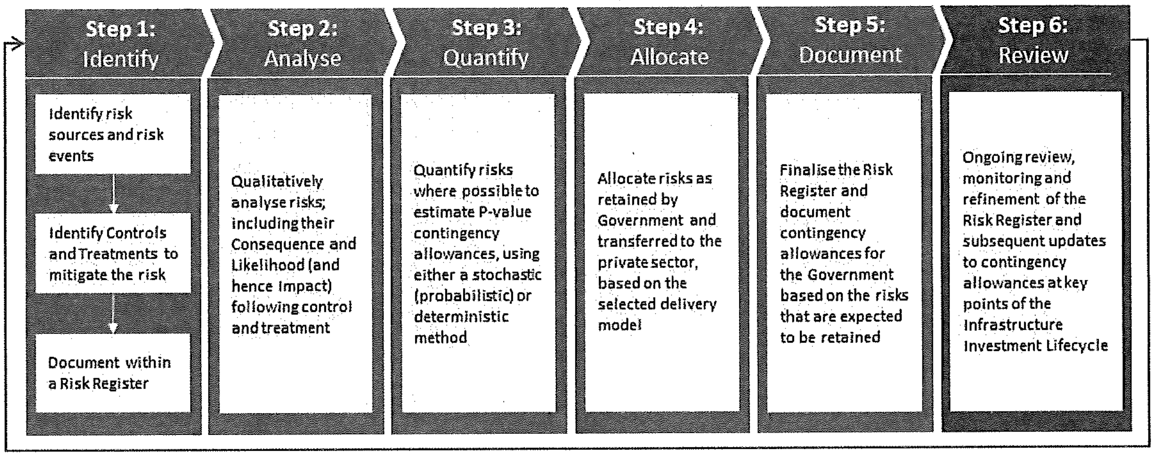
Risks were identified in the first workshop, with appropriate likelihoods and consequences, and hence impact, applied to each option. The workshop also identified the appropriate mitigation measures to be taken to lower the likelihood and impact of risks occurring.

The risk quantification workshop enabled the development of the Project financial risk impacts and contingency analysis. This involved utilising stakeholder inputs to estimate the impacts of risks on the Project's schedule and costs. Stakeholders identified the best case, most likely and worst-case scenarios of risks occurring and the appropriate cost impact. Further iterative analysis to refine these risk quantifications has been undertaken in collaboration with WT Partnerships in late 2024.

7.1.2 Risk Management Process

The comprehensive risk assessment process was undertaken in accordance with the ACT Government's Capital Framework and is summarised below in Figure 7.1: Capital Framework risk analysis process below:

Figure 7.1: Capital Framework risk analysis process



Source: ACT Government (n.d.) Capital Framework: Risk analysis process

7.1.3 Risk Matrix, Likelihood and Consequence thresholds

The risk register rates risks by utilising the ACT Government Risk Assessment Framework, as presented in the risk matrix (Figure 7.2), with assessment of the Risk Likelihood (Figure 7.3), against the Risk Consequence (Figure 7.4) at the thresholds detailed.

A summary of the Project specific Risk Likelihood probability and definitions, with the Risk Consequence values and definitions is detailed in the figures below.

Figure 7.2: Risk impact matrix

		Consequence				
		Negligible	**Minor**	**Moderate**	**Major**	**Extreme**
Likelihood	**Almost Certain**	Medium	High	High	Extreme	Extreme
	Likely	Medium	Medium	High	High	Extreme
	Possible	Low	Medium	Medium	High	Extreme
	Unlikely	Low	Medium	Medium	High	High
	Rare	Low	Low	Medium	Medium	High

Source: ACT Government Capital Framework

Figure 7.3: Risk likelihood defintions

Likelihood	Historical frequency	Expectation	Indicative frequency	Probability of occurrence
Almost Certain	The event occurs on most occurrences of the activity	The event is expected to occur this time	1 every year or more	75-100%
Likely	The event occurs on some occurrences of the activity	The event is expected to occur on one of the next few occasions	1 every year to 4 years	25-75%
Possible	The event infrequently occurs here	The event could occur at some time in the future. It would not be surprising if the event occurred	1 in every 4-10 years	10-25%
Unlikely	The event has never occurred here	The event might occur, but it is unlikely. It would be surprising if the event occurred	1 in every 10-100 years	1-10 %
Rare	The event has never occurred here, but may have/has occurred somewhere	The event might occur but only in exceptional circumstances. It would be very surprising if the event occurred	1 in every 100 years or less	0-1%

Source: ACT Government Capital Framework

Figure 7.4 Risk Consequence definitions

Consequence	Insignificant	Minor	Moderate	Major	Catastrophic
Description	An event, the impact of which can be absorbed through normal activity	An event, the consequence of which can be absorbed but management is required to minimise the impact	A significant event that can be managed under normal circumstances	A critical event that with proper management can be endured	A disaster with potential to lead to collapse of the project
Capital cost impact	Less than 2.5% of total capital costs, or less than $5,000, whichever is the greater	At least 2.5% but less than 5% of total capital costs, or at least $5,000 and less than $50,000, whichever is the greater	At least 5% but less than 10% of total capital costs, or at least $50,000 and less than $500,000, whichever is the greater	At least 10% but less than 25% of total capital costs, or at least $500,000 and less than $5 million, whichever is the greater	At least 25% of total capital costs or at least $5 million, whichever is the lesser
Recurrent cost impact	Less than 2.5% of total annual costs during operations and maintenance	At least 2.5% but less than 5% of total annual costs during operations and maintenance	At least 5% but less than 10% of total annual costs during operations and maintenance	At least 10% but less than 25% of total annual costs during operations and maintenance	At least 25% of total annual costs during operations and maintenance

Source: ACT Government Capital Framework

7.1.4 Risk Governance

Risk Governance is detailed as a part of Project Governance in Chapter 11. The key bodies reviewing project risk (the Project Advisory Board, the Risk Management Committee (RMC) and the Project Control Group (PCG) are detailed below.

The Project Advisory Board

The Project Advisory Board is an advisory board focusing primarily on high-level strategic decision-making advice for the Project's strategy, leadership, and management. The Project Advisory Board reviews the risk register and the advice from the RMC regarding identification and review of risks and confirming that appropriate mitigations or risk controls are in place.

The members of the Project Advisory Board from ACT Government include senior executives from CFC, CRA, EPSDD, TCCS, CMTEDD (Economic Development and Treasury), led by an Independent Chair and supported by an Independent Member with key industry experience. iCBR executives attend Board meetings. The roles and responsibilities of the Project Advisory Board are discussed further in Section 11.2.

Risk Management Committee

Established in March 2023, the RMC ensures that a common understanding of the Project's risks is maintained by Project personnel and relevant stakeholders. The RMC assesses all strategic risks related to the Project and provides assurance to the Project Advisory Board that the risks presented have been reviewed at the working group level.

The members of the RMC are senior officers and executives from iCBR, CFC, CRA, EPSDD, TCCS and CMTEDD (Economic Development and ACT Treasury). The role of the RMC is discussed further in the Project Governance chapter at Section 11.3.2.

Project Control Group

Established in June 2023, the PCG functions as the primary working group for all matters relating to the delivery of the Project, including design, construction, and staging. The PCG assesses all design related risks (including safety in design) and provides assurance to the Project Advisory Board that the designs presented have been reviewed with a risk overview at the working group level.

The members of the PCG are from iCBR, CFC, CRA and CMTEDD (ACT Treasury) and invitees as required: including CRA, TCCS, CMTEDD and the Design and Technical Advisor. The role of the PCG is discussed further in the Project Governance chapter at Section 11.3.1.

7.2 Key Project Risks

A risk identification and rating workshop was held with participants from iCBR, CFC, CMTEDD (including Treasury and artsACT), CRA, TCSS, ESPDD, Architectus and facilitated by Deloitte. The purpose of the workshop was to identify Project risks and assess the likelihood and consequences of those risks eventuating and assign associated mitigation measures.

The top risks identified as a result of the workshop are shown in Table 7.1 below:

[redacted]

[redacted]

7.2.1 Notable Risk Implications and Themes

The top Project risks outlined in Table 7-1 and other significant risks have implications and considerations for the delivery phase. These factors will influence the selection of the recommended delivery model for the Project, as elaborated in Section 8.

These key implications and considerations include:

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

The Governance, Stakeholder Engagement, and Risk Management workstreams will need to continue to work together closely to mitigate the potential risks of the Project not meeting the vision and expectation of key Project Stakeholders.

7.2.2 Options Risk Rating and Risk Register

Based on the top project risks and the overall risks identified in the risk register the Project Option has an overall risk rating that differs by phase.

- Design and procurement: Overall risk rating of [redacted]
- Delivery: Overall risk rating of [redacted]

The primary driver for the difference in overall risk rating between phases is the inherent market risk experienced as part of refining scope during the design finalisation process and the pending outcome of contract award and execution. To manage this risk, iCBR have subsequently commenced procurement of an ECI Contractor to de-risk the construction and advise the design development for Stage 1 of the Project. Upon confirmation of design and contract execution, the Project's overall risk rating would be improved to [redacted].

[redacted]. The detailed risk register with all Project risks is included in Appendix E – CTR Risk Register.

As per the Project's RMC Terms of Reference, the full risk register and summary of high rated risks are reported to the Project Advisory Board monthly.

7.2.3 Risk Mitigations

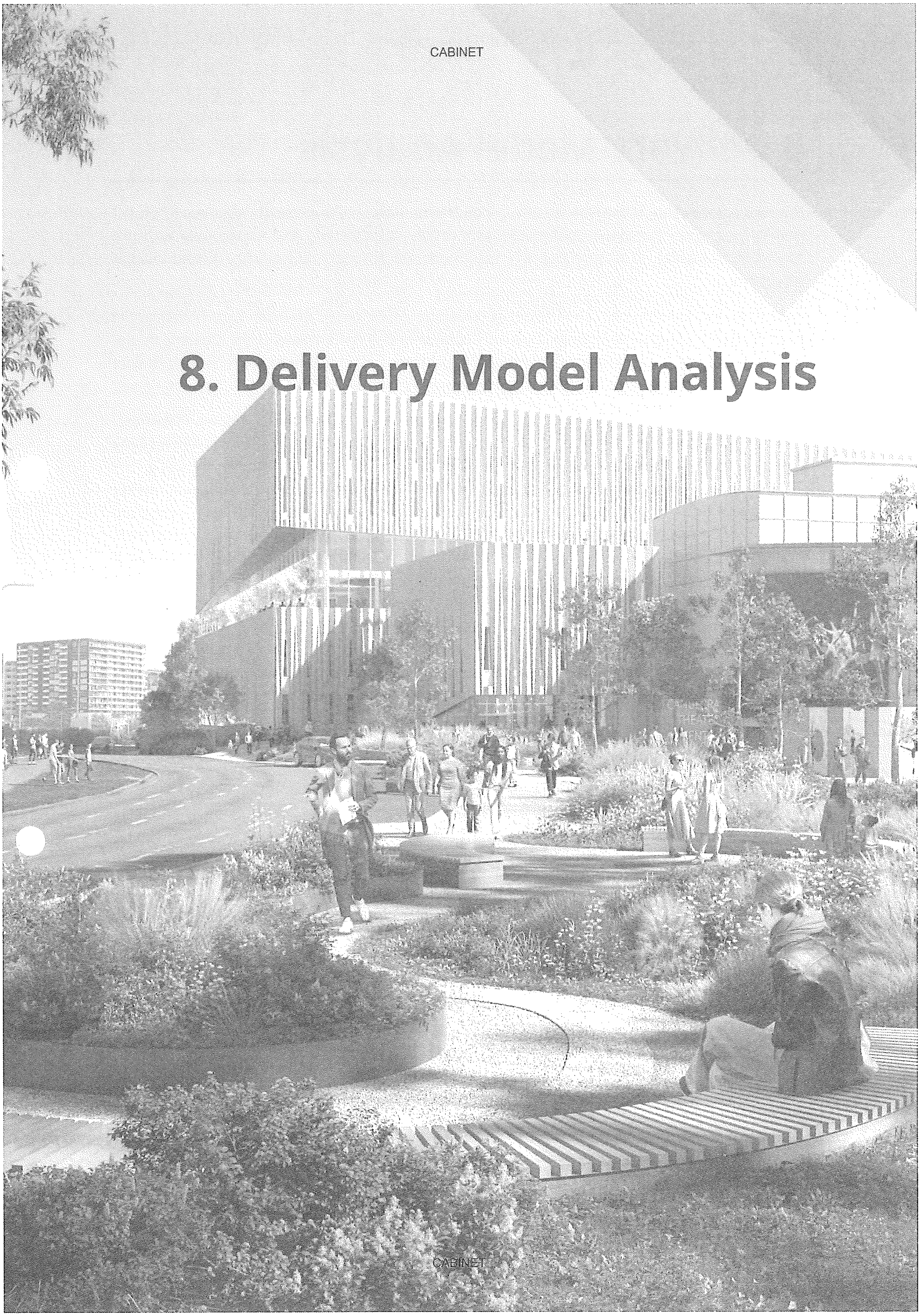
Risk mitigation measures are included for all risks within the risk register. Risks are monitored and reviewed on a regular basis to ensure that the mitigations are appropriate and provide effective controls for the risk. Should there be any changes with the risk ratings, the mitigation measures are reviewed and updated accordingly.

A summary of the mitigation measures established for the top project risks are provided in Table 7-3 below:

[redacted]

[redacted]

8. Delivery Model Analysis



8 Delivery Model Analysis

Outlined below is the recommended delivery model for Stage 1 of the Project. Rigorous testing of alternative models has been undertaken with all key stakeholders, and importantly with the construction market, to ensure that the recommended approach aligns with current market conditions.

Preliminary workshops were undertaken in November 2023, based on a combined / sequential project delivery (Stage 1 and Stage 2). A subsequent review and update of the Delivery model approach was conducted in mid-2024, to ensure the proposed approach meets the requirements to successfully deliver Stage 1 as the initial project, and is aligned to the current market conditions.

Building a new Lyric Theatre and upgrading existing theatre assets (Canberra Theatre, Playhouse, Link building and Studio) is inherently complex. Delivering Stage 1 of the Project through an Early Contractor Involvement (**ECI**) with a Design and Construction (**D&C**) Contract model is the recommended delivery model based on the detailed analysis, project benchmarking and market engagement feedback. Although the design and functional requirements are technically complex, the level of design and documentation already undertaken leads to a lump sum contract with Design and Construct delivery approach preferred, but the complex site and constructability of the technically challenging building can be further derisked by adopting an initial ECI phase. The engagement of the contractor earlier in the project lifecycle, facilitating collaboration during the design phase will inform the buildability of the design and investigate de-risking opportunities of the existing site and facilities and achieve value engineering objectives. The ECI Phase will enable a more informed of design and construct offer, which is particularly important given the complex technical requirements of a major performing arts venue and the particular site constraints.

Key messages

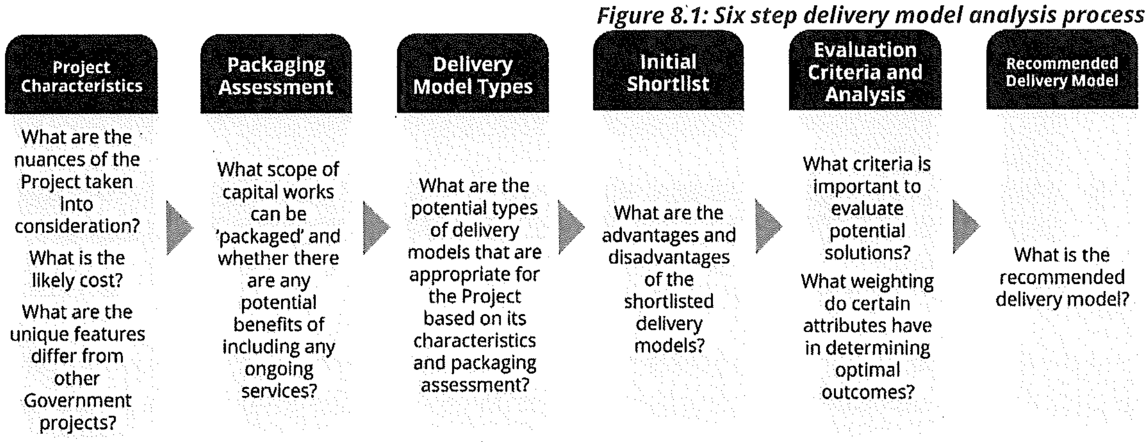
- The recommended delivery model is based on detailed analysis, project benchmarking and market engagement feedback. The recommended delivery models are the following.
  - **ECI leading to D&C for Stage 1**, based on the requirement for price certainty and the reduced requirement for design and construction flexibility to respond to existing conditions. Under this model:
    - The Tendered ECI Contractor will lead the detailed design and constructability planning for the Project.
    - The nominated contract forms are is a bespoke ECI Deed and the ACT Government's Major Works D&C Contract (as amended) due to the complexity of the design work and project requirements. At the end of the ECI Phase there will be further design work to be completed under the D&C Contract are to be determined. Whilst the ACT Capital Framework contemplates that generally speaking a construct-only contract will be used with an ECI, the project requirements gives rise to a need to rather adopt a D&C Contract for the reasons outlined above.

  - The design scope of the ECI Agreement will include documentation for the D&C Phase.
  - The design scope of the D&C Contract will include full suite of Issued for Construction Documents.
  - Based on the level of design completion prior to the D&C Contract that forms part of the ECI, iCBR will mitigate risks associated with Head Contractor's acceptance of a qualified fitness for purpose warranty within the D&C Contract.
  - The D&C Contract is to be paid in lump sum.
  - The D&C Contract may include pre-priced variations for some or all of the Stage 2 scope.
- Stage 2: the proposed delivery model will be dependent on the agreed scope and further assessment of the site and existing conditions of the existing facilities at the time of delivery. It is noted that the complexity of construction and the greater requirement for flexibility in the design development is needed to respond to the existing conditions of an aged building. Detailed analysis and a recommendation will be presented in a future business case to Government responding to stage two.
- The recommended delivery model for stage 1 is designed around appropriate allocation of risk between Government and the private sector, including an assessment of who is best placed to manage each individual risk and provides the platform for successful delivery on time and budget, maximising value for money for the ACT.
- iCBR has the demonstrated expertise required to support the preferred delivery model and deliver a project of this size and scale with industry, having led the delivery for both Canberra Institute of Technology - Woden projects and the Canberra Hospital Expansion project under similar delivery models.

8.1 Overview of Delivery Model and Assessment Process

The six-step process defined in the Capital Framework, was the basis to determine a recommended delivery model for the Project (or project stages). The six steps are noted in Figure 8.1 below.

Figure 8.1: Six step delivery model analysis process



A preliminary delivery model workshop based on a combined / sequential project delivery (Stage 1 and Stage 2) was conducted on 9 November 2023 with participants from iCBR, Treasury in

CMTEDD and Deloitte. The workshop participants confirmed the shortlisted delivery models, confirmed the relative weightings for each of the evaluation criteria, and then evaluated the shortlisted delivery models. A subsequent review and update of the Delivery model approach was conducted in mid-2024 to accommodate a more distinct staged delivery of the project, with the analysis in this chapter focussing on the delivery of stage 1.

Section 8.2 summarises the results from each of the analysis steps.

8.1.1 Project Characteristics

The Project has a number of characteristics that informed and shaped the delivery model assessment. These are listed below.

- **Parameters for future operations** - core theatre operations will continue to be operated by CFC. Non-core services (FM, grounds maintenance etc.) will continue to be managed by CFC via their FM team and vendor contracts.
- **Project cost profile** - the capital costs for Stage 1 are estimated at over [redacted].
- **Design** – a complete concept design that informs the tender requirements has been developed. Including a detailed project brief, documented functional requirements and technical performance specifications for Stage 1 of the project.
- **Construction considerations**:
  - **Continued operations** – requirement to continue operating the CTC throughout the construction period;
  - **Location** – the site is in a prominent location within the CCCD and there is a requirement for integration with the surrounding precinct; and
  - **Existing conditions** – the redevelopment will include a mix of new build and refurbishment of existing buildings, which have potential latent conditions risk.
- **Specialist uses** – specific arts and culture uses including specialist theatre equipment as part of the fit out.
- **Project risks** – as discussed in Section 7, key delivery risks for the Project includes:
  - [redacted]

8.2 Delivery Model Assessment

To undertake the delivery model assessment, the below steps were taken to narrow down the Project's delivery options. These included market sounding, packaging assessment and services bundling, a shortlist of delivery options, validating that shortlist against the Project's evaluation criteria and a final analysis / assessment against those criteria.

8.2.1 Market Sounding

A market engagement process was undertaken by Deloitte to seek input from Tier 1 and Tier 2 construction contractors with delivery experience on either significant ACT Government projects or Major Performing Arts / Cultural venues around Australia, on various aspects of the Project. The market engagement process focused on project staging, construction and operational interfaces, proposed delivery models, constructability considerations, timeframes, and general market interest and feedback.

Market interest in the Project is very high, there was a strong appetite from all market participants to be involved, share insights and their views on market conditions and to confirm their interest in further stages of the Project.

Some specific insights from the meetings included:

- [redacted]
- [redacted]
- [redacted]

Key findings are summarised below in Table 8-1, with further detail provided in the Market Engagement Report at Appendix O.

Table 8-1: Market Engagement key findings

[redacted]

[redacted]

8.2.2 Packaging Assessment / Services Bundling

The packaging assessment considered options to the package or bundling of some or all potential scope and operational items. The full spectrum of scope was considered in the packaging assessment includes capital delivery, operational support and maintenance services.

- **Capital Delivery** - scope items includes design, site preparation (e.g. decommissioning, excavation), Facility build, and speciality fit out of theatre equipment.
- **Services** - scope items consider Soft FM (e.g. cleaning, security), Hard FM (e.g. maintenance), Specialist Theatre systems maintenance and Theatre operations.

[redacted]

With regards to services, the ACT Government intends to retain operational responsibility for the CTC's ongoing operations and maintenance services following the redevelopment of the CTC. Therefore, consideration of packaging operations and maintenance into the capital works as a single package was not considered in the delivery model shortlisting process.

8.2.3 Shortlisted Delivery Model Options

The initial shortlisting from the Capital Framework's longlist of delivery models was conducted to rule out any models that are inappropriate for a bespoke Project such as this. Table 8-2 overleaf shows the shortlisting analysis and concluding recommended delivery models.

[redacted]

[redacted]

[redacted]

Table 8-2: Longlist and assessment of delivery models

[redacted]

[redacted]

A high-level description of the each of shortlisted delivery models is provided below.

[redacted]

[redacted]

[redacted]

[redacted]

Early contractor involvement

ECI enables contractors to be engaged earlier in the project lifecycle, facilitating collaboration during the design phase to inform the buildability of the design and investigate de-risking opportunities of the existing site and facilities, achieve value engineering objectives, and fully scope the project requirements, which is particularly important given the complex requirements of a performing arts venue.

[redacted]

[redacted]

A qualitative assessment of the benefits and risks per delivery model is provided in Table 8-3 on the next page.

[redacted]

8.2.4 Validation

A testing and validation process was undertaken following the workshop to further analyse the ECI (with D&C) and MC delivery models and to determine the final recommended delivery model.

Table 8-4 outlines a number of major capital projects that have been delivered or are being delivered in the ACT and interstate, in order to benchmark the delivery models of projects with similar scope and/or scale.

Whilst only a couple of the identified projects have employed an ECI to D&C delivery model, the reasons to include the ECI phase is consistent with the key considerations of the Project. This includes managing and finalising a complex design within a live operational environment to minimise the risk of extended disruption. It also provides an opportunity for valuable input from the Project's complex stakeholder environment to ensure the design and functionality meets each of their needs.

iCBR has deep experience and expertise in delivering projects of similar scale and complexity, which significantly de-risks the assessment and selection of delivery models. Specifically on the MC, this has been used to deliver a range of other performing arts projects, although the scale of the benchmarked projects aligns more to the Project Stage 2 rather than Stage 1.

Table 8-4: Relevant ACT and Onterstate projects

Project	Delivery Model	Description
	ACT - Major Projects	
Canberra Hospital Expansion (CHE) ($500+m)	**ECI to D&C**	The CHE project, one of the largest healthcare projects ever undertaken in the ACT, is currently being delivered via a two-stage ECI then D&C model. The ECI phase of the project (now completed) involved completion of a collaborative design and contract negotiation phase. This was followed by the D&C contract and opened in August 2024.
	Interstate – Performing Arts Projects	
New Performing Arts Venue (NPAV) at the Queensland Performing Arts Centre (QPAC) ($150m)	**Two-stage Managing Contractor**	The NPAV is being delivered via a two-stage MC approach, which will allow for early engagement so the managing contractor can participate in the design process to optimise design and ensure value-for-money. The QPAC is a statutory corporation of the Queensland Government, similar to the arrangement for the CTC.
The Melbourne Recital Centre ($128 million)	**D&C**	The Melbourne Recital Centre ($128 million) was delivered by Lendlease via a D&C contract with Lendlease and comprises a 1,000-seat hall and 500 seat theatre. The Melbourne Recital Centre is operated by a government owned organisation, similar to the arrangement for the CTC.

Hamer Hall Redevelopment in Melbourne ($135.8m)	**Alliance**	The $135.8 million redevelopment of the Hamer Hall was delivered via an alliance and involved Lendlease as the alliance contractor. The Hamer Hall is operated by the Victorian Arts Centre Trust.
The Hedberg (Theatre Royal – Hobart) Upgrade	**ECI to D&C**	The $100 million upgrade included a new public entrance with disability access, new multi-level foyer space with access to the dress circle and gallery, expanded bars, new public toilet facilities and balconies on each level.
Sydney Modern	**D&C**	The $440 million Sydney Modern Project included construction of three new additional pavilions, 3400 square metres of terraces, redevelopment of a World War 2 fuel bunker into a gallery.
Sydney Coliseum Theatre	**D&C**	A 2,200 capacity auditorium delivered by Hansen Yuncken from 2017-2019.
Sydney Opera House Upgrade	**Managing Contractor**	Renewal of 1,507 seat opera theatre and renovation of 2,500 seat concert hall. Included changes to the entry and foyer, a new creative learning centre, creation of a new venue (the Yallamundi Rooms), various security upgrades and conservation works.
Her Majesty's Theatre, Adelaide	**D&C**	1,467 capacity auditorium upgrade completed by Hansen Yuncken by D&C contract. The auditorium includes three levels of viewing.
Geelong Arts Centre – Little Malop Street Redevelopment	**D&C**	A $128 million upgrade to a 550-seat theatre (The Story House) plus a 250-seat theatre (The Open House).
Museum of Old and New Art, Hobart	**Managing Contractor**	A $75 million renovation of the 9,500 square metre building. The museum includes three subterranean floors for galleries, as well as library, pavilions and food and beverage facilities.

Source: Publicly available information

8.2.5 Evaluation Criteria

A delivery model workshop was conducted on 9 November 2023 with participants from iCBR, Treasury in CMTEDD and Deloitte. This was refined by a subsequent review and update in mid-2024 to accommodate a more distinct staged delivery of the project, with the analysis in this chapter focussing on the delivery of stage 1.

The outcomes for the shortlisted delivery models was confirmed by the relative weightings for each of the evaluation criteria, and then evaluated against the proposed shortlisted delivery models.

Table 8-5: Delivery model assessment evaluation criteria

Evaluation Criteria	Weighting	Rationale
Project value	**Medium**	• The extent to which the delivery model suits the complexity, scale and estimated costs of the Project.
Project scope and duration	**Medium**	• The extent to which the Project has a clear scope and the extent of opportunity to bundle services to create long term operational opportunity.
Ability to specify Project outputs clearly	**High**	• The extent to which the delivery model allows for Project outputs to be included clearly in tender documents and agreed upon in the contract. • As design is already underway, the procurement will be based on a concept design as opposed to being based on an output specification. • Resolution of Design complexity is a high priority for the Project.
Time to deliver	**High**	• The extent to which the delivery model enables timely completion and accommodates for compression and meeting critical deadlines.
Flexibility	**Low**	• The extent to which the delivery model assists Government in managing and implementing changes as required over the life of the Project (both during the design and construction stages).
Price certainty	**High**	• The extent to which the delivery model facilitates cost control and certainty throughout the construction lifecycle.
Innovation and incentive	**Medium**	• The extent to which the delivery model enables opportunities and incentives to drive innovation and help deliver best value for money outcome for Government.
Risk allocation to private sector	**Medium**	• The extent to which the delivery model facilitates the allocation of risks between Government and the private sector in the most optimal and effective manner.
Procurement and supervision costs	**Low**	• The costs and level of effort required to undertake the procurement process using the selected delivery model and to subsequently manage the delivery of the Project.
Stakeholder management	**Medium**	• The extent to which the delivery model enables Government to manage key stakeholders throughout the delivery of the Project.

Of the above criteria, a selection are categorised as 'High' drawing alignment with the Project's key characteristics and considerations.

- **Ability to specify Project outputs clearly**: Delivery of a new lyric theatre comes with unique design and technical complexities that are not as frequently delivered as other capital projects. A clear definition of functional requirements and scope ensures that the bespoke needs of its future users are guaranteed to be met.
- **Time to deliver**: CTC will continue to remain open and operate throughout the construction period. As such, a planned and efficient delivery timeframe ensures that business disruption is carefully managed.
- **Price certainty**: In this current fiscally constrained economic environment, upfront prudent financial management is critical to the Project's success and mitigates the risk of unforeseen cost blowouts.

Whilst all evaluation criteria have been considered to determine the recommended delivery model, some criteria were categorised as 'Low' given their reduced alignment with the Project's key characteristics and considerations.

- **Flexibility**: Following definition of scope and functional requirements at the completion of the design process, it is not anticipated that these requirements will fundamentally change. Given the CTC is already an operational venue, there is a clear understanding of what the functional needs are in the future state.
- **Procurement and supervision costs:** Much of the procurement and supervision activities for the Project will be handled centrally by iCBR with support from advisors outlined in Section 13.

Based on these weighted evaluation criteria, four delivery model types were deemed appropriate for further investigation and shortlisted for evaluation in the delivery model assessment.

1. Construct Only.
2. Design and Construct.
3. D&C with/without an ECI Phase.
4. Managing Contractor.

8.3 Analysis/Assessment against evaluation criteria

The results of the delivery model analysis are listed below in Figure 8.2.

Figure 8.2: Delivery model MCA Analysis

Evaluation criteria	Weighting	Construct Only	Design & Construct	ECI (with D&C)	MC
Project value	**Medium**	◆	✓	✓	✓
Project scope and duration	**Medium**	◆	✓	✓	✓
Ability to specify Project outputs clearly	**High**	✓✓	✓	✓	✓
Time to deliver Project	**High**	◆	✓✓	✓✓	✓
Flexibility	**Low**	✓✓	◆	✓	✓✓
Price certainty	**High**	◆	✓✓	✓✓	◆
Innovation and incentive	**Medium**	✗	◆	✓	✓✓
Risk allocation to private sector	**Medium**	✗✗	◆	◆	✗
Procurement and supervision costs	**Low**	✓	✓	✓	✓
Stakeholder management	**Medium**	✗✗	◆	✓	✓
Weighted Score		**-1**	**20**	**25**	**17**

The approach and assessment of Weighted Score is defined in the delivery model assessment guidelines of the Capital Framework.

A summary of the key conclusions from the delivery model assessment are outlined below.

- The **Early Contractor Involvement** model scored highest against the evaluation criteria (weighted score of 25). Assessed as an ECI with a Design (Detailed) & Construct delivery approach, the model excels particularly in de-risking key project priorities of establishing 'Price Certainty' to resolve risk items prior to pricing a final D&C (lump sum) offer and to derisk program certainty under Time to deliver Project' by completing site investigations and bringing forward early works into the ECI phase. The model is appropriate for 'project value' and provides opportunity for 'innovation and incentive' and stakeholder engagement during the ECI phase of the project. The ability to provide detailed scoping for Stage 1 and price market risk for an imminent delivery led to the recommendation that this model is suitable for Stage 1 delivery as the staging of contract is now separated.
- The **Design and Construct** model demonstrated general alignment to the evaluation criteria (weighted score of 20). There were some instances of criteria with neutral outcomes under 'Innovation and Incentives', where the contractor has restricted ability to add any innovative design solutions, and 'Risk Allocation to Private Sector', as Government still bears the design risk and stakeholder management. but with strong responses in the areas of high priority being both price certainty and program certainty 'time to deliver'. Based on this evaluation, the model was deemed suitable to deliver the project and ranked second of the shortlisted models.
- The **Managing Contractor** model demonstrated general alignment to the evaluation criteria (weighted score of 17) from a whole-of-project perspectives. The inherent strengths of this delivery model, notably 'Flexibility', facilitated by early involvement from key stakeholders, contribute to effectively mitigating these issues and 'Innovation and Incentives', where the contractor has ability to add any innovative design solutions. Its main drawbacks lie in "Price certainty" and "Risk Allocation to the Private Sector." This is due to shared risk among stakeholders, including the retention of fit-for-purpose risks by the Government. Based on this evaluation, the model was still deemed suitable to deliver the project and ranked third of the shortlisted models.
- The **Construct Only model** scored lowest against the evaluation criteria (weighted score of -1) and although a possible option, due to the project's current engagement of Architectural services, it was deemed least suitable to meet project objectives. In particular, the 'Risk Allocation to Private Sector' was limited as Government retains full design risk across the Project and due to the inherent disconnect between each contract. Given the complex interfaces between the project delivery and the design, this model was seen as the least viable option to proceed and required a significant contingency to manage the contract interfaces.

Based on the outcomes of the delivery model workshop, the top three ranked models, Early contractor Involvement, Design & Construct and Managing Contractor, are considered suitable delivery models and have been shown to delivery equivalent projects as referenced in Table 8.4.

8.4 Recommended Delivery Model

The recommended delivery model is the result of a deliberate and detailed two-stage process which is detailed below.

1. A delivery model assessment with industry experts and key stakeholders to shortlist appropriate delivery model options, given the size, scale, risk profile and detailed characteristics of the build.
2. A market validation process of broad industry consultation and benchmarking against similar projects.

Based on the delivery model assessment and subsequent validation process, the following delivery models are recommended for the Project.

- **Stage 1: Early Contractor Involvement (ECI) with Design and Construct,** driven by the importance of facilitating collaboration between iCBR and the ECI Contractor in particular to leverage the ECI Contractor's subject matter expertise, identify opportunities for value engineering, and deliver against the required unique performing arts specifications[45]. Prior to procurement, the design will be developed to a detailed level for certain critical elements of the theatre functionality. The contractor will be responsible for design co-ordination and services performance design. Careful consideration has been given to the level of design which will enable the market to provide price certainty and therefore de-risk the capital allocation for the Project.
- The nominated contract form is a bespoke ECI Deed with the ACT Government's Major Works D&C Contract (as amended) due to the complexity of the design work and project requirements. A select set of design items that will remain to be completed under the D&C Contract are to be determined. Whilst the ACT Capital Framework contemplates that a construct-only contract follows an ECI Phase, this is only in the circumstance where the design development is fully completed as a part of the ECI scope of services.

  This projects delivery approach proposes the ECI Phase that will derisk constructability and site conditions, whist continuing design development to resolve planning approvals and give increased certainty in the construction offer. This risk profile is better suited to a shorter ECI phase and following with the D&C Contract.
- **Stage 2:** the proposed delivery model will be dependent on the agreed scope and further assessment of the site and existing conditions of the existing facilities at the time of delivery. It is noted that the complexity of construction and the greater requirement for flexibility in the design development is needed to respond to the existing conditions of an aged building. Detailed analysis and a recommendation will be presented in a future business case to Government.

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[45] The ECI Contractor will develop the design to ensure budget and scope alignment – which may require some value management and reduction in the scope of the current design.

The subsequent sections step through the detailed analysis from the delivery model assessment and validation processes that were undertaken.

8.4.1 Stage 1 Delivery Model Scope

Further assessment has been completed on further scope considerations of the Stage 1 D&C with ECI Contract, including:

1. the extent of ECI within the Stage 1 D&C Contract;
2. the approach to design services within the D&C Contract; and
3. the approach to packaging for specialist trade packages and FFE requires consideration given specialist nature of theatre systems.

Scope items were assessed against the following criteria in Table 8-6.

Table 8-6: Evaluation Criteria

Evaluation Criteria	Description
Price certainty	Deliver the Project within the approved budget envelope for the Project and/or minimises cost impacts to the Project.
Time to deliver	Deliver the Project within the required timeframes and/or does not impact key project milestones.
Control (design & scope)	Achieve the desired project outcomes through a design is subject to appropriate oversight by iCBR.
Flexibility and interface	Minimise interface issues and provides flexibility in future scope and procurement decisions.
Probity risk	Minimise exposure to perceived or real probity risk.

Based on the above criteria, Table 8-7 details the D&C with ECI terms recommended for inclusion in the contract.

Table 8-7: D&C Contract Principles

Contract Principle	Description	Justification
Extent of design scope included within the Stage 1 D&C Contract	• The delivery model for Stage 1 will be a D&C Contract with ECI. • Current Design Consultant will complete Stage 1 design in the ECI Phase. • The design scope of the D&C Contract will include full suite of Issued for Construction Documents. • Based on the level of design completion prior to D&C Contract, iCBR will mitigate risks associated with Head Contractor's acceptance of qualified fit for purpose warranty within the D&C Contract. • The D&C Contract is to be paid in lump sum for Stage 1. Some or all of the Stage 2 Works may, however, be included in the D&C Contract as a pre-agreed variation (noting that Stage 2 is subject to approval as part of a separate business case).	• The proposed approach has a high level of price certainty, by including the Head Contractor in design finalisation. • Proposed approach reduces risk of tenderers seeking departures from a 'clean' fitness for purpose warranty until the D&C Contract. • The approach alleviates resourcing constraints for iCBR through outsourcing. • The option maintains an acceptable level of design control and design development.
Approach to Specialist Trade Packages	• Specialist trade packages will not be procured directly by iCBR and will remain part of the D&C Contractor's scope. A bespoke governance regime, based on the approach used in the recent CHE Project, will be used which will enable iCBR to have final say in subcontractor procurement for specialist trades. • The D&C Contract will include provisional sums for relevant specialist scope items, which may also include furniture, fixtures and equipment (FFE). • To address the issue of scarcity of supply for certain specialist trades, non-exclusivity requirements for certain specialist trade packages will be included as part of the tender requirements for EOI and RFT. The EOI will include mention of non-exclusivity requirements for certain specialist trade packages. • iCBR will work with the Technical Advisor to identify relevant specialist trade packages.	• Option 1: Head Contractor to own procurement. • Option 2: iCBR to procure and provide to Head Contractor under a Principal-supplied item regime • Option 3: Head Contractor to procure under a Territory supported Subcontractor regime It was noted that the recent project applied a regime which enabled iCBR to maintain a suitable level of control over specialist trade decisions, although the scope for these packages remained within the D&C Contract. This will also include certain scope packages to be included as provisional sums within the D&C Contract.

8.4.2 Conclusion and recommendation

The focus of this Business Case is Stage 1. The detailed analysis, benchmarking and consultation with the market has confirmed that the recommended delivery model for Stage 1 is **ECI** with a lump sum D&C contract for delivery.

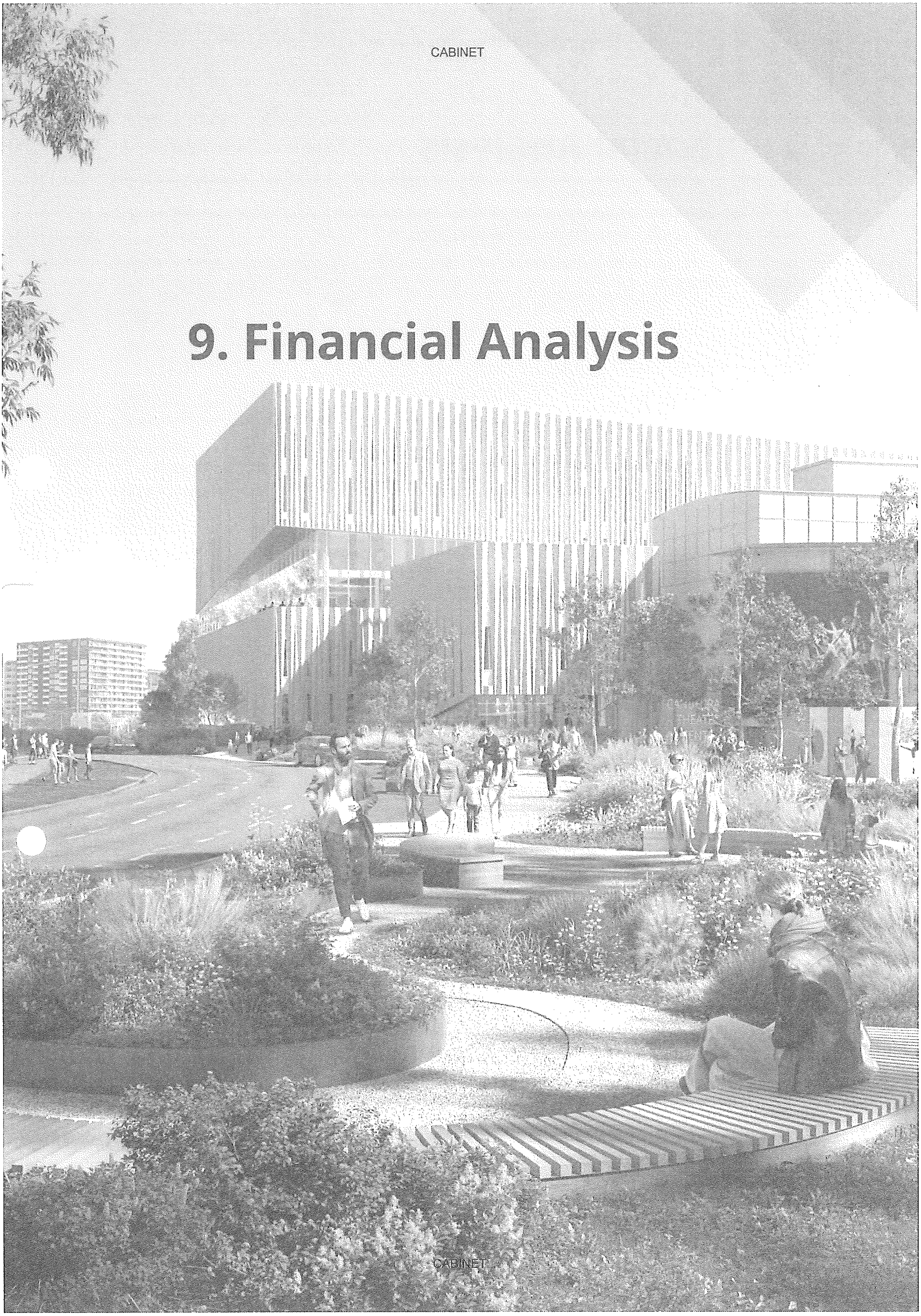
The proposed delivery model for stage 2 will be dependent on the agreed scope and further assessment of the site and existing conditions of the existing facilities at the time of delivery. Detailed analysis and a recommendation will be presented in a future business case to Government.

Further details regarding rationale for final selection of the delivery models is shown in Table 8-8 on the next page.

Table 8-8: Rationale for final recommended model per Stage

	Stage characteristics	Recommended delivery model
Stage 1	• The design is at Concept Design (PSP) at the point of the contractor procurement. • There is little flexibility in the timeframes for construction and there will also be increased operational pressure on CTC during the construction, so there is a high priority on an efficient construction duration. • While there is risk of underground latent conditions associated with Stage 1, there is limited latent conditions risk from the integrations of stage 1 with the aged infrastructure of the existing facilities. Further design development will focus on reducing this to minimal levels within Stage 1. • Although a technically complex building in design, construction complexity in Stage 1 is lessened due to it being a new build vs a redevelopment, and due to the site location and staging availability. • The high requirement for price and program certainty are key priorities for Stage 1.	**ECI (followed by Design & Construct)** is selected as the preferred model for Stage 1, given the timeframe available for completion of construction, the need to drive innovation in solving design outcomes and reduce complexity, and the high requirement for price certainty. Although, at the time of procurement, the design is advanced to a concept design level, design innovation can still be brought into the design especially around constructability and reducing complexity. The ECI to D&C delivery model is still seen as more advantageous than an MC model because flexibility during construction is not a key requirement for Stage 1, and therefore does not merit the cost premium associated with an MC model to maintain flexibility. As a performing arts venue project, there is significant value in ECI to facilitate design collaboration for improved quality given the varied stakeholder technical specifications the Project has to balance, which will benefit risk management and cost and schedule control. The D&C Contract is to be paid in lump sum for stage 1. The D&C Contract may also include Pre Agreed Variations for some or all of the Stage 2 scope.

9. Financial Analysis



9 Financial Analysis

This section details the analysis to understand the financial impact of the recommended Project Option, which quantifies the financial cost of the Project.[46]

Key messages

- The Project financial analysis has been prepared on a whole-of-project basis to provide an understanding of the risk-adjusted estimated Project capital costs and the whole-of-life costs and revenue for the Project Option.
- The total estimated Project capital cost includes design, construction costs, P90 contingency allowance (per capital framework), iCBR and governance costs, external advisors, and escalation.

Total Project Cost ($m) including escalation	Project Option
Stage 1 - Project Costs (over FY2024-25 to FY2028-29)	[redacted]
Stage 2 - Indicative Project Costs (subject to future decisions)	
Total Project Cost (Indicative)	

- When considering the extensive upfront and ongoing investment required for the 'do minimum' Base Case, the incremental NPV for the Project Option represents long term value for money.
- The Project Option's major refurbishment of existing venues will result in significant Whole of Life cost savings (i.e. building and equipment planned replacement) compared to the Base Case.
- Noting that capital funding of $13.5 million has been approved in the 2024-25 Budget and$5 million in the Mid-year Review, this Business Case requests release of further capital funding of $33.385 in FY25-26 for the ECI Phase, from the current provision [redacted], with the balance to deliver Stage 1 and interfacing compliance works.
- The operational requirements are summarised in this chapter, with the CFC Operational Business Case providing the detail on the assumptions and operating drivers, which have informed the operating analysis for the Project.

Note: All Figures presented in this section are in nominal terms unless otherwise specified.

9.1 Estimated Project capital cost

The scope of the items considered within each stage of the Project includes:

- **Stage 1** is delivery of the new theatre, and access and egress interfaces, which include the Lyric Theatre, the loading dock and interfaces to the existing buildings – being primarily The

[46] Act Government (2023), 'ACT Government Capital Framework', https://www.treasury.act.gov.au/capital-framework/prove/business-case/financial-analysis

Playhouse and Link Buildings. Stage 1 is the subject of the funding request in this Business Case; and

- **Stage 2** is the redevelopment of the Canberra Theatre, The Playhouse, the new Courtyard Studio, and the Link Building. The financial numbers quoted in this document are an indicative target budget based on a target scope. The future budget ask for Stage 2 is subject to submission of a business case and Government approval. The future business case for Stage 2 works may present options to deliver the full aspiration of the vision for the redeveloped CTC.

The staged delivery of the Project for the Base Case and the recommended Project Option in nominal terms is detailed in the below Table 9-1. Overall, the recommended Project Option 's total capital cost is [redacted] as discussed in Chapter 6 Project scope – Recommended Option.

A description of the scope drives for the different capital costs is provided following the table.

Table 9-1: Total capital costs by Project Option by Stage ($m, nominal, non-discounted)

Item	Base Case	Project Option
Stage 1		FY25-FY29
Design & Construction	[redacted]	
Contingency [redacted]		
Compliance upgrades and VE scope offset Works		
iCBR Project Delivery		
External Advisors		
Stage 1 Total		
Stage 2		
Design & Construction	[redacted]	
Contingency [redacted]		
iCBR Project Delivery		
External Advisors		
Stage 2 Total (Indicative)		
Stage 1 and 2 Total (indicative)		

Stage 1: capital costs

In Stage 1, the recommended Project Option will require [redacted] in construction and design costs to fund the construction of a brand-new Lyric Theatre and supported works for the Landbridge.

The Base Case stills require significant investment ($83.9 million) when compared with the Project Option, driven primarily by compliance upgrades, essential maintenance, and the replacement of end-of-life systems.

In line with the Capital Framework guidance, the recommended Project Option includes a P90 contingency to reflect the key quantifiable risks calculated in Section 9.2. The contingency is calculated based on the construction costs and is therefore proportionate to the scale of the recommended Project Option.

Recognising that the new Lyric Theatre and Landbridge's design and construction will need to extensively integrate with CTC's existing venues that will remain open during the construction period. All consequential compliance works related to the stage one works is required to be developed as a component of stage one, whereby $50 million has been allocated to manage and deliver these works.

Expenditure on project management and external advisors has also been included for the recommended Project Option for both Stage 1 and Stage 2, as there is a need for expert advice and peer review from external consultancies throughout this transformative period.

The Recommended Project Option addresses the compliance upgrades required primarily in the refurbishments of Stage 2, due to Stage 1 being predominately the new build venues. However, for comparison purposes, the urgency of the compliance upgrade works has the Base Case an earlier delivery based on FY25-28.

Stage 2: capital costs

In Stage 2, the recommended Project Option will enable major refurbishments to the Canberra Theatre and the Playhouse and the construction of a new Studio Theatre and Link building, reflecting the higher capital costs of $181.1 million for Stage 2. In Stage 2, design costs are notably reduced due to the upfront design development taking place in Stage 1.

The P90 contingency allowances in Stage 2 are higher than in Stage 1, primarily due to the complexities of refurbishing existing venues and to reflect the indicative nature of the target scope, totalling $30.0 million.

The profile of capital costs over the construction period only (FY25-FY30), broken down by stage, is provided in Table 9.2 in nominal terms.

[redacted]

9.2 Whole-of-life cashflows

This section presents the total whole-of-life (WOL) costs, including planned replacement costs and operating costs, for the Base Case and recommended Project Option.

9.2.1 Planned replacement costs

[redacted]

[redacted]

[redacted]

9.2.2 Operating costs

[redacted]

Further analysis on the key drivers for these operating costs are outlined in the CFC Operational Business Case.

[redacted]

9.2.3 Revenue

The expanded theatre operations that the Project will enable a significant increase in revenues primarily driven by the increase in total performances and attendance as well as unlocking new revenue streams such as food & beverage offerings and philanthropic contributions in line with other government-supported arts institutions across Australia. The annual revenue once the CTC reaches future "business as usual" operations (from FY36 onwards) is shown in real values in Table 9.6 below. Further analysis on the key drivers for these revenues are outlined in the CFC Operational Business Case.

[redacted]

Table 9.7 presents the total Project revenue over the WOL period for the Base Case and the recommended Project Option in nominal terms.

[redacted]

9.3 Project Contingency

A total of 33 identified project risks were quantified in the risk register, to inform the calculation of the P50 and P90 contingency allowances.

Table 9.8 and Table 9-9 show the P90 and P50 risk adjustment estimates of respective cost components for the Project Option as a percentage and real figure.

[redacted]

[redacted]

[redacted]

9.3.1 Public and private risk allocation

The above contingency allowances have been calculated based on all 33 quantifiable risks, to determine the overall risk profile of the Project in addition to the base capital costs. It is anticipated that some elements of these risks will be transferred to the private sector following contract execution of the Contractor.

Preliminary analysis of the risk allocation estimates in the order of [redacted] the [redacted] to secure the proportion of risk transfer to the Contractor under the ECI (with Design Construction) model for Stage 1, with the remaining contingency held by the ACT Government to fund realised risks for the Project. However, this is subject to the risk allocation and pricing and final negotiated terms of the executed contract.

9.4 Summary Assessment

[redacted]

[redacted]

[redacted]

[redacted]

9.4.1 Sensitivity analysis

Sensitivities have been conducted on key drivers of operating costs and revenue, including:

- venue utilisation rate (performances); and
- paid tickets (attendance).

These sensitivities have been assessed on CTC's budgetary net result and subsidy in FY36, to show the potential financial outcomes at full operations.

An additional sensitivity to illustrate the financial results of different subsidy percentages has also been provided. Refer to Table 9-11 overleaf.

The utilisation rate (i.e. the total number of days per year that the venues are being utilised for performances, which determines the annual number of performances), has been flexed upwards and downwards. A higher utilisation rate will have a more favourable impact on the net result and subsidy, as revenue exceeds the variable costs required to deliver more performances. An increase in utilisation may occur should CTC realise more operational efficiencies than expected, leading to a reduction in "bump-in" and "bump-out" days per show, and increasing the number of performances delivered per year. Another factor that may influence the utilisation rate is if CTC attracts greater than expected interest from producers and businesses to hire out its venues, as a result of its enhanced reputation and service offerings enabled by the Project. The results are moderately sensitive to these potential changes, with a [redacted] change in utilisation rate equating to approximately [redacted] operating subsidy.

Sensitivities on the percentage of tickets sold have been tested in order to demonstrate the financial impact of higher or lower than expected demand from individuals to attend performances at the CTC. As expected, a higher number of tickets sold positively affects the net result and subsidy, as higher attendance at the CTC will drive net box office, booking fees revenue, food and beverage consumption, and merchandise purchases, with minimal impact on operating costs. The results are moderately sensitive to these potential changes in supply of and demand for performances, generating a change in subsidy approximately [redacted]

A range of subsidy targets has also been explored by altering the total operating costs, while leaving revenue fixed, to understand the net result the CTC needs to achieve to produce those particular subsidies.