



LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

**STANDING COMMITTEE ON ECONOMIC DEVELOPMENT AND
TOURISM**

(Reference: [Inquiry into a new convention centre for Canberra](#))

Members:

MR J HANSON (Chair)
MR M PETERSSON (Deputy Chair)
MS S ORR
MR M PARTON

PROOF TRANSCRIPT OF EVIDENCE

CANBERRA

TUESDAY, 8 AUGUST 2017

This is a **PROOF TRANSCRIPT** that is subject to suggested corrections by members and witnesses. The **FINAL TRANSCRIPT** will replace this transcript within 20 working days from the hearing date, subject to the receipt of corrections from members and witnesses.

Secretary to the committee:
Mr H Finlay (Ph: 620 50129)

By authority of the Legislative Assembly for the Australian Capital Territory

Submissions, answers to questions on notice and other documents, including requests for clarification of the transcript of evidence, relevant to this inquiry that have been authorised for publication by the committee may be obtained from the Legislative Assembly website.

WITNESSES

HENDRY, MS ROBYN, Chief Executive Officer, Canberra Business Chamber .. 28

Privilege statement

The Assembly has authorised the recording, broadcasting and re-broadcasting of these proceedings.

All witnesses making submissions or giving evidence to committees of the Legislative Assembly for the ACT are protected by parliamentary privilege.

“Parliamentary privilege” means the special rights and immunities which belong to the Assembly, its committees and its members. These rights and immunities enable committees to operate effectively, and enable those involved in committee processes to do so without obstruction, or fear of prosecution.

Witnesses must tell the truth: giving false or misleading evidence will be treated as a serious matter, and may be considered a contempt of the Assembly.

While the committee prefers to hear all evidence in public, it may take evidence in-camera if requested. Confidential evidence will be recorded and kept securely. It is within the power of the committee at a later date to publish or present all or part of that evidence to the Assembly; but any decision to publish or present in-camera evidence will not be taken without consulting with the person who gave the evidence.

Amended 20 May 2013

The committee met at 9.31 am

HENDRY, MS ROBYN, Chief Executive Officer, Canberra Business Chamber

THE CHAIR: Welcome, everyone, to the Standing Committee on Economic Development and Tourism inquiry into a new convention centre for Canberra. It is good to have a big audience here today. On behalf of the committee, I would like to thank you, Ms Hendry, for attending and representing the Canberra Business Chamber. I draw your attention to the privilege statement before you on the table. That is the pink card. I imagine that you have appeared before committees before.

Ms Hendry: I have not.

THE CHAIR: Is this your first go?

Ms Hendry: This is it. My debut, no less.

THE CHAIR: Have a quick glance at the pink card so that you understand the rights and privileges associated with appearing here today.

Ms Hendry: Yes.

THE CHAIR: The proceedings are being recorded by Hansard for transcription and are being webstreamed and broadcast live. Good morning to everybody watching the webstream. We will start with your opening statement, if you have one. Then we will take turns to ask questions.

Ms Hendry: Thank you, Mr Chairman. I am here representing the interests of the members of Canberra Business Chamber. We represent 5,000 business organisations directly and indirectly through our kindred organisations and, of course, the broader business community of Canberra and the surrounding region. I have a few opening dot points that I will share with you. They are not necessarily in priority order, but they are a summary of the position that we have put in our submission and the supporting documentation. This will take just a couple of minutes.

Canberra needs a new, iconic convention centre facility to meet the immediate and future needs of the city. I will run through a number of points there. Forgive me for reading; I do not want to miss any of them in summary. The new centre is needed to grow the diversity of the Canberra region economy and to develop our role as a regional economic hub. The current facility does not have the capacity or functionality required to maintain some of the existing demand or grow demand by increasing market share, despite having comparative advantage in Canberra as the national capital to attract business events, and despite business event industry growth nationally and globally.

The price-quality ratio of the current facility is compromised due to the age and functionality of the facility and the inability to gain economies of scale by hosting multiple conference events at one time or even in one week. A new facility will have a positive place-making benefit that will raise awareness of Canberra, our knowledge and industry strengths, our role as the national capital, and build on our reputation as a

smart, creative and knowledge-based economy as well as a beautiful and livable planned city, along with the surrounding region.

It is needed to ensure that we can continue to support the national capital role as a place of significant decision-making and support the role of our national institutions based here; to embrace the opportunity to showcase what we do well here; to attract business and leisure tourism and gain direct positive economic impact from that visitation; to stimulate increased investment and support infrastructure due to induced demand; and to meet the needs of a growing population requiring a suitable venue for significant milestone and celebratory events.

The new centre is needed to access benefits that accrue to business event host destinations—for example, knowledge transfer, networked economies, inspiring innovation and industry leadership positioning. High quality facilities of this kind are considered essential for developed cities—akin to airports and other public infrastructure. The risk of not doing this is too high due to the loss of existing business and the opportunity cost. It is no accident that vibrant, innovative, creative cities also have a thriving business event market. An expansion of the existing facility is too expensive in terms of lost business due to construction and the likely result of a poor quality outcome in comparison with other contemporary facilities of this kind. Mr Chairman, that concludes my opening remarks.

THE CHAIR: Thank you. I acknowledge your long-term advocacy for the new convention centre but beyond that also the convention sector as it stands in the ACT. I think we are all aware of your position and that of others. Many people have been advocating for a new convention centre, but the reality is that that process appears to be somewhat stalled. The ACT government recently took \$8 million out of the budget that was there to progress the convention centre. I am not seeing any signals from the federal government indicating that this is something that they are going to invest money in. Maybe they are, but I have certainly not seen any signals. So we appear to be stalled.

We have been having this conversation now certainly for as long as I have been in the Assembly and a lot longer—probably 15 years, perhaps longer. I suppose what I am curious about is: where to from here? What I do not want to do is have a position where in 10 years time, when I may not be in the Assembly but Mr Pettersson probably still will be—

MR PETTERSSON: I think you will be fine.

THE CHAIR: Maybe; we will see. But we are having the same conversation. We see that the existing convention centre remains perhaps sub-par but we are still on about this, waiting for nirvana to come. Where to from here and when do we cut our losses and say, “Look, it’s just not happening. We need to actually put that investment or a big investment into the existing convention centre”?

Ms Hendry: I fully agree with your comments that the process appears to have stalled and that a facility of this kind, or as is proposed, has been advocated for a long time. I do not think that the length of advocacy necessarily dilutes the importance. I would say that the length of time it has been advocated for is evidence that there is need and

support. What I would say is that it has not necessarily been understood by all areas as to why that might be the case. This committee hearing is an opportunity to enhance that understanding and knowledge of the broader population and, of course, that of the committee.

In terms of where to from here, I draw the committee's attention to a document we included as an attachment, which is a document prepared in December 2016. This was a document that arose out of providing a cabinet-in-confidence submission to the federal government prior to the last federal election. What was positive was that that was invited by then Senator Arthur Sinodinos. Of course, it was a submission for infrastructure requirements that would have been one of many around the country. So we fully understood that there was competition for capital and ours was one item to be considered.

The Canberra Business Chamber and other stakeholders, including the National Capital Authority, did a significant amount of work in conveying the importance of this sort of development and infrastructure spend. We did get that opportunity. That was positive. What is not positive is that the ACT government, in its response to the federal government, did not necessarily support that investment. The Chief Minister, Andrew Barr, wrote a letter that essentially handed the baton to the federal government and said, "We would support this in the city, of course, but only if you fund it entirely." So that was disappointing.

What is equally disappointing is that, as we understand, the current government has not included this particular investment in its city deal priority infrastructure. We know it has been on a list of suggested infrastructure in the past when it has come to state and territory priorities. Our understanding is that it is not a high priority in the current city deals.

We are told by the federal government that, if that is the case, it is really unlikely that it will attract federal government infrastructure support. So the chamber has been a realist in its understanding. We believe this particular development has as many attributes and benefits for the federal government as it does for our local economy and, therefore, the ACT government. We understand a partnership between both levels of government would be ideal. We understand that the size of the ACT government's budget is somewhat constrained with its requirements. Therefore, partnering with the federal government would be the ideal path. We support that approach.

What was unfortunate what that, when we did get an opportunity to have a hearing, that was not conveyed, if you like, in response to the Prime Minister's letter. In fact, it was proactively, in a soft way, advocated against, saying that the Canberra Business Chamber has put forward this proposal for consideration but it has not really been endorsed by the ACT government. You are quite right, Mr Chairman. It is very unlikely that we will attract federal government funding of any sort, signals or otherwise, if there is not a strong message that the ACT government would see it as a priority and welcome it.

THE CHAIR: I have a supplementary based on that correspondence. I am not sure we have that correspondence, actually. If you have copies that you could provide to the secretary, that would be very useful. I have not seen that.

Ms Hendry: Yes.

THE CHAIR: We are where we are. I think that there has been lots of lobbying. We have had motions in the Assembly. I remember Senator Seselja talking about the convention centre when he made his maiden speech in the Senate. It is not for want of lobbying that we are where we are. I suppose what I am looking for is a way forward. If the ACT government is not inclined to be pushing this and the feds are not going to do that without ACT government support, that is where we find ourselves.

Are we missing out on the existing facility by chasing something that just does not seem to have the support of existing governments? Are we perhaps best saying, “Let’s just put this ice on 10 years,” for example, or something like that, so that we do not have a situation where the existing facilities are not invested in perhaps as they could be? “Excuse” might be the wrong word, but the pretext could be, “We are just around the corner from getting a new convention centre,” but we never get it. I am fearful that we are running down the existing business by chasing a dream that, at this stage, no government is supporting.

Ms Hendry: In terms of investing in the current facility, I guess what needs to be considered there is not only the cost of construction of whatever facility you might enhance or expand. There is also the opportunity cost of what occurs during construction. The business level annually, as measured by Ernst & Young on behalf of the Australian government and the Business Events Council of Australia, measured the value of business event business in the ACT at about \$840 million annually. There is another study that has measured that value of business event business at about \$900 million. Either way, it is a lot. It is a lot in terms of supporting restaurants, hotels, taxi drivers, airports, airlines and all of the other supply chain that goes with that—florists, food providers et cetera.

If you went to major construction on the existing facility, not only would you have the cost of construction; you would have the cost of lost business. The chances are that it would have to be at least a two-year construction process. That is certainly the experience of other places. Noise and conferencing do not go together. So you essentially turn off supply in a market that does not really have other substantial facilities that could ad-lib during that time, which provides a comparison to what happened in Sydney. Sydney did turn off their supply, but they had other large facilities that could then step up. They invested about \$50 million in developing a temporary facility as well to get through that difficult pain period.

I suggest that the investment we have had in hospitality and hotels here over recent years—which I know our members and, I am sure, most of the community welcome as part of Canberra becoming more vibrant and having greater depth in its offering, particularly in attracting tourism—would suffer dramatically if we were to turn that facility off for two years. So you have the cost of construction. Then you have the opportunity cost, whichever way you look at it, of about \$800 million or \$900 million per year. Then you have what would be the quality outcome. You have to look at the other contemporary facilities around the country and the standard, quality, flexibility and functionality they have and ask whether, for all that pain and investment, would we end up with a comparative quality facility? The conclusion that certainly the

stakeholders I have dealt with have come to—industry experts globally and nationally—is, no, we would not.

It would not be possible to make the existing convention centre on that site comparable to our other state capital cities. I do not mean in scale. Of course Melbourne and Sydney are going to have a scale that is not appropriate for us. That is understood and reasonable. But, no, we do not believe it is worth all of that pain and all of those businesses going out of business. The hotel stock, as you might recall, Mr Chairman—I am sure Mr Parton does—at times in Canberra's past was very run down and earned us a very poor reputation because it just was not viable for reinvestment. We are very likely to see a return to that just at a time when you have spent all that money and you would be wanting to really take the market by storm. We are not likely to take the market by storm because the quality of both the supporting product and the product we end up with is likely to be substandard in terms of current and future-generation facilities.

MR PETTERSSON: One of the main draws, I understand, of Canberra as a convention destination is our proximity to government. Does Canberra have any comparative advantage purely in the business sphere? If you were to ignore government for a second, is there a reason that people want to come to Canberra for business events that are not government related?

Ms Hendry: You are right: Canberra has a comparative advantage. In fact, we have many areas of comparative advantage. The first is our proximity in location to major population centres, both Sydney and Melbourne. It is very easy to come in to Canberra. So when conference organisers are thinking about where they might take their facility, we have an advantage compared to places like Darwin and Perth, for instance; it is quite hard to get delegates there, and it is expensive.

The second advantage we have is the city. The city is very conducive to getting people out and about and doing things, having technical tours, taking advantage of the national institutions where you might host themed dinners and so on—themed by the national institution; I do not mean made-up themes. So that is a natural comparative advantage. Even that advantage is significant compared to, say, Sydney, which has lots of attributes but where it is very hard to get around. If you attend a conference in Sydney, you may well have the opportunity of going for a harbour cruise dinner, but that would be the most you could imagine—one special event—because the organiser just could not move people. It would eat up all the time of the conference.

Canberra has that functional city environment. We also have extensive research that is done here. What wins conferences is content. The destination needs to be functional and appealing, unquestionably, but people often say, “Why does Canberra get conferences when it's cold?” It really has very little to do with the weather. You attract conferences in the areas of expertise where you do well. So if we have the largest engineering school in the country at the ANU, which we do, and are particularly expert in some areas of nanotechnology, you will have a greater advantage in attracting a national or international nanotechnology conference than if you tried to bid for a marine biology conference, for instance, in Canberra. So you play to your strengths.

Our strengths are not only federal government, as you have mentioned, but the research that is done. We have the John Curtin School of Medical Research; we have some of the work being done in all sorts of areas, in water et cetera, at the University of Canberra. We have the defence area and the space facilities at Stromlo and at University of New South Wales at ADFA. These are growing industries with many reasons and many facets of meeting. We have a lot of medical facilities and research facilities here.

It is not only about having government meetings, as in intergovernment meetings; it is also that associations want to meet here in the areas where we have strengths, and they will take advantage then of the opportunity to advocate their industry opportunities and challenges to the federal government and the bureaucracy that is here and that informs decision making.

So it is a functional city with beautiful surrounds; it is easily accessible, with many areas of growing global demand expertise and strengths, and with the federal government added to that. It is a really powerful and compelling argument. The only bottleneck we have is the facility. Once upon a time, we might have said the airport was another bottleneck. I think you would agree that that has dramatically changed. So, really, for want of a facility, we are just not leveraging our comparative advantage.

MR PARTON: At the commencement of your opening statement you talked about an iconic convention centre. Why must it be iconic? Why does it have to be all or nothing?

Ms Hendry: First and foremost, it needs to be functional. We have understood and tested, as the chairman has said, over many years what the functional requirements might be and we have assessed those against market needs and so on. We have not been looking at other cities and saying, “We want one that they have.” We have looked at our market needs and we have worked out what we need.

Functionality is the first and foremost requirement. To get functionality you could probably build a box, a nice square box that had all the bits that moved and the flexibility required. It is understood that these facilities have place-making capacity. One very astute global architect once said that people used to get the wrong buildings in the right place. So they would go for really iconic buildings and turn them into convention centres. They would be centrally located but the buildings did not work very well. There are lots of examples of that in Italy and places where they have beautiful old sandstone buildings but they are not very good conference facilities. The market then moved on and said, “We need better functionality.” So they got the right buildings in the wrong place. They went out to greenfield sites and said, “This is a bit too big for our city centre; we’ll go out to greenfield sites and we’ll build the most amazing, flexible convention centre.” People did not like those because they were too disconnected from the economic environment and where everything happened in the city.

Now everyone strives to get the right building in the right place. The right building not only talks about functionality but also represents your city. It is the new civic square, if you like—these buildings. It tells a story, just like the lounge room in your home might when you invite your guests to it. It is a place where you greet people and

meet people.

In our case, as the national capital, I think we lack a building in the city centre that really demonstrates the sort of city we hope to become: that we are and that we hope to become. Even just from a local economic perspective, we can see that that would raise awareness of this city and it would build on our reputation of an innovative, creative knowledge hub. Equally, in our national capital role—and this is the argument for the federal government—one would imagine that if you are going to hold significant, distinguished meetings, they need to be in a place that inspires the right outcome. We all know that even this committee room is built to be conducive to inspiring the right outcome, the setting is considered; so are convention centres.

There is the combination of inspiration and place-making ability. It will also generate a lot of interest in all the surrounding areas. So there is a lot of economic argument. The best house in the street brings up the value of the street. It is a bit like that. The degree to which you fund the iconic bit or not is a matter of judgement.

MR PARTON: What you say has merit, but it all costs money. The question, particularly as elected members, that we have is: how do you convince a sparky who lives at Conder who says that such a massive infrastructure spend has nothing to do with him because he is never going to use it? Indeed so many people out in the suburbs would look at it that way, and would say, “That’s not for me; that’s for somebody else.” How do you convince those people that this sort of spend of their money is worthwhile?

Ms Hendry: There are a few arguments that are very compelling. It is absolutely true; they are not well understood by everyone. So there is a role to be played by many proponents, including the government, to educate people as to what the benefits are. The benefits are simply that you get, first and foremost, easily measured, direct economic input. Export dollars come into your city. So that is the most immediate one, the so-called daily tourism spend. It just happens to be business tourism in this case.

With the people who come to an event, 10 per cent of those come back in the next couple of years for leisure. They would not have gone if the event was not there and then they come back. So you get repeat visitation. You then get the accompanying people who come with them, and something like 40 per cent of people attending a conference bring accompanying people who are not attending the event. So you get the economic benefit from them.

That is just the most immediate and direct. The next element is what you are doing in terms of building network economies, showcasing what you do well—your industries—and generating economic benefit that accrues for a long period. In our submission we included a case study for the mint. They held the International Mint Directors Conference, and we referred to what that has done for their export dollars for years to come. As a result of that event they have taken a leadership place within a world where they would have chipped away for years and not got there. But they got elevated to such a leadership position that the doors were opened, and they would be the first organisation to say that has propped up that industry for them, Canberra and Australia for years to come.

The electrician will be working in the hotels, will be supporting the restaurants and will be building houses for the people where jobs are generated. It is about the economic flow-on effect and generating that. That is the difference between this infrastructure and some other infrastructure. This infrastructure has been heavily invested in by other state and city governments, simply because they understand the flow-on effect of the economic benefit.

THE CHAIR: Despite the current reluctance of both ACT and federal governments to progress this for various reasons, most people seem to understand the rationale and the arguments; it is really about the cost benefit: is it worth spending this much money? Are you aware of any private sector investors who would be willing to progress investment? My understanding is that the land is available, due east of here, at the end of the car park. That is a big part of the cost. Are there any proposals that have been considered by consortiums to say, “We will build a convention centre, as long as we then operate it,”—build-operate, perhaps—“but we will need the ability to also build three or four hotels”?

Although it did not go ahead, if you look at the Manuka Oval development, which was about rebuilding or enhancing public infrastructure, with the consortium being able to do certain things, has anyone discussed whether that is feasible, so that it would then perhaps be about the ACT government providing the land and maybe some other support, while the private sector takes on the risk in terms of the infrastructure and operating it?

Ms Hendry: It is probably worth answering that question by starting at the beginning point: why are governments in the business of investing in these facilities? It is based on the economic free-rider syndrome whereby the capital cost does not provide a return for that investment to a private sector operator. The only examples where that model changes is when gambling revenue is involved and it is being subsidised by other revenue streams. Las Vegas is a very good example of that; even the Gold Coast to some extent was an example of that.

The daily delegate expenditure for business event tourism is roughly about \$500 a day plus. Of that money, five to 10 per cent goes to the venue where the event is held. All the rest goes to the rest of the activity that that person does while they are in the city. So that is the market value piece. There is a high capital cost and there is relatively low return.

What is true is that most facilities make enough money to, as some would describe, wash their face; they can maintain themselves, they do not need to be propped up on a daily operating basis, they can certainly bank a little bit of profit to keep that maintenance up, and so on. What is not usually possible is for the private sector to put the capital costs up in the first place. Most facilities need a further capital injection from time to time to maintain their relevance in terms of generation facilities.

In the case of Adelaide, they have a trust. They use that trust to run the convention centre and they then borrow money. The trust is owned by the government and it has the ability to borrow money. That is how they have injected capital costs from time to time, and they use their operating surplus to meet the needs of that capital cost. So there is a range of ways to do that.

It is absolutely possible to take a precinct approach, as they did in Melbourne—that is a good example—to providing land availability to private sector developers and then induce investment. In the case of Melbourne, there are about eight hectares of land down there. The government put out a 500-page functional brief and said, “This is the convention centre we want. Whoever gets development rights on these eight hectares of land will build a hotel. We don’t want to be involved in the hotel but it will be a high-volume, suitable hotel to support the facility. We want this functional brief for the convention centre and you can pretty much build what else you like, depending on what you think the market demands for the rest of the facility.” So a private sector consortium came in and did all of that development.

What is true and is typical is that the government then pays an availability payment for the use of the convention centre over time. That is a PPP model, and there are lots of PPP models, but they nearly always involve something similar to our light rail model here. When the facility is finished, the government pays back to the developer an availability payment. The developer very often operates, maintains et cetera. There are not examples where the private sector just comes along and builds a convention centre of their own accord, just as they might build a shopping centre or another sort of investment. There tends to be that shared risk. The risk is often passed to the private sector, from the government’s point of view, but there is still an availability payment. In Melbourne’s case, the day the government got the keys, they paid an availability payment quarterly for the next 25 years. At the end of those 25 years, the asset reverted back to government ownership. That is a very typical model.

I have spoken to private sector investors. In particular, I have spoken to those WHO have been involved in the Sydney development. Their interest in being involved in the development of a facility here is high. Their interest would be heightened if we took a precinct approach so that the developer could do other things, and there would be a negotiation as to what the accrued benefit would then be back to the government.

They have mentioned figures, having regard to their risk appetite—because in doing these PPP models the government is delegating the risk to the private sector—of spending of about \$450 million. That would be very comfortable for them, on the back of an envelope, without doing very detailed examinations. So it is somewhere from \$450 million to whatever we decided we could spend in terms of getting the facility that we wanted. Those are certainly the market soundings, but they would not come in, build, operate and see themselves getting a return on investment for that capital. It would have to be on some sort of availability payment.

THE CHAIR: In terms of the beneficiary of this, there is obviously the city building aspect you have spoken about, but in terms of profit, it will go to people who are your members: hotel operators and potentially other businesses in this city. I have not seen a proposal coming forward from any consortium here in the ACT, or indeed the chamber, to say, “Yes, we’re going to be the biggest beneficiaries of this.” So this seems to be the argument: “Yes, we’re going to make a lot of money out of a new convention centre. That is the reality. But we want the ACT taxpayer to stump up the funding for it.”

If it is your members, by and large, who are going to make the money out of a new

convention centre, are they prepared to put their money where their mouth is, so to speak, and actually stump up? All the proposals I have seen have always been about either the ACT or the federal government stumping up money. I have not seen the people who will be the direct beneficiaries, by and large, actually say, “We would be prepared to invest an amount of capital in setting this up.” Has that been mooted at all?

Ms Hendry: It comes back to the model of where the money flows to. If five to 10 per cent goes to the venue, which allows it to make some small operating surplus—not a return on capital investment but allows it to keep operating without being propped up—where does the rest of the daily delegate expenditure money go? That is the most direct. That does not take into account business deals that might occur later, research cooperation that might occur later et cetera—the so-called legacy benefits of hosting the event. That flows to a very wide range of goods and services.

As I said, it is everyone from the people producing the free-range eggs, to the printer, to the florist, to the hotel, to the taxi driver, to the Uber driver et cetera. And it goes on—the audiovisual supplier. When you say, “Members who are going to make a lot of money,” it is absolutely true that if we build a facility that induces demand, what that will do is increase demand for many, many businesses. Then supply will increase to meet the demand and so it goes on in the normal supply and demand sort of equilibrium approach.

It is not true to say that there is enough extra profit made by just a small group of people who could get together as a consortium and then find the capital investment required. That is why that model you describe is not seen anywhere else. It is simply for that reason. The economic benefit is very broadly spread. But it is true that it will generate economic activity, which will grow supply, which will grow employment, and the government will get money from that employment and so it goes on. The Ernst & Young report that we included as an attachment did have a look at the economic benefit. There was additional ACT taxation revenue of \$90 million, and the additional economic benefit more broadly was \$1.6 billion over 20 years. But there are not just a few players that are on the receiving end.

THE CHAIR: Sure, and I am not suggesting there would be. I am a big fan of increased economic development and economic activity.

Ms Hendry: Yes. Otherwise you may get a group of people who decide, “We could expand just a few meeting facilities,” or something along those lines. But would that meet the need to be competitive nationally and internationally to attract events here? It would not. The ANU has mooted for a number of years that they could end up just having some meeting facility at the ANU—nothing like the sort of scale or functional brief that is being asked for here. Would that crowd out another facility or would it alleviate the need for another facility? It would not. It would mean that more ANU meetings were held in perhaps better facilities than they currently enjoy, but it would not mean that there was not a need because it would not be competitive in attracting these national and international events.

MR PETTERSSON: You mentioned having the right building in the right place. Then you delved into whether or not we need an iconic building. You said that was a

matter of judgement. We are here, I guess, for your opinion. Does Canberra need an iconic building or do our natural assets make that redundant? If people come to Canberra for the federal government, they are coming here because we are a great city. Do they need a fancy building?

Ms Hendry: It is certainly the view of the National Capital Authority that that site that we have all agreed is a very suitable site for this, on the point of the parliamentary triangle, would warrant a building of a stature that is equivalent to other sorts of national institutions, whether they be the library or the museum. I guess the degree to which you might describe any of those as iconic is a matter of judgement. But certainly the National Capital Authority believes that that site warrants something of a high quality design. It is certainly the view of the Canberra Business Chamber and our stakeholders that that point, that junction in the city, would give us that place-making benefit.

The other thing it will do is increase the value of the land owned all around there by the ACT government by a proportionate amount. Again, it is back to that example—it is a simple example, I know—that the best house in the street sort of lifts the value of the land around it. The other element of that is, of course, competitiveness. If we have a building that distinguishes Canberra not only with our economy and our strengths but also as our national capital, we will attract more events here. It will bring comparative advantage in that regard. Could we build a box and function? Yes. Would it distinguish us and give us that extra competitive edge? No. And would it increase the brand and reputation of this city?

I had lunch with visitors from Singapore yesterday. Any time someone is here from Singapore we welcome them because we are very keen not only to support existing flights and business relationships but to grow them. They told me that people do not know about Canberra. Singaporeans do not know. Yes, they know it is the national capital; they could tick the box on a school exam, but they do not know what is here. They do not know where they could invest their money. It would increase our reputation and awareness, not only by people coming—that would be really important—but equally because you would get profile. If you have an iconic building, you will gain profile, you will distinguish yourself and get distinguished events to occur here.

THE CHAIR: You talk about iconic buildings. Canberra has a lot of iconic buildings. It is recognised now for Parliament House. The War Memorial is the most visited building in Australia, I think. Or is it the Opera House? It is one of the two.

Ms Hendry: It is high.

THE CHAIR: I think it has the most tourist visits in Australia. If people are currently saying, “We didn’t know what’s going on in Canberra,” when you have the War Memorial, Parliament House and a range of other iconic buildings—the High Court, the Portrait Gallery, the National Gallery and so on—what is the evidence that by building another building all of a sudden people will say, “We will go to Canberra now that it has this new convention centre,” as opposed to those other, I would argue, very iconic buildings?

Ms Hendry: I guess it is the difference of role and mission. Museums, by their nature, absolutely attract visitors. You point that out well. They are special interest environments that attract all of us at various different times. The difference between that and a convention facility is that it is a bit like an operating parliament. It is where decisions are made. It is where knowledge is transferred. It is where people engage with other people in their industry. The sum is greater than the individual parts and the host destination accrues more of those benefits than people visiting from elsewhere.

That is the difference. It creates an awareness of the opportunity for further investment and looking forward. I do not think you go to the War Memorial in particular and say, "I am now about to invest in this." You may well think it is a world-class museum and find it of great interest, but you are not there with an investment hat on—investment in effort or investment in dollars. But if you are at the college of ophthalmology conference you realise the work being done in ophthalmology at the ANU is first class. If you are from another institution, you see an opportunity to collaborate. You may well then start to invest time, effort and money in that. It really goes to looking forward rather than looking back and, where decisions are made, being fluid and being understood in your environment. The other thing you do not get is the media profile at times. Some of these events generate enormous amounts of media within their industry, if not more broadly. It is that awareness that increases people's appetite and knowledge for investment.

MR PARTON: Talk to me about what happens if we do nothing, if we just let the convention centre roll along as is and patch it up a little. I am not talking about revamping it, just sort of keeping it running. What happens?

Ms Hendry: There is a very good graph in an earlier study that was determined by the Ernst & Young scoping study. In one of our attachments we have lifted that graph out. It is called "Canberra: the meeting place of Australia." It is really designed as a stakeholder piece to show all the people who support this as a priority investment. The graph is lifted out of there. I cannot tell you exactly what page it is on here, but it is not very far into it. The graph examines exactly that point some years ago. The study was released in 2011. The market has grown considerably since then and the needs as we saw them then have become even further exaggerated, if you like.

The do-nothing option shows a decline in business here. It is this graph here, where the blue line says, "Do nothing." We decline. Not only do we not gain market share in a growing market; we will actually lose because the needs of the market have been changing over time and we will lose existing business that was very happy to be accommodated here in the past. We have already lost businesses where their exhibition size has grown greater, where the numbers at their conferences are larger, where they now cannot fit their dinner in as well as having a plenary session and the necessary number of meeting rooms.

The specialisation in industries has grown dramatically. It is not only about whether you can fit all the conference delegates in the plenary session and then all of the exhibitions in that space. You also have to feed and water these people. If you have the College of Surgeons here, you have 28 different streams of surgery that need to meet in their specialty areas. You need to have a range of meeting rooms that

facilitates that.

The do-nothing option means that we continue to lose business. That will result in a constraint in our growth in the supply chain that would go with that. It may be taken up to some degree by some leisure tourism growth. There might be somewhat of a net balancing effect there. But it will ensure that we cannot showcase the areas that we do well here and grow the economy in the way that we could if we did make a further investment.

THE CHAIR: Let us say that the new convention centre, as a concept, is plan A. But plan A has stalled, as we have discussed. Is there a plan B, beyond the sort of thing which Mr Parton has talked about, which is do nothing? There is a big block of land over the road from the existing convention centre. Some of the need is for extra meeting space, places for dinners and so on. There are proposals mooted for that, be it stadiums and so on.

Let us make the assumption that plan A is not happening. Let us make that assumption because that is where we are at the moment. Have you had any conversations with people who would be interested in operating the stadium over the road, or with government about that site, because it is collocated? You can provide parking facilities. You can provide an overpass over the road. I am not an engineer but it is space. Have you looked at that as an option to say, “Okay, we wanted plan A. It is not happening. Plan B is a scaled-down proposal that then provides us with what we need, not what we dream of but what we actually need right here in functional space”? The land is there. It is a lot less expensive and it could be done without the building engineering problems if you were to rebuild the existing facility on its current footprint. Has anyone had a look at that?

Ms Hendry: That was a live idea, if you like, a few years ago. Forgive me; I do not remember exactly when, but there was a period of time when that was being examined quite closely. You are right. The upside of that idea is that you could construct potentially without interrupting the existing business. Certainly, in my former role and in my current role—the chamber was active, as was the bureau—we looked at examples of where similar sorts of facilities that you are referring to have been embedded in other stadiums and the like elsewhere. We also looked carefully at why Melbourne decided to join with the so-called “Jeff’s shed” at the time. They had the world congress centre on one side of a bridge and an exhibition facility on the other. They decided to mothball what by our standards was a good building and make that further investment. We looked at a number of areas there.

What was really clear was that clients were telling us, conference organisers were telling us, that any distance from where the exhibition and the sessions occur to where catering and so on occurs is a death knell for them. The financial engine room of any conference is the exhibition facility. You have to have a really fluid flow of delegates from where they are meeting and learning and where they are incidentally conversing to that exhibition facility. Without attracting exhibitors, they cannot stage the conference. Without guaranteeing the exhibitors that flow of delegates, the exhibitors are disinclined to invest. That was one issue. That is why Melbourne decided to join up their facilities. If you look at it, just walking across that bridge seemed like a manageable approach. It was because they were losing market share. The clients were

voting with their feet. They did not want that disconnect.

The second thing we did was speak to operators of stadiums throughout New South Wales. We talked to the New South Wales bureaucrats who had been in charge of that and talked about the sorts of synergies of the actual standard of the facility. There are quite a number of difficulties there, not least of which is the grade of the roof, the size of the buildings and so on. You see that even in our stadiums that we have here. The last element, which is probably the most significant, is the programming. You are bidding for conferences anywhere from two years to six years out and locking them in. That is how they work, both nationally and globally. Of course, then you have the sporting games. The calendar of their events is not known until much closer to the time. So you have a lot of tension between those time lines and when those amenities are required.

The issue is that you have to guarantee clients confidence that they can book their event for conferencing a significant time out, secure the accommodation they need, do all of that and lock it all in without any concerns. It is really difficult. Just by way of one example here, a lot of conference organisers like to host an event at Parliament House. There is a caveat on that. Of course, if there is a state visit and the Prime Minister wants to host that state visit, that client gets asked to move. The higher priority takes precedence.

We are very fortunate that events at Parliament House can then mostly be relocated to other quite iconic venues and so on. So we manage that, but it creates a problem. People are concerned about that ability to not secure a facility in time. They understand with Parliament House. But when it comes down to conference rooms they are not understanding at all. They want to know that the quality that they can secure is the quality that they need to deliver.

MR PARTON: How well utilised is Parliament House for events?

Ms Hendry: Most associations that come here—when I say “most”, it is more than 50 per cent; I cannot give you an exact figure, although I may be able to report more recent figures—try to have some sort of an event at Parliament House, whether it be a gala dinner or sometimes a cocktail party. It is fantastic that we have a parliament house that allows that type of thing, albeit with a few caveats around the edges. They see it as not only a way of doing something symbolic that represents the national capital and makes people feel important but also a way to invite parliamentarians, their staffers and others to engage with the group, and they can do it on the premises up there. It depends, of course, on whether you are here in a sitting week or a non-sitting week. Either way, the symbolism and the beauty of the building is an attraction—absolutely.

THE CHAIR: I will be at an event at Parliament House tomorrow, where people are having lunch and having a meeting.

Ms Hendry: We get used to it. It is easy, if you are attending things there all the time, to not recognise what it actually means to outsiders.

THE CHAIR: Going back to the point I was making—it was a previous proposal;

I do not think it had the stadium component in it, but you have obviously done a lot of work here—I would be keen to see if there is a path forward. The frustration that you feel, and that I am sure all of us do as well, is that there is a proposal but it is just not happening. We can talk about the benefits of that until we are blue in the face, as we all have done, but if it is not happening then it is just a simple academic exercise.

It would be useful for the committee to say, “Okay, if that’s not happening, if we make that assumption”—I am not saying we have, but all the indications are that, after 15 years of lobbying, federal and state governments basically are saying it is not happening—“it suggests we have to deal with the reality.” What is the best path forward? Do we say, “Let’s combine with a stadium,” because then you are achieving some synergies? It may help the government locally to free up some cash. You are then killing two birds with the one stone. I accept that there are compromises. Obviously, there are compromises. But is it time to say, “These are the compromises we’ll accept to get an enhancement. It’s not the one we wanted, but we’ll take the 80 per cent solution rather than the 100 per cent solution that never arrives”?

Is it time to make those decisions, come back to government and say, “Look, that’s what we wanted. You’re not delivering. How about we go with this sort of proposal, combining with a stadium?” If you put the convention centre and the stadium together, all of a sudden you have the sorts of synergies that could make it a supportable program by government, as well as being, I think, a better sell for the community in many ways. Can you make it work? If that sort of proposal came to fruition, would you see it as: “Yes, that’s better than where we were. There are some good enhancements there. It’s not what we wanted, but we’ve come up a couple of steps”? Or do we just ride it out and say, “No, we’d rather wait and hope”?

Ms Hendry: A pragmatic approach would be a useful one, if you could get 80 per cent. If that was an 80 per cent solution, you would say, “Okay, what do we do to overcome the 20 per cent?” The reality is, though, that with that solution, and after much investigation, there were a lot of pragmatists at the time who were also quite enthusiastic about the stadium. So that was a motivator as well. They looked at that, but it was so suboptimal—it was well below 50 per cent—that it might have been a case of investing in something, it does not work, you end up losing your market share anyway and it has crowded out any other solution. That was the conclusion that was arrived at. There was a lot of investigation done into that. People were saying, “It’s just across the road.” Those sorts of pragmatic views were alive and well.

THE CHAIR: Have you got that investigation? Does that form a body of work?

Ms Hendry: It was done in iterative investigations. There were conversations with people. Carol Mills, when she was running Parliament House, had run stadiums and she introduced us to people in New South Wales that could talk about stadiums and their ability to host other events, and the tension. There were various approaches, and the Melbourne one was very well understood.

THE CHAIR: I have done a little bit of investigation into this. Part of the reason for some of those problems was that the stadium existed and then you were trying to bolt on adjacent convention facilities. The stadium was never built with that in mind. This is a slightly different scenario, where you would be saying, “Let’s come up with a

purpose-built facility as a stadium to meet the requirements.” I am not sure that it is a scenario where you would put the stadium second to the existing convention centre to achieve that. Are you aware of any—

Ms Hendry: There are some around the world that do earn significant income and were purpose built, with the view of the stadium trying to ameliorate its income from not just game days but to have other things. There has been quite a bit of investigation into that. None of those logistics overcome the tension of programming and so on.

MR PARTON: Is that the biggest problem? Is it that tension of programming?

Ms Hendry: That is a big problem. Another example of that would be, for instance—I declare an interest; I am on the board of the Cultural Facilities Corporation—that some of the amenities within a convention facility are quite similar to those of a theatre. One could argue, “Why wouldn’t you just combine those two?” That is another programming tension. The facilities, unlike a stadium, are much more comparable. You could build in attributes that would potentially meet both requirements, from a physical engineering perspective and an architectural perspective.

The problem is that the theatre books out with all of these events that attract locals—and we all want to attend these events—for little seasons such as two weeks here and a week there, and they book at relatively short notice. Meanwhile, conferences are booking years in advance. So you have a complete incompatibility with that programming. If you have your convention centre—plenary hall, if you like—booked out for theatre productions, all of your hotels, restaurants and everything are empty. So you have defeated the whole reason that you invested in having the convention facility in the first place.

THE CHAIR: With a stadium, though—this goes to the programming issue—a rectangular stadium has been proposed which is there for the football season. That means for 50 per cent of the year there is no scheduling. Even then, we know that it is only on weekends, because football is not played midweek. I accept that there are scheduling issues, but I suppose we are trying to look for a way forward that provides an enhancement to the existing facilities. I am not saying that that is preferred, but if we are not going to go for nirvana, is there something that we can actually deliver or do we find ourselves back here in 10 years time thinking, “Wow, maybe we should have gone down that route because then we’d have a stadium, we’d have enhanced facilities and we’d have got a lot more business in”?

It might not be as much as we could potentially have gained, but there is an economic loss every time we are not doing something and we are waiting. You talked about the amount of income this could generate, enhancing our facilities, be it by 50 per cent or another amount. If you look at the economic loss of that over the last 15 years, that is a factor as well, I suppose.

Ms Hendry: It is an enormous factor; I agree. We are in furious agreement on that. Our examination of the stadium combination, collocated but disconnected, given all the compromises, just did not add up to being a competitive facility. At the end of the day, you have to ask: is that offering going to improve our market position and grow

the market? We could not determine that it would.

MR PETTERSSON: With regard to the couple of sites that have been mentioned today, the Civic pool and the car park down that way, you mentioned taxi drivers and Uber a couple of times. That goes to the historical nature of Canberra, where everyone seems to drive everywhere instead of catching public transport. What public transport facilities would you need at either of those facilities to really make them work?

Ms Hendry: What is demonstrated globally is that it comes back to the right building in the right place. The right place is determined, obviously, by the functionality of the building as well as its surrounds and how easily and quickly you can get to economic centres, to hotels, so that you can get back from the conference, change for dinner—all of that flow of movement. If you are bored by the session that is on in the afternoon, you want to go into the city centre and do other things. So movement of pedestrians and people coming from airports and so on is really critical.

Singapore advertises its Suntec centre by showing exactly how much is within five minutes, and that is really its number one call to action. That is its competitive advantage. So it is really important. Sixty per cent of Canberra's accommodation is located on Northbourne Avenue. Any enhancement to movement between those hotels and a convention facility would be positive. Light rail, one imagines, will deliver on that to some degree, as well as collocating hotels within the immediate environs. At this stage we do not have public transport that is particularly suitable or responsive to this market from the airport, so taxis and Uber are the way to go. We absolutely have comparative advantage in the limited time and expense it takes to get from our airport, so that is really positive. Certainly, the movement of people is very important.

This particular study examined three sites, one of which is close to where the now preferred site is, one of which is the so-called swimming pool site and the other is down on West Basin, which is now proposed for the city to the lake development. The committee, headed by Peter Shergold et al, favoured the West Basin site, based on the three sites examined. We have moved off that position now because the government indicated that site was too valuable to unlock for other commercial activity and proposed the site that we have now agreed to.

The West Basin site had its advantages, but its big disadvantage was connectivity to the city. You would have had to run regular shuttle buses. Eventually, of course, the city will grow there and so on, but certainly for a long time, when 600 people break from an event and they all need to get back to their hotel and change for dinner or whatever, you end up with significant transport problems. Particularly in an acute climate, it is even more exaggerated and particularly when at least half the people attending are women, often in high heels and so on, which limits your ability to do a long walk. So transport is really critical—Uber, taxis, hopefully light rail and any other form of transport. But the current site that has been sanctioned is good for transport, for all those reasons.

THE CHAIR: Thanks very much for attending today. It is an important discussion that we are having. I note that it is something that you will continue to do. If you have any further thoughts, please provide them to us. If you do have copies of that

PROOF

correspondence that you talked about between the ACT government and the federal government, could you provide it to us; otherwise we will go looking for it.

Ms Hendry: I can certainly provide it. I only have an excerpt. I believe the letter from the Chief Minister to the Prime Minister canvassed a range of subjects. We were copied in on just that particular portion.

THE CHAIR: That is the bit we are interested in. We can always request the additional information, anyway.

Ms Hendry: Mr Chairman, I was conscious when we put information in that we had a lot. We tried to do a small submission at the top, obviously with a lot of attachments. There was a series of videos made by Halifax. Halifax is not a city that might come top of mind like Paris, Rome or London. They had a very interesting series of videos—a little dated now, of course, because they have been in this body of work—about why Halifax invested in such a facility. They are a university city. They did it to enhance their research and industry base, and they discuss the benefits that they have achieved. Would that interest the committee?

THE CHAIR: Absolutely. That would be greatly appreciated. Thanks for your attendance. You will be sent a draft of the *Hansard* to have a look at and make any suggested corrections. That concludes the hearing for today.

The committee adjourned at 10.37 am.