

Sunshine Coast Entertainment, Convention and Exhibition Centre

Feasibility Report

October 2011



Confidential

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1 Executive Summary

The concept of a major venue for the Sunshine Coast region has been on the agenda of the Sunshine Coast council(s) for some time, with several feasibility studies conducted to date. However, none of the concepts investigated to date have come to fruition.

In January 2010, the Sunshine Coast Regional Council obtained Commonwealth Government funding support for the planning phase of investigating the feasibility of a performing arts venue at the Sunshine Coast, and in July 2010, Ranbury Management Group was appointed by Council to lead a consortium of consultancy firms in this planning project.

This report presents a summary and integration of a number of reports prepared by the consultant team over the last year as the scope of the project was progressively investigated, assessed and refined.

Council's brief to Ranbury included 10 specific questions to be answered by the consultant team, reflecting the core issues that Council needs to consider in determining whether and how to proceed with this initiative. Accordingly, whilst the body of this report presents the findings of the consulting team investigations, responses to these specific questions are included within this Executive Summary.

The consultant team comprised:

- Ranbury Management Group
- Pegasus Venue Management
- AECgroup
- Xponential
- Cox Rayner
- Rider Levett Bucknall and Donald Cant Watts Corke

The consultant team reported to:

- Council's Project Development Group consisting of representative officers from all key relevant areas of Council functions; and
- Council's Project Reference Group consisting of three Councillors and relevant Project Development Group representatives, chaired by Councillor Debbie Blumel.

1.1 Project Brief Evolution

The study was structured by Council in two parts, and initial stage involving determination of the type and scale of facilities that would be most appropriate for the region and a second stage determining the design, cost and funding of the centre.

In Stage 1, the consultant team initially considered two very different options for the scope of an entertainment and exhibition centre at the Sunshine Coast:

- Option 1 - a "Performing Arts" centre model (based on Council's original brief to the consulting team); and

- Option 2 – a regional scale “Entertainment, Convention and Exhibition” centre model (based on the early analysis, research and stakeholder consultation conducted by the consulting team).

Based on the consulting team investigations, the strong industry and stakeholder evidence supported the development of a regionally focused Entertainment, Convention and Exhibition Centre model. Option 2 was therefore preferred over Option 1 by Council’s Project Development Group and Project Reference Group.

However, Council recognised that the traditional style of Entertainment, Convention and Exhibition venues are often inactive buildings for significant periods of time (when there are no events). Council therefore requested the consultant team’s advice on how the project could achieve other desirable outcomes such as regular and constant activation (not just during major events) and community engagement and “ownership” through additional functions and uses.

This led to the development of Option 3 which comprised the Entertainment, Convention and Exhibition Centre, with the added consideration of a range of civic, community and cultural uses and functions that could be located within, immediately adjacent to or nearby the Centre.

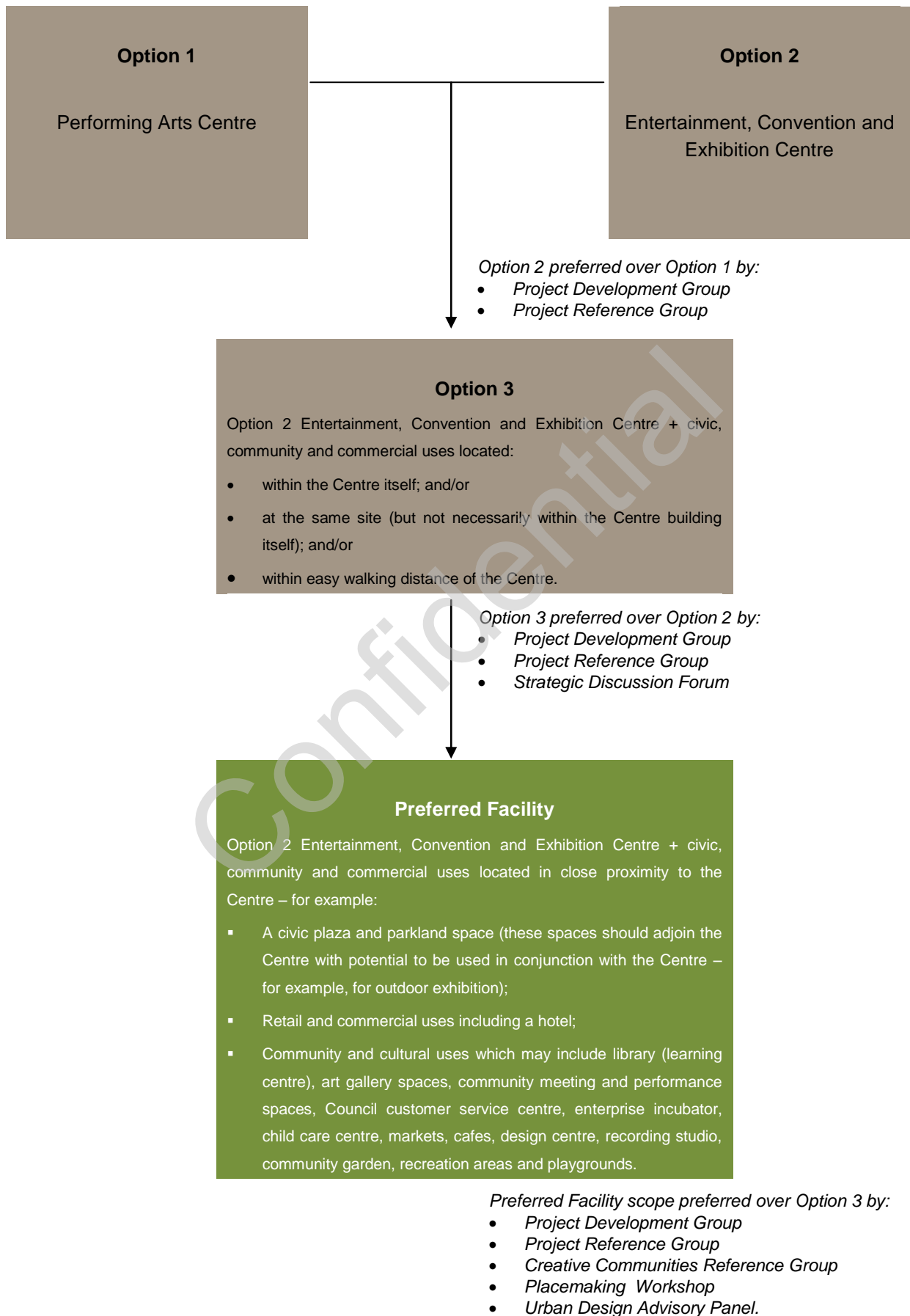
This Option 3 was considered by Council’s Project Reference Group, Council’s Strategic Discussion Forum and a number of Council Officers and whilst it was considered to be the most appropriate strategy, the consultant team were asked to consult with Council’s Creative Communities officers, the Creative Communities Reference Group and Urban Design Advisory Panel to determine how these active uses and functions could best be accommodated with or nearby the Centre.

Workshops and meetings were held with these groups including a “placemaking” workshop with a range of Council officers to determine the potential range of civic, community and cultural facilities that could be embedded in or near the Centre.

The Preferred Facility Scope resulting from these workshops is a slight amendment to Option 3, with the key determination being that the civic, community and commercial/retail uses should be located **adjacent to or nearby** the proposed Centre (and not within the same building).

This “journey” is summarised in Figure 1.

Figure 1 – Stage 1 Scope “Journey”



1.2 Stage 1 Conclusions

In February 2011, Ranbury presented to Council the consultant team's Stage 1 conclusions:

- There are valid, substantive and compelling economic and social justifications for developing a major regional Entertainment, Convention and Exhibition Centre at the Sunshine Coast
- There are sufficient needs / demands to develop an Entertainment, Convention and Exhibition Centre in the immediate future based on current population levels, and this argument is strengthened by the anticipated population and business tourism growth in the region
- The Centre should be designed and managed as a multi-function facility capable of hosting major entertainment events, business conventions and both industry and public exhibitions
- The Centre should be designed, developed and operated within the context of a range of civic, cultural and community facilities within the Maroochydore principal activity centre, and not as a "traditional" stand-alone venue
- The site currently allocated towards a "regional arts and exhibition centre" within the Maroochydore Principal Activity Centre Structure Plan is an excellent location for the Centre but is too small to accommodate the scale of the preferred facility
- However, the exact site area and configuration for the Centre can be easily provided as part of the next master planning phase of the overall development without any fundamental impact on adjoining or other land uses or transport networks within the Principal Activity Centre

1.3 Stage 2 Scope of Work

Originally, stage 2 of the project was intended to cover Community Engagement, Concept Design and Funding Confirmation. However, as the consultant team's Stage 1 work on the proposed Sunshine Coast Entertainment, Convention and Exhibition Centre (and Precinct) progressed, two issues emerged that led to Council's re-consideration of the implementation strategy for the project:

- **Site control**

During stage 2 of the study there was a continued degree of uncertainty regarding the development of a new Maroochydore city heart on the Horton Park Golf Course. This issue arose from the lack of a binding agreement between the Horton Park Golf Club and the Sunshine Coast Regional Council for the proposed sale of the Golf Course to enable Council to proceed with development of the site in accord with the Structure Plan. At the time of this report (late October 2011) negotiations between Council and the Golf Club are continuing. However, even if an agreement is reached it seems likely that the site may not be available for development until a new golf course is developed elsewhere, and relocation of the Club has occurred (potentially a period at least 3 years).

- **Funding availability**

Further work in relation to the cost of, and funding options for, the Centre (and Precinct) has strongly indicated that, in the context of the ongoing Global Financial Crisis and 2011 natural disasters in Queensland, there is little prospect of the Centre attracting the traditional funding source – a Queensland Government grant - to meet the majority of construction costs.

The most likely funding strategy will include a diversity of public and private sector financial resources, with an initial approach to the Commonwealth and Queensland Governments to provide the platform for later approaches to the private sector.

These issues led to a workshop between Council and the consultant team prior to the commencement of Stage 2 activities to re-align all elements of the proposed brief. The Stage 2 work was developed from Concept Design and Funding Confirmation to Concept Design, Funding Analysis and development of an Implementation Strategy with the Stage 2 work to include the following reports:

- Key Stakeholder and Business Leader Engagement¹
- Investigation into potential for corporate fundraising opportunities (exploring the potential for the business community to contribute towards the funding of the delivery or operation of the Centre)²
- Investigation of feasibility of adjacent hotel development (exploring the potential for a hotel developer to contribute towards the funding of the Centre)³
- Investigation of feasibility of the potential development of the Maroochydore Principal Activity Centre (exploring the potential for the overall PAC developer(s) to contribute towards the funding of the Centre)⁴
- Concept Design for the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct (based on Stage 1 recommendations)⁵
- Detailed cost estimate of the Centre based on the concept design⁶
- Revised Economic Impact Assessment of the Centre based on this detailed cost estimate⁷
- Revised Cost Benefit Analysis of the Centre based on this detailed cost estimate⁸
- Whole of Life Cycle cash flow model for the Centre⁹
- Funding Options Analysis for alternative funding considerations for delivery of the Centre and Precinct¹⁰
- Development of an implementation strategy to determine the most appropriate timing for constructing the Centre and Precinct, and developing an action plan to secure funding within that timeframe¹¹

1.4 Stage 2 Conclusions – Council’s 10 Questions

Council’s brief to the consultant team focused on 10 key questions. Whilst some of these questions were responded to as part of stage 1 of the project, the evolving nature of the scope of the Centre meant that the team needed to revise and refine our initial responses.

¹ Ranbury Management Group Engagement Report July 2011

² Xponential Philanthropy Corporate Partners Program Report May 2011

³ AECgroup Entertainment, Convention and Exhibition Centre Hotel Feasibility Study September 2011

⁴ AECgroup Entertainment, Convention and Exhibition Centre Residential, Commercial and Retail Feasibility Study September 2011

⁵ Cox Rayner Sunshine Coast Entertainment, Convention and Exhibition Centre and surrounding precinct design report 15 August 2011

⁶ Rider Levett Bucknall Preliminary Estimate Report August 2011

⁷ AECgroup Entertainment, Convention and Exhibition Centre Economic Impact Assessment Addendum September 2011

⁸ AECgroup Entertainment, Convention and Exhibition Centre Cost Benefit Analysis 2011

⁹ AECgroup Entertainment, Convention and Exhibition Centre Whole of Life Costing Model September 2011

¹⁰ Ranbury Management Group Funding Options Analysis September 2011

¹¹ Ranbury Management Group Implementation Strategy September 2011

The summary below reflects the consultant team's conclusions across all 10 questions at the conclusion of stage 2 of the project.

1. What will be the scale and scope of the Facility and what services and functionality will it provide?

- Based on the consultant team's research, the Sunshine Coast Entertainment, Convention and Exhibition Centre will require a site area of approx. 2.4 hectares (dimensions of approx. 200 metres long and 120 metres wide)
- The building will include some 27,000 square metres of Gross Floor Area
- The facilities within the building will comprise:
 - Main auditorium/arena (at least 14 metre ceiling height) with a maximum capacity of approx. 4,500 seats with mixed tiered and flat seating;
 - Flexible walls and seating systems which allow main auditorium to offer seating capacity configurations between 1,000 - 4,500;
 - Flat floor exhibition hall with flexible walls of approx. 3,000 square metres (allowing expansions and reductions in room configurations);
 - Full commercial catering kitchen (plus satellite kitchens);
 - Meeting rooms (12-15 in number) with capacities ranging from 20 – 360 people in variable modes; and
 - Provision for about 700 car parks on one basement level (noting that there will be significant further car parking spaces available within easy walking distance of the Centre to cater for peak entertainment event demands, generally in non-business hours).
- A key place making innovation for the Entertainment, Convention and Exhibition Centre is the decision to locate it in close proximity to:
 - A civic plaza (7,486m²), concourse (4,611m²) and parkland spaces (11,489m²);
 - Retail and commercial uses including a hotel;
 - Civic, community and cultural uses which could include:
 - library (learning centre);
 - art gallery spaces;
 - community meeting and performance spaces;
 - Council customer service centre;
 - enterprise incubator;
 - child care centre;
 - markets;
 - cafes;
 - design centre;
 - recording studio;
 - community garden; and
 - recreation areas and playgrounds.

- The anticipated size of buildings to accommodate the civic, community, cultural, retail and commercial uses would be approximately 53,500m² (assuming some buildings at 8 storeys in height).
- The Sunshine Coast Entertainment, Convention and Exhibition Centre will provide:
 - An entertainment venue for regional touring events for audiences up to approx. 4,500 people;
 - A convention venue to accommodate conferences of up to approx. 2,500 people; and
 - An exhibition venue for a range of major industry, trade and public exhibitions.
- The main auditorium/arena can accommodate:
 - between 1,000 – 4,500 people in theatre mode, but is capable of being divided into three smaller modes (2 x 1,000 people and 1 x 2,500 people in theatre mode);
 - 1,000 people in banquet mode;
 - 630 people in classroom mode; and
 - 100 booths in exhibition mode.
- The exhibition hall can accommodate:
 - between 500 – 2,500 people in banquet mode;
 - between 300 – 1,250 people in classroom mode; and
 - between 35 -180 booths in exhibition mode.
- The meeting rooms will provide capacity for:
 - 60 – 360 people in theatre mode;
 - 50 – 260 people in banquet mode;
 - 30 – 180 people in classroom mode; and
 - 20 – 60 people in boardroom mode.
- Based on industry assessment and consultation, it is estimated that some 80% of events, conventions and exhibitions will be new to the Sunshine Coast region and can only be held in such a large scale venue that currently does not exist in the region.

2. When is the most appropriate time for the establishment of this facility on the Sunshine Coast?

- There is current demand to justify the development of the Entertainment, Convention and Exhibition Centre on the Sunshine Coast
- However, timing of the Centre establishment must be in the context of the necessary core of nearby civic, community and commercial facilities at the Maroochydore Principal Activity Area; early establishment of the Centre without a substantial critical mass of civic, community and corporate life in the precinct would be not appropriate and would adversely affect the viability of the Centre in its early years
- Due to the current uncertainty around land acquisition and funding availability, it is not possible to provide a definitive timeframe for the delivery of the Centre; the consultant team's assessment is the most likely timeframe for development of the Centre is in the period 2018 to 2020

3. Is the facility able to be established at the preferred nominated site?

- The general site designated for an “arts and entertainment centre” within the Maroochydore Principal Activity Centre Structure Plan is an excellent location for the Entertainment, Convention and Exhibition Centre
- The specific nominated area (of 1.75 ha) is insufficient to accommodate the facilities needed for the Centre
- Additionally, the site shape and dimensions nominated in the Structure Plan are not conducive to an appropriate Centre design and functionality
- However, by merging the Structure Plan nominated areas for the Centre (1.75 ha) and the outdoor amphitheatre (0.95 ha), the site can easily be amended as part of the next master planning phase of the precinct development to accommodate the 2.4 hectares needed for an effective Centre without any fundamental impact on adjoining or other land uses or transport networks
- The Concept Design for the Centre includes a road network that wraps around the Centre and civic, community and cultural precinct, whilst preserving the core strategic intent of the Structure Plan
- The ground floor of the Centre and plaza will be well above Council’s year 2100 Climate Change 100 year flood level

4. What will be the construction costs?

- The development cost of the Sunshine Coast Entertainment, Convention and Exhibition Centre is estimated at \$256.4M (current dollars)
- Given the recommended approach to develop the Centre as part of a broader civic, community and cultural precinct, it is essential that the surrounding civic plaza, landscaped areas and parklands be developed at the same time as the Centre; the cost estimate for these additional simultaneous works is \$71.4M
- The total cost estimate for the Centre and surrounding civic plaza, concourse and landscaped areas is therefore \$327.8M (current dollars)
- This cost estimate includes all construction, design, services, fees and commissioning costs associated with bringing the Centre to fruition, but excludes escalation of costs for a future construction date
- In addition, the budget includes significant allowances for planning and design contingencies

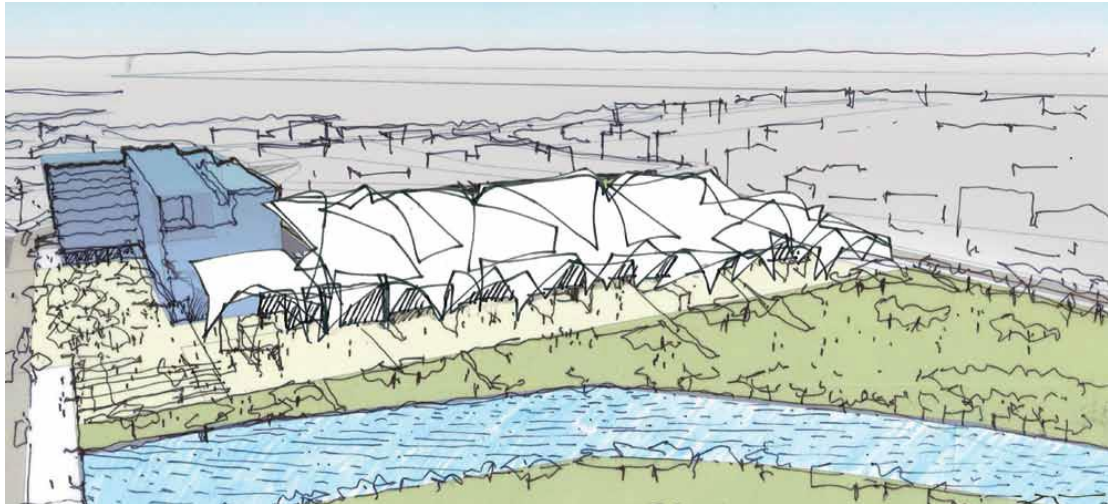
5. How will the facility be operated and what will be the ongoing operational cost?

- Management of the Entertainment, Convention and Exhibition Centre should be outsourced by Council to a specialist venue management company

- Reacting quickly to market trends, commercial negotiation and event-based decision making, implementation of specialised venue management systems are requirements of successful operation of the Centre and are reflected in private venue management operators
- This is similar management model to the majority of similar venues throughout Australia
- Notwithstanding the recommended outsourced management model, Council may wish to adopt a hybrid management model comprised of Council and private sector management to enable a “quasi” community access; Council can incorporate requirements for community access to the Centre in the terms and conditions of its contract with the venue management company
- Under this arrangement, it is anticipated that the initial annual operating revenues for the Centre would be in the order of \$4.4M, and operating costs will be about \$5.4M, meaning the Centre will require an annual subsidy of approximately \$1M (\$2009-10)
- This is not unusual for a public venue of this nature and scale in Australia
- Annual depreciation for the Centre will add some \$6M to the operating costs, meaning expected LOSS before interest and tax (EBIT) of approx. \$7M per annum (current dollars)
- Should Council fully fund the Centre through debt, the annual debt repayment would be in the order of \$33.8M per annum, representing a contribution of about \$246 per residential property in the region
- Under a tri-partite funding arrangement amongst the Australian and Queensland Governments and Council, Council’s debt repayments would be in the order of \$10M per annum, representing some \$73 per residential property in the region

6. How might the Centre be presented (concept design)?

- The Design Report outlines the urban design, building form, architectural principles for the Entertainment, Convention and Exhibition Centre and the surrounding civic, community and cultural precinct
- The Design Report also sets out a number of Green Principles to be followed or applied in carrying out the detailed design of the Centre.
- An indicative master plan for the precinct is also presented in the Design Report and summarized in this report
- Indicative optional approaches to the architectural design of the Centre are also included in the Design Report; an example of one of the many ways the Centre could be designed is shown below:



7. How will we secure the funds to design and construct the Centre?

- Traditionally, funding for comparable public venues is sourced from a combination of State and local governments and, to a lesser extent, the Australian Government and business contributions
- The consultant team explored the various potential sources of funding:
 - There is very little prospect of securing any material funding for the Centre through community contributions
 - A program of annual corporate-community partnerships through the Centre has the potential to provide some ongoing corporate funding contributions (and this has been included in the operating budget projections)
 - There is some potential for securing some corporate contributions for the Centre as part of profit-sharing arrangements with developers within the Maroochydore Principal Activity Centre
 - Council would need to consider the various issues and requirements for the Centre prior to pursuing the potential for naming rights as a funding source
 - There is the potential to apply funds from the sale of any Council land that is excess to foreseeable future requirements
 - The bulk of funding will need to be sourced from government; a combination of Council, Queensland Government and the Australian Government
- The ongoing effects of the Global Financial Crises and the fiscal impact of 2011 natural disasters means that it is highly problematic to obtain funding from the Queensland and Australian Governments in the foreseeable future
- Given the likely development timeframe of 2018-2020, Council should pursue a program to develop a strong case for building public support for and hence securing government funding for the Centre, including:
 - Research into the appropriate civic, community and cultural facilities that are most appropriate for the precinct
 - Community engagement on the precinct design and facilities
 - An international design competition for the precinct and the Centre

- Incorporation of these with this Ranbury investigations into a comprehensive Business Case for securing government funding (in say 2015 – 2016)
- This report includes strategies and a program to undertake this work

8. What partnerships need to be formed for successful establishment and operation of the facility?

- Council will need to form a partnership with a private sector venue management company to manage the Entertainment, Convention and Exhibition Centre
- An ambassador program is also an essential component of the Centre establishment and operation; Centre ambassadors can play a major role in leveraging community, business and hence government (funding) support
- Targeted partnerships with content providers (entertainment, tourism and convention/exhibition organisations) will also be necessary components of the Centre operations
- Targeted partnerships with local business, hotel, tourism, community and cultural organisations and leaders will also be required

9. How will Council procure the design and construction of the Centre?

- The design and construction of the Centre should be procured through a conventional construction management contract
- A Public Private Partnership (PPP) is not recommended as a potential procurement model for the Centre
- Prior to procuring the construction of the Centre, Council needs to address and resolve a number of key matters:
 - Finalise the site negotiation and acquisition process of the Horton Park Golf Course precinct
 - Determine the most appropriate scope of civic, community and cultural facilities that should be incorporated into the Maroochydore heart nearby the Centre
 - Conduct an open (ie. international) design competition for the precinct and the Centre
 - Undertake a major program of community engagement on the Centre, the precinct and the civic, community and cultural facilities that could be co-located
 - Document a formal Business Case based on this work as the formal basis for seeking Government funding contributions
 - Obtain the necessary funding contributions from the Australian and Queensland Governments, and determine the extent of Council's own contribution
- This report includes strategies and a program to undertake this work

10. How will the Centre integrate quadruple bottom line sustainability and innovation?

- The Entertainment, Convention and Exhibition Centre will contribute to the economic growth of the Sunshine Coast region through:
 - Construction activities that will provide:
 - Approximately \$493.9 million in output, comprised of \$257.0 million directly and \$236.9 million through flow-on activity
 - Approximately \$181.1 million in value added activity, comprised of \$80.4 million directly and \$100.7 million through flow-on activity
 - Approximately \$99.9 million in wages and salaries, comprised of \$42.7 million directly and \$57.1 million through flow-on activity
 - Approximately 1,889 full time equivalent employment positions, comprised of 913 full time equivalent employment positions directly and 976 full time equivalent employment positions through flow-on activity
 - Ongoing operations that are expected to generate:
 - Approximately \$53.3 million in output, comprised of \$33.8 million directly and \$19.5 million through flow-on activity
 - Approximately \$22.4 million in value added activity, comprised of \$13.8 million directly and \$8.5 million through flow-on activity
 - Approximately \$12.9 million in wages and salaries, comprised of \$8.2 million directly and \$4.7 million through flow-on activity
 - Approximately 307 full time equivalent employment positions, comprised of 230 full time equivalent employment positions directly and 77 full time equivalent employment positions through flow-on activity
 - These economic impacts reflect the development and operation of the Sunshine Coast Entertainment, Convention and Exhibition Centre only, and do not include the impacts of the associated civic, community and cultural plaza, buildings and other facilities in the precinct; these impacts can only be validly assessed once the exact scope and nature of the facilities has been determined through research and community engagement
- The Entertainment, Convention and Exhibition Centre will contribute to the social growth of the Sunshine Coast region through:
 - Providing the Sunshine Coast community access to a world class entertainment, convention and exhibition venue associated with a range of civic, community and cultural facilities
 - The present value of total benefits to the Sunshine Coast community through the Centre alone (not accounting for the civic, community and cultural facilities) is estimated to be approximately \$732.9M, less some \$699.6M of costs to derive a Net Present Value of some \$33.3M
 - The benefit to cost ratio of 1.05 implies a return in present value terms of approximately \$1.05 for every dollar invested in the Centre
 - These quantitative measures do not account for the unquantified (but significant) value to the Sunshine Coast community from the sense of place, identity and community provided by the delivery and ongoing functioning of this new Maroochydore city heart

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- The Entertainment, Convention and Exhibition Centre will contribute to the environment of the Sunshine Coast region through:
 - Provision of a leading 6 star green star rated Centre providing leading ecologically sustainable building design and management systems
 - Applying the Centre as an exemplar project for other ecologically sustainable developments in the Maroochydore Principal Activity Centre

- The Entertainment, Convention and Exhibition Centre will contribute to the governance of the Sunshine Coast region through:
 - Ensuring the project research, planning, design and construction are undertaken within an ethical, effective and efficient governance structure by Council
 - Providing a template for other Council projects in terms of project governance and reporting arrangements

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2 Options for the Centre Scope

2.1 Options

Ranbury's Stage 1 Lead Report summarised the three options considered by the consultant team to address Council's required project outcomes. The three options were:

- Option 1 - Performing Arts Centre
- Option 2 - Entertainment, Convention and Exhibition Centre
- Option 3 - Entertainment, Convention and Exhibition Centre and Civic Precinct

The Stage 1 Lead Report concluded that the preferred scope was Option 3; the Entertainment, Convention and Exhibition Centre and Civic Precinct.

2.2 Original Facility Scope

The Council's original facility scope¹² consisted of "...four main spaces with the following seating capacity: the main theatre (1,260), small theatre (350), the exhibition hall (2,500) and the art gallery. There will be car parking for 1,500 cars."

That report, whilst comprehensively researched in terms of other national and international examples/benchmarks, was not based on any material demand/supply assessment or any significant consultation with potential users and hirers. In other words, the original scope was not based on empirical evidence to support the demand for, or feasibility of, the proposed facilities' scope.

In addition, the research and the findings for that preliminary scope were undertaken prior to the global financial crisis. During the global financial crisis, the Federal Government introduced financial stimulus to public and private schools which resulted in the construction of larger community/entertainment/multi-purpose halls. The introduction of these localised centres (both existing and proposed) has (and will increasingly) intensified the local competition for small scale (<1,500 people) events/performing arts in the Sunshine Coast region. Adding a further venue which offers performance space for 350 and 1,200 attendances cannot be warranted in these changed circumstances.

It was recognised that based on the global and local events of the past 3 years, the basis for developing the original facility scope as per the 2007 Research and Study Report was out-of-date.

¹² Refer Research and Study Report 2007 and the Pre-Feasibility Study 2008

2.3 Market Analysis¹³

Performing Arts Centre

The usual driver for the provision of new facilities is that existing facilities are operating at capacity or the lack of adequate, purpose built venues is the key barrier to progress. This is not necessarily the case for the Sunshine Coast.

In terms of performing arts venues, the region is currently serviced by several venues including the Events Centre at Caloundra and the Nambour Civic Centre. Their location outside of the proposed Principal Activity Centre in Maroochydore leads to the perceived inadequacy of their ability to service the entire Sunshine Coast.

Even if the global/national events and Government stimulus of the last 3 years are not taken into consideration, the consultant team's industry consultation has concluded that the region is still adequately serviced by the Nambour Civic Centre and The Events Centre (Caloundra) in terms of small to medium sized performing arts events. The analysis concludes that an additional performing arts centre at Maroochydore (with a similar capacity to the current venues) will "...cannibalise the market for touring performing arts...".

The consultant team concluded that a new (and similar) performing arts centre in Maroochydore will result in up to three venues programming to the same audience catchment and will also weaken the operations of the two existing venues requiring an increase in Council's operating subsidies across all of these venues (even having regard to expected population growth).

With the original facility scope not offering an entertainment facility of any significant difference in size to the existing competing centres in Nambour and Caloundra, the majority of spend for a new performing arts centre in Maroochydore would come from within the local community.

Therefore, the market analysis concluded that the provision of an additional performing arts venue of similar size to those existing (as proposed in the original facility scope) will not increase the overall performing arts activity in the region in the short to medium term.

Additionally, the original facility scope would not attract large scale performance/entertainment (i.e. those that require in excess of 1,500 seats). This means the Sunshine Coast will effectively miss out on the potential regional stimulus to be obtained from providing a larger venue to attract touring events and conventions that currently miss the region due to a lack of appropriate facilities.

Based on the above, it would be difficult to argue that the original facility scope achieves a 'Regionally Significant' outcome, as espoused by the *SEQ Regional Plan 2009* (relating to a Principal Activity Centre) and related Council planning documents, including the Corporate Plan 2009-2014.

With the significant population numbers projected for the Sunshine Coast (500,000 people by 2031) and the likely construction/operational timing of this centre, a smaller locally based centre (as per the original facility scope) may be perceived as a 'short-sighted' outcome for the Sunshine Coast as a region.

The more sustainable approach for a new venue would be to provide a facility that addresses the existing market gap of a large capacity venue and allow the existing performing arts facilities to complementarily service the medium scale performing arts market. This would also allow the new venue to supply a broader range of entertainment options for the regional community.

¹³ Refer Pegasus Venue Management Facility Scope Report August 2010

Entertainment, Convention and Exhibition Centre

An Entertainment, Convention and Exhibition Centre model addresses an existing market shortage/gap for purpose-built, high capacity, convention and entertainment facilities and responds to the forecasted population growth. The region currently does not attract significant levels of large scale performance/entertainment due to the lack of facilities and those that do tour to the Sunshine Coast usually must be staged outdoors to attract a financially viable capacity crowd. Whilst the staging of outdoor events may initially appear appealing, it is a constrictive and risky proposition as the only outlet for events with crowds numbering greater than 1,000.

Consultation with a sample of concert promoters revealed that the Sunshine Coast would be an attractive proposition for tours needing a venue which holds greater than 3,000 people. However it was noted that the Sunshine Coast's proximity to Brisbane would preclude indoor entertainment events requiring a capacity greater than approximately 5,000. Promoters of entertainment events for larger crowds generally focus on repeat shows in capital cities only due to high cost of stage set-up and significantly larger audience "pool".

In terms of the business tourism market, it is difficult to quantify the demand for a venue that targets this sector when there has been little activity in the region to support it to date. However, this inactivity has been attributed to the lack of adequate facilities. The needs of the community both as potential venue hirers and audiences were analysed. There were few market shortfalls in the provision of venues for community hirers. However, there is a notable gap in the provision of large-scale arena events due to the lack of a suitable facility.

The *Pre-Feasibility Study* (Pacific South West 2008) indicates a venue of this capacity will not be required until 2026. However the research and consultations conducted as part of the consultant team study counters - in part - these findings. The previous report suggests that the population forecasts for the Sunshine Coast do not indicate the required growth to sustain a centre of this size until 2026. However the feasibility of a multi-function venue of this type is not actually driven by population.

Whilst the Entertainment, Convention and Exhibition Centre will also cater for the entertainment market which is driven by local population (i.e. target audiences), the convention and exhibition market is not. This market requires local supporting infrastructure such as suitable accommodation, but the visitors expected from this market are primarily made up by business tourists, not local population.

The Entertainment, Convention and Exhibition Centre model has great potential to become a flagship site for the region due to its size and nature. Whilst the Performing Arts Centre model could also reach the level of iconic status, this would primarily only apply on a local level as it would exist primarily to service local audiences (i.e. will not necessarily entice audiences from other regional centres where a performing arts centre already exists). The Entertainment, Convention and Exhibition Centre model on the other hand will have a greater state and nation-wide identity and will service both the local regional community and visitors to the region.

As previously stated, the Entertainment, Convention and Exhibition Centre model is based on commercial enterprise, whether that is for performance or business purposes. The opportunities this affords the region are significant. The flow on effects of the proposed venue are examined in greater detail in section 6, although it can be asserted that a venue which develops the region's identity as a location for business tourism will consequently expand the local economy through delegate spend, the provision of supporting infrastructure and services, increased employment opportunities and increased leisure tourism via the provision of higher-end accommodation options and enhanced regional exposure.

The local spend per head of delegates attending a conference is higher than an audience member attending a performance, so the Entertainment, Convention and Exhibition Centre model becomes more attractive in that it attracts both visitor types and at a higher volume than a Performing Arts Centre.

The lack of adequate facilities has been the fundamental constraint to developing a vibrant corporate conference, convention and exhibition sector in the region. Consultation with potential users and hirers of the venue has confirmed this to be the case. The proposed revised facility scope will provide a venue that is keenly competitive with other facilities (such as Gold Coast and Cairns) for both public entertainment and corporate events.

In addition, a new regionally important facility that provides opportunities to host major entertainment events and corporate business tourism programs has a significantly higher prospect of securing Federal and State funding than a facility that is perceived as primarily serving the local arts community (and not adding to the size and diversity of the regional economy).

2.4 Options Analysis

Table 1 provides an overarching summary of the comparison the three options and summarises the outcomes from the analysis carried out in Stage 1.

It is important to understand that **the social impact assessment (in relation to the Preferred Option) excludes the costs and benefits associated with development of the civic, community and cultural facilities** including the proposed plaza that will form the civic “heart” of the Maroochydore Principal Activity Centre. Clearly, there will be social benefits from the development of a vibrant civic centre for the region and an assessment of these benefits needs to be undertaken in due course once the scope of these facilities has been determined in greater detail.

Table 1 Comparative Summary of Analysis for Option 1, Option 2 and Preferred Option

Item	Option 1 Performing Arts Centre	Option 2 Entertainment, Convention and Exhibition Centre	Preferred Option Entertainment, Convention and Exhibition Centre (and Precinct)
Construction Economic Impact ¹⁴	\$316M	\$354M	\$493.9M
Annual Cash Operating Loss ¹⁵ (ie. excludes depreciation, interest and tax)	-\$1.5M	-\$0.8M	-\$1.0M
Annual Economic Impact ¹⁶	\$1.4M	\$52.6M	\$53.3M
Regional Annual Incomes ¹⁷	-\$0.2M	\$12.9M	\$12.9M
Regional	negative	307 jobs	307 jobs

¹⁴ Refer AECgroup Economic Impact Assessment January 2011 and EIA Addendum September 2011

¹⁵ Refer Pegasus Venue Management Five Year Operating Budgets

¹⁶ Refer AECgroup Economic Impact Assessment January 2011 and EIA Addendum September 2011

¹⁷ Refer AECgroup Economic Impact Assessment January 2011 and EIA Addendum September 2011

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Item	Option 1 Performing Arts Centre	Option 2 Entertainment, Convention and Exhibition Centre	Preferred Option Entertainment, Convention and Exhibition Centre (and Precinct)
Employment ¹⁸			
Social Impact ¹⁹	Insignificant or minor**	Minor to major**	Minor to Major**
Demand Timeframe ²⁰	2030	Now	Now

** The assessment highlighted that Option 1 is not expected to provide a significant social benefit to the Sunshine Coast community across any of the eight spheres of community wellbeing. In contrast, Option 2 / 3 was assessed as providing a high level of social benefit in terms of enhanced family and community interaction and cohesion, as well as access to and participation in cultural and leisure activities. Option 2 is also generally assessed to provide a greater benefit than Option 1 across the other spheres of influence.

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¹⁸ Refer AECgroup Economic Impact Assessment January 2011 and EIA Addendum September 2011

¹⁹ Refer AECgroup Social Impact Assessment January 2011

²⁰ Refer AECgroup Demand Assessment November 2010

3 Project Outcomes

3.1 Core Outcomes

In moving from Stage 1 to Stage 2, the project team developed the key service requirements for Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct project as:

- To provide a high capacity entertainment venue for the local community which meets the needs and expectations for regional touring and international acts and events
- To support the local tourism industry which underpins the Sunshine Coast economy
- To provide a core component/enabler within the proposed civic, cultural and community hub for the new Maroochydore city “heart”, and to be a catalytic project within the development of the Maroochydore Principal Activity Centre

3.2 Civic Context Outcomes – Place Making Strategy

A key outcome of the consultant team’s investigation into the Sunshine Coast Entertainment, Convention and Exhibition Centre was the realisation that the Centre needs to be situated within a network of civic, community and cultural facilities in order to be successful – this was a key component of the place making strategy for the Centre. This overall Civic Precinct needs to fulfil a myriad of functions and roles in the context of the community’s need for a Maroochydore “heart” and Council’s city building and urban design goals for the Maroochydore Principal Activity Centre to have a strong identity or “sense of place”.

International evidence points to the fact that contemporary entertainment, convention and exhibition centres are increasingly significant not just for the core functions suggested by their names, but as important cultural and community hubs and as key identities for connectivity across their local communities. In essence, communities with successful entertainment, convention and exhibition centres have a strong sense of “ownership” or pride in their venue because the facility is intrinsically important to the broader civic, community and cultural life of the city. Cultural vitality and identity are therefore derived in part from such successful centres.

The centres of the future must be a key member of the “family” of public architecture for their communities and celebrate both the city and the culture of the community.

Contemporary entertainment, convention and exhibition centres therefore require a different building type to those traditionally built last century. Contemporary centres need to integrate community and cultural activities and functions (both programmed and spontaneous) into the building fabric, blurring the traditional distinction between commercial events (traditionally held within a secure venue) and free events and displays (traditionally held in another location altogether).

This places a new responsibility and burden on contemporary centre design. An entertainment, convention and exhibition centre can no longer behave as “on or off” buildings dependent on the event or delegate calendar. They must be adaptable and flexible enough to amalgamate various diverse functions to respond to the city’s civic, cultural and entertainment requirements.

Successful centres of the future will therefore provide flexibility in its functions:

- The core entertainment, convention and exhibition experiences
- Civic and urban design, a sense of community identity and pride
- Cultural distinctiveness and character, that evolves with the community
- Hospitality and entertainment dimensions across a broad scale (from formal commercial events through to ad-hoc community activities)
- Retail / market atmosphere

This flexibility can manifest in a variety of ways. For example, the building lobbies or pre-function convention centre spaces can operate as galleries from time to time displaying both traditional and innovative forms of art and creative pursuits. Video screens can connect visitors in real time to (say) other parts of the region or specific other sites around the world such as “sister” venues in other countries. Centres can sit alongside museums, galleries, libraries and retail/entertainment facilities or indeed become such uses from time to time.

The purpose of these centres moves away from just the processing of large congregations of people for a show or conference, towards culturally integrated civic buildings that bring the community together.

The Sunshine Coast Entertainment, Convention and Exhibition Centre therefore will play a fundamental role in the progressive development and evolution of a successful, vibrant “heart” for Maroochydore; a far more important role than perhaps is currently appreciated by the community.

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4 Concept - Centre and Precinct

4.1 The Centre

A key conclusion from Stage 1 was that the Entertainment, Convention and Exhibition Centre would be comprised of:

- Main auditorium/arena with a maximum capacity of approximately 4,500 seats with mixed tiered and flat seating
- Flexible walls and seating systems which allow main auditorium to offer optional capacity ranges between 1,000 - 4,500
- Flat floor exhibition hall with flexible walls of approximately 3,000m² (allowing expansions and reductions in room size)
- Full commercial catering kitchen (plus satellite kitchens)
- Meeting rooms (12-15 in number) with capacities ranging from 20 – 360 in variable modes
- Provision for approximately 706 car parks in one basement level under the building

Figure 2 to Figure 4 illustrate the proposed design of the Entertainment, Convention and Exhibition Centre. The Design Report²¹ contains a comprehensive statement of the Centre and Precinct design. The Report outlines:

- Land use planning context of the Centre and Precinct
- Urban design principles, including and indicative urban design of the Precinct
- Building design principles for the Centre, including ecologically sustainable development (ESD) principles
- Space brief, plans and sections of the Centre
- Alternative approaches to the built form of the Centre as examples of how the Centre could look

The design objective of the Centre is to provide the Sunshine Coast with a facility of high quality capable of effectively serving a diversity of entertainment, convention, exhibition, civic, community and cultural events for the region. The facility will be emblematic of the civic ambitions of the region and reflective of the unique architectural regional language of the Sunshine Coast.

The design must create a Sunshine Coast Entertainment, Convention and Exhibition Centre that takes advantage of its central location so that the area can be marketed and experienced as a world-class convention and entertainment precinct.

It is envisaged that by both community engagement and professional design within the heart of the proposed Principal Activity Centre, the Sunshine Coast Entertainment, Convention and Exhibition Centre will be a fundamental contrast with conventional 20th century venues and be a vibrant integrated public asset, with the community actively engaged in and around the Centre year-round.

²¹ Refer Cox Rayner Sunshine Coast Entertainment, Convention and Exhibition Centre and surrounding precinct design report 15 August 2011

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The design should be embraced by the community and be a focus for milestone community celebrations and civic events.

The Sunshine Coast Entertainment, Convention and Exhibition Centre:

- Will be a key catalyst project for development of the Maroochydore principal activity centre
- Is integral to the planning and design of the Principal Activity Centre
- Is a rare opportunity to weave civic, cultural and community facilities, programs and activities into and around a major Entertainment, Convention and Exhibition Centre
- Should fit comfortably with Sunshine Coast community values and aspirations

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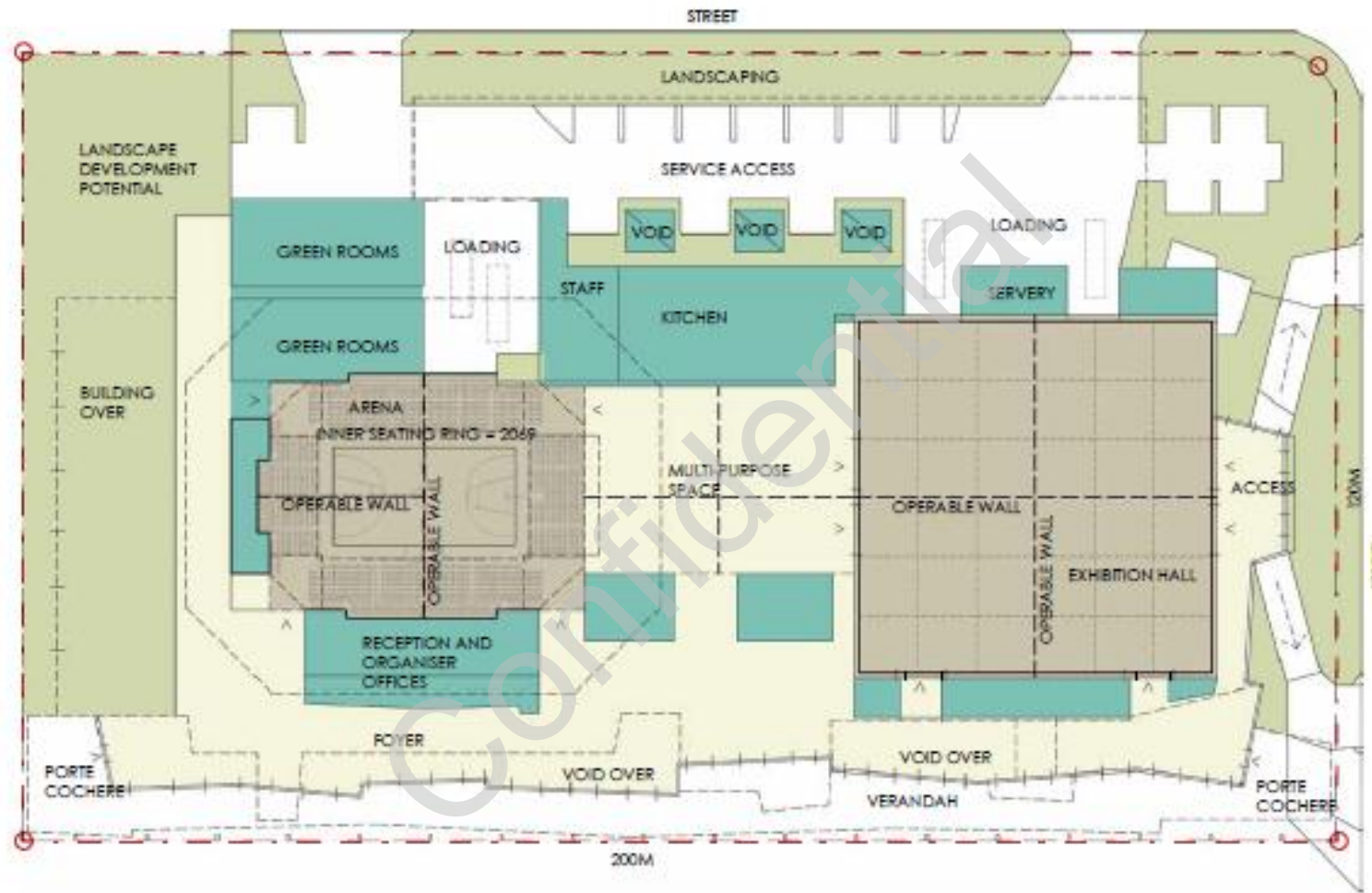


Figure 2 Indicative Concept Drawing - Ground Floor Level Plan

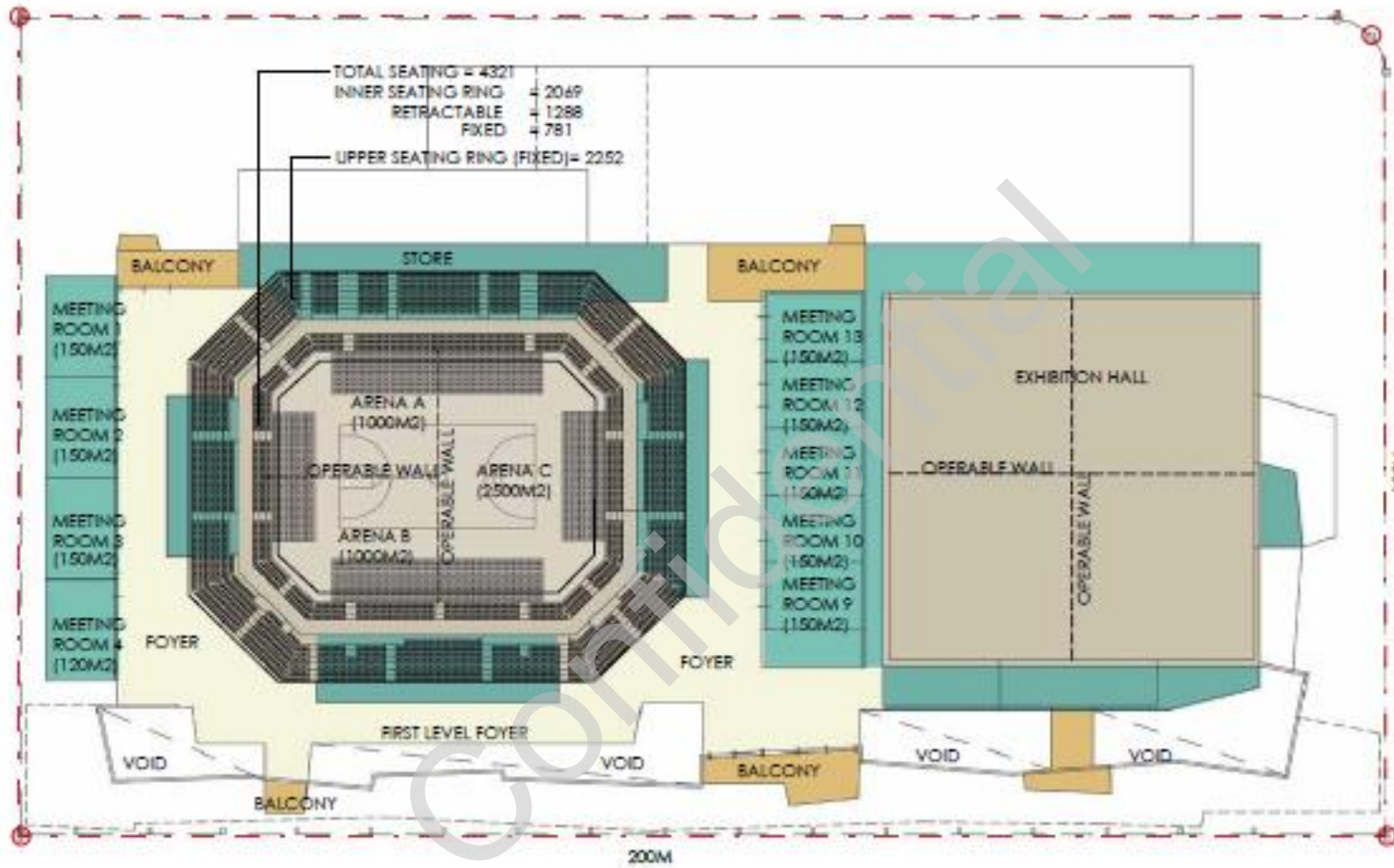


Figure 3 Indicative Concept Plan - First Level Floor Plan



Figure 4 Indicative Concept Plan - Basement Car Park

4.2 The Precinct

Stage 1 concluded that the Centre would be part of a larger civic, community and cultural Precinct comprising potentially:

- A civic plaza and parkland space (these spaces should adjoin the Centre with potential to be used in conjunction with the Centre – for example for outdoor exhibition);
- Retail and commercial uses including a hotel;
- library (learning centre);
- art gallery spaces;
- community meeting and performance spaces;
- Council customer service centre;
- enterprise incubator;
- child care centre;
- markets;
- cafes;
- design centre;
- recording studio;
- community garden; and
- recreation areas and playgrounds.

Based on the conclusions in Stage 1, Cox Rayner Architects prepared an indicative master plan for the Precinct as illustrated in Figure 5 and Figure 6.

The urban design objective of the civic precinct is to create an attractive destination that entices people for its outdoor leisure, cafés and restaurants, picnic areas, diverse commercial spaces, community entertainment spaces, landscaped open space and relaxing parkland. The character of the area will be highlighted via several key anchor points throughout the area: the civic space, the plaza, the concourse, the parkland, the Centre and adjacent civic and retail buildings. While being distinctive spaces, these key elements will knit together to form a cohesive overall precinct; the “heart” of Maroochydore. The overall design of the precinct will help create a new architectural language for the Sunshine Coast while maintaining distinct sub-tropical qualities.

Civic

The civic space will provide for a variety of both day and evening activities. The community will enjoy a true Sunshine Coast experience with flexible, safe, sheltered open space and a thriving cafe and restaurant scene. This civic space will become the ‘heart’ of this precinct and a key point in the new Maroochydore CBD network.

The six additional buildings that surround the plaza must enhance the overall civic and community function of the precinct, whilst providing opportunities for passive surveillance over public open space.

The civic building uses must also complement the Entertainment, Convention and Exhibition Centre. The civic space is of a similar scale to King George Square, Brisbane and Kings Beach Amphitheatre, Caloundra. In addition to this space, the precinct will also contain an open plaza, providing generous quantities of unique and functional urban space.

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Plaza

The plaza will be a gathering point between the active civic space and the concourse. It will be a meeting place, an events space, a place to relax, and a place to enjoy comfortable open space and the wonderful Sunshine Coast climate.

Concourse

The concourse will provide a relaxing and sheltered break out space for the Centre whilst being a transitional space between civic / plaza areas and the parkland. People will be able to stroll along the concourse, mingle between the lush garden beds or grab a coffee from a small cafe. The design of the concourse plays a key role in ensuring the Centre engages with the surrounding urban open space and parkland.

Parkland

The parkland will be a natural, green inviting space between the Centre for residents and visitors, while maintaining the opportunity for the space to be used for festivals and celebrations. The parkland will be a vibrant addition to Maroochydore's open space and parkland network.

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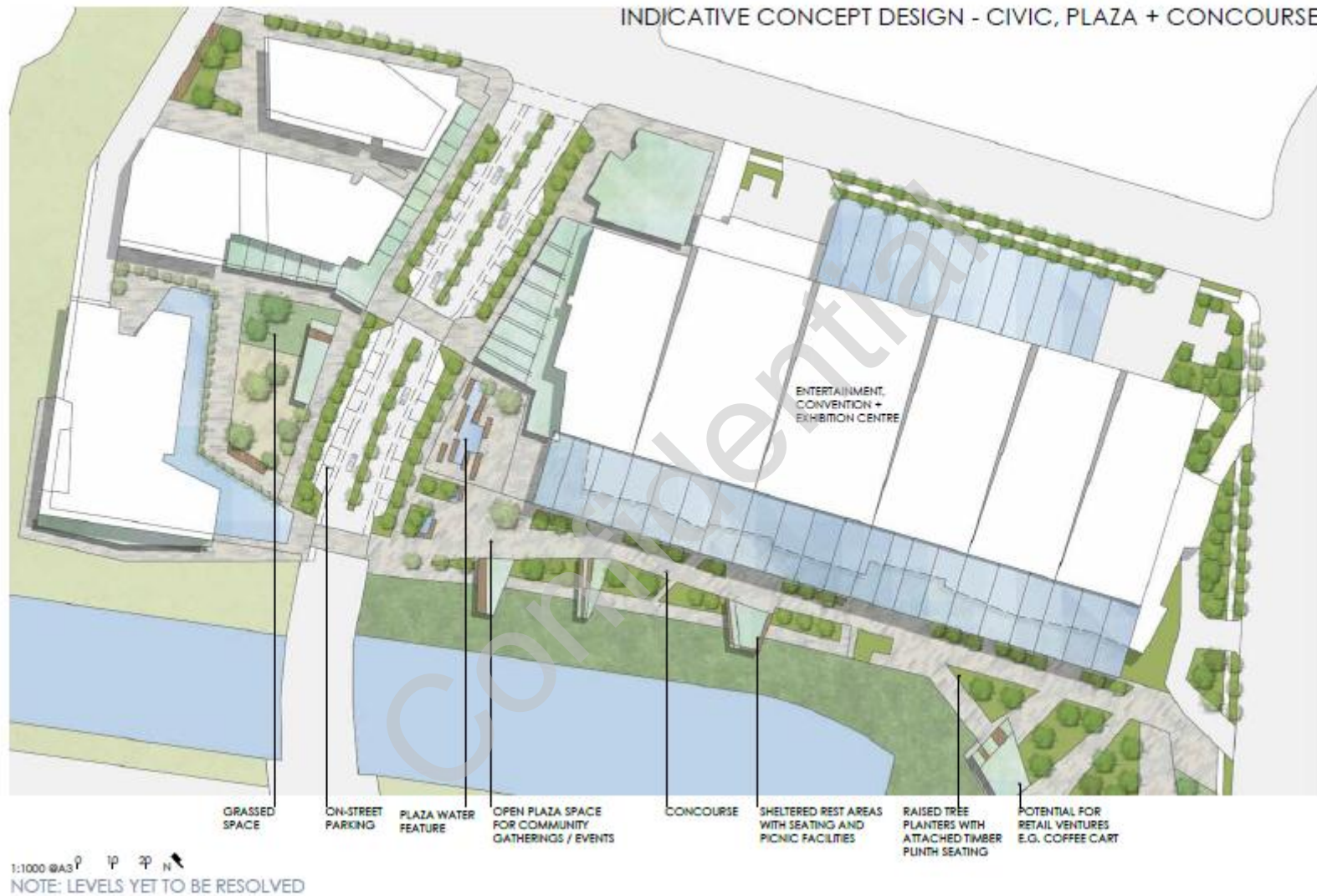


Figure 5 Indicative Concept Design - Civic, Plaza and Concourse

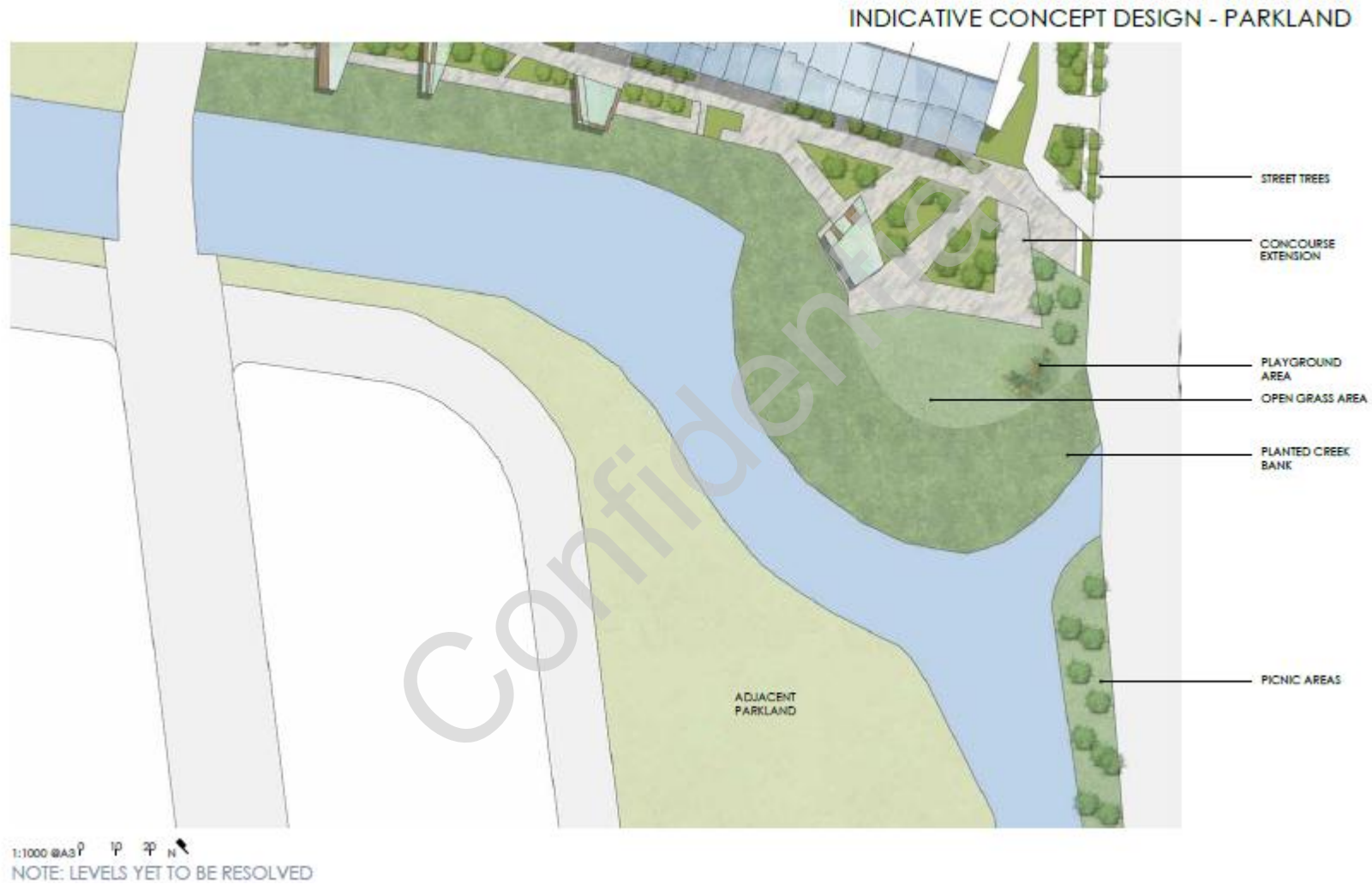


Figure 6 Indicative Concept Design - Parkland

4.3 Issues Requiring Further Investigation

Road network

The Stage 1 Lead Report recommended that the location and orientation of roads should be revised to enable the following outcomes to be achieved:

- The Entertainment, Convention and Exhibition Centre should be located with adjoining civic plaza space and other community facilities at the end of the main road through the structure plan area as a “book end” to the new CBD with a direct view corridor from one end of the CBD to the other. This could result in a “High Street” for the town centre which provides a visually direct and legible connection through the retail precinct to the south and across the canal to the new civic precinct. There was considerable enthusiasm for this suggestion due to the potential to create an outstanding 'public realm' outcome.
- Widening of the proposed facility site is necessary to enable optimal achievement of the Centre design. The curving distributor road from the south needs to be re-oriented to provide greater site area. This has implications for proposed land parcels adjoining Maud Street and an 'amalgamated' outcome could be considered which improves the interface with existing land parcels.

The Concept Design therefore includes a road network that wraps around the Centre and Precinct, whilst preserving the intent of the Structure Plan as much as possible. However, the study scope did not include traffic modelling of the Principal Activity Centre and additional work is required as part of the development master planning of the Principal Activity Centre to ensure that both the Centre requirements and broader traffic management needs for the entire Principal Activity Centre are met.

Car parks

Earlier reports estimated that the centre will require in the vicinity of 1,500 car parks to operate effectively.

However, it is noted that Brisbane Convention and Exhibition Centre has 1,500 car parks servicing a total of 34,775m² of “convention and exhibition space” (includes 4 exhibition halls, great hall, plaza ballroom and terrace room). This equates to about 1 car park per 23m². By comparison, the proposed Sunshine Coast Entertainment, Convention and Exhibition Centre concept currently has 706 car parks servicing a total of 7,062m² (being the hall and auditorium/arena). This equates to about 1 car park per 10m², which is approximately double the allowance at Brisbane Convention and Exhibition Centre.

The delivery of 1,500 car parks within the site would equate to a two level car park across the entire site area, and it was considered that this number of car parks was excessive given their requirement for periodic use only, and they are unnecessary given the overall goals for the principal activity centre as a whole. It is also considered that 706 car parks can, on a desktop analysis, satisfy the requirements for the Centre. In addition, there will be a significant number of car parks (on street and off street) within a close walking distance of the Centre.

However, the determination of final demand for the Centre has not yet been carried out by a traffic and transport planner with consideration of the size and frequency of events, comparisons with other similar centres (for example, Mackay, Cairns and the Gold Coast) and consideration of other local factors like the potential for the shared use of facilities, coincidence of peak demands and proximity of alternate travel modes such as walking and public transport.

After completion of the appropriate analysis, should there be a requirement for additional car parks then the project team considers the following will assist in achieving the requisite numbers, without requiring additional car parks to be constructed on site. As mentioned earlier, there will be a significant number of car parks (on street and off street) within a close walking distance of the Centre to adequately manage peak demands during entertainment events and public exhibitions. The proximity to the future parking station in the Maroochy Structure Plan is ideal for this site and could provide for some of the overflow demand. The timing of the development with respect to other adjoining or associated development (such as retail and hotels) will also be critical.

Ground Levels

The consultant team proceeded on the basis of Council's advice that Council has established that the existing Q100 level is 2.4m AHD, and the minimum habitable floor level is 2.8m AHD. Under a 2100 Climate Change Scenario, adding 820 mm sea level rise (as per the draft Maroochydoore Principal Activity Centre Structure Plan) generates a 2100 Climate Change 100 year ARI flood level of 2.92 m AHD.

Subject to bulk earthworks across the entire structure plan area, diversion of flow paths, flood storage and conveyance, this base flood level may increase. These levels need to be confirmed prior to detailed design (and prior to resolution of the bulk earthworks for the site).

The current ground level at the Centre and Precinct ranges from 3m to 5m AHD. At an average of approx 4m, the proposed development is above the habitable floor level, even before we consider only a partial underground basement carpark. If the carpark were 50/50 in/above ground for example, the Centre ground level would be approx. RL 5.5.

However, greater certainty is required in relation to the current ground levels (via survey), together with the required completed ground levels of the Centre before the design competition is undertaken.

5 Cost Estimate

The most recent cost estimate for the development of the Sunshine Coast Entertainment, Convention and Exhibition Centre is **\$256.4M**.

Given the recommended approach to develop the Centre as part of a broader civic, community and cultural precinct, it is essential that the surrounding civic plaza, landscaped areas and parklands be developed at the same time as the Centre. The cost estimate for these additional works is **\$71.4M**. This brings the total cost estimate for the Centre and surrounding areas to **\$327.8M** (excluding the additional buildings in the Precinct that do not comprise the Entertainment, Convention and Exhibition Centre).

This estimate was prepared by Rider Levett Bucknall (RLB) in August 2011 and consists of the following cost breakdown:

➤ Centre foundations	\$11.9M
➤ Basement car park	\$31.1M
➤ Structure	\$106.9M
➤ Fitout	\$51.7M
➤ Building services	\$54.8M
Total Centre cost	\$256.4M
➤ External precinct works	\$71.4M
Total Centre and Precinct	\$327.8M

These costs include provisions for:

- 6 star green star
- Design contingency (10%)
- Public artwork
- Builders preliminaries and margins
- Fixtures, furniture and equipment, including audio visual
- Professional design and management fees
- Statutory fees and infrastructure charges
- Centre commissioning and marketing costs
- Overall project contingency (10%)

However, the cost estimate is in current (2011) dollars and has not been escalated for any future projected construction date to reflect any possible construction cost increases.

Ranbury initially commissioned DCWC (in late 2010) to prepare a cost estimate for construction of an entertainment, convention and exhibition centre based on a hand drawn concept plan prepared by Cox Rayner architects. That original cost estimate (of \$154.6M) was prepared in January 2011 was included as Appendix K of Ranbury's Stage 1 Lead Report.

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DCWC then prepared a revised cost estimate (of \$299.3M) in May 2011. That estimate included the civic parkland and plaza costs (and other items cited below).

Given the significant variation between these two cost estimates (albeit there had been a major change in the scope of the project), Ranbury decided to seek an independent assessment of the development cost from Rider Levett Bucknall (RLB) to ensure Council had a prudent basis for defining a project budget.

RLB also have significant experience in this field and are currently providing cost planning services for the Brisbane Exhibition and Convention centre upgrade project (and hence have a current benchmark of actual centre construction costs).

The table below summarises the sequence of cost estimate obtained by Ranbury over the course of the planning study for the Centre.

The key reasons for the variation between DCWC's initial \$154.6M estimate and their latter \$299.3M estimate were:

- The initial estimate was based on a hand drawn sketch only, did not include any specifications regarding the standard of services and finishes and was costed as a "regional centre" standard facility (ie. Mackay entertainment centre as a benchmark) whilst the second estimate adopted a higher standard benchmark (ie. Gold Coast and Brisbane Convention and Exhibition Centres); hence their initial \$100M base construction estimate for the building compared to their latter \$140M estimate (see table on the next page) – this added some \$40M to the estimate
- The initial estimate was for the centre building only and did not include additional scope items (that were included in the second estimate) such as the internal FF&E (furniture, fixtures and equipment), infrastructure charges, the civic plaza and surrounding parklands, and promotion/marketing costs – these added some \$70M to the cost
- The initial assessment also underestimated (by comparison with the latter estimates) the Ecologically Sustainable Development, planning/project contingencies and professional fees – these added some \$35M to the cost

The key reasons for the variation between RLB's overall \$327.8M estimate and DCWC's \$299.3M estimate are:

- The concept design was amended between the two estimates, reducing the extent of retaining walls needed for the plaza and parklands - RLB's estimate for these areas is some \$20M lower than DCWC
- RLB have included more conservative (ie. higher) allowances for builders preliminaries and profits, Ecologically Sustainable Development items, professional fees, public art and infrastructure charges – RLB's estimates for these issues is some \$50M higher than DCWC

RLB also prepare a general cost estimate for the construction of the six civic, community and cultural buildings that are proposed to surround the plaza, and derived a budget of **\$172.2M** for these buildings prior to including the specialist fit-outs that would be required for such libraries, galleries, office space etc. The cost of \$172.2M is in addition to the cost of delivering the Centre and Precinct (\$327.8M).

Table 2 provides a comparative explanation of the three cost estimates obtained during the course of the project.

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Table 2 Comparison and Explanation of Cost Estimates for Sunshine Coast Entertainment, Convention and Exhibition Centre

Cost item	DCWC broad estimate Jan 2011	DCWC detailed estimate May 2011	RLB detailed estimate August 2011	Comments
SCECEC:				
Site works and foundations		\$8.8M	\$5.5M	
Basement car park		\$11.5M	\$14.3M	Overall site works, foundations and car park cost very similar – DCWC at \$20.3M and RLB at \$19.8M
Structure		\$23.8M	\$25.7M	Similar assessment
Roof		\$5.5M	\$23.5M	DCWC estimate reflects lower cost regional centre roof (ie. Mackay Entertainment Centre) whilst RLB estimate reflects current Brisbane Convention and Exhibition Centre extension standard and cost.
Finishes and fittings		\$25.9M	\$23.8M	Similar
Services		\$40.3M	\$25.2M	Key differences are electrical (DCWC \$10.5M compared to RLB \$7.5M) and air-conditioning (DCWC \$13.3M compared to RLB \$8.0M), although all services budgets higher by DCWC
Builders preliminaries and profit		\$25.9M	\$49.6M	RLB assumed 24.5% from a higher cost base than DCWC (who assumed 18%)
Total base Centre construction cost	\$100.1M	\$139.5M	\$167.5M	
Civic plaza construction cost - paving, landscaping and public furniture	-	\$53.2M	\$32.8M	DCWC estimate includes significant water edge structure (\$12.3M) no longer required as amended concept plan relocated the SCECEC further from the creek to allow sloped embankment. DCWC hard shelters also far more expensive than RLB.
Total base construction	\$100.1M	\$192.7M	\$200.3M	

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Cost item	DCWC broad estimate Jan 2011	DCWC detailed estimate May 2011	RLB detailed estimate August 2011	Comments
works				
6 star green star provisions	\$8.8M	\$12.9M	\$15.1M	RLB provision is more conservative (ie. higher cost)
Planning and design contingencies	\$10.0M	\$19.5M	\$25.7M	As above
FF&E and audio visual equipment	-	\$9.9M	\$9.0M	Similar
Public art	\$0.5M	\$0.5M	\$1.9M	RLB provision is more conservative (ie. higher cost)
Professional fees	\$14.3M	\$30.8M	\$35.3M	Similar %s applied, just that RLB is from a higher base cost
Infrastructure and statutory fees and charges	\$1.2M	\$3.4M	\$6.0M	RLB estimate includes full infrastructure charges under Queensland Government draft infrastructure charges reform guidelines
Promotion, marketing and launch costs	\$1.8M	\$4.5M	\$4.6M	Similar
Project contingency	\$17.8M	\$23.3M	\$29.8M	RLB applies same % but off a higher cost base
Total project cost:	\$154.6M	\$299.3M	\$327.8M	This budget includes all development costs except for land acquisition and financing (interest)

6 Economic Impact

Based on the Concept Design and revised cost estimate, the consultant team prepared a revised Economic Impact Assessment²², the results of which are summarised below.

6.1 Economic Impact of Construction Activities

Construction activities associated with the development of the Entertainment, Convention and Exhibition Centre is estimated to provide:

- Approximately \$493.9 million in output, comprised of \$257.0 million directly and \$236.9 million through flow-on activity;
- Approximately \$181.1 million in value added activity, comprised of \$80.4 million directly and \$100.7 million through flow-on activity;
- Approximately \$99.9 million in wages and salaries, comprised of \$42.7 million directly and \$57.1 million through flow-on activity; and
- Approximately 1,889 full time equivalent employment positions, comprised of 913 full time equivalent employment positions directly and 976 full time equivalent employment positions through flow-on activity.

6.2 Economic Impact of Operational Activity

Operation of the Entertainment, Convention and Exhibition Centre is estimated to generate annually:

- Approximately \$53.3 million in output, comprised of \$33.8 million directly and \$19.5 million through flow-on activity;
- Approximately \$22.4 million in value added activity, comprised of \$13.8 million directly and \$8.5 million through flow-on activity;
- Approximately \$12.9 million in wages and salaries, comprised of \$8.2 million directly and \$4.7 million through flow-on activity; and
- Approximately 307 full time equivalent employment positions, comprised of 230 full time equivalent employment positions directly and 77 full time equivalent employment positions through flow-on activity.

It is important to note that these economic impacts reflect the development and operation of the Sunshine Coast Entertainment, Convention and Exhibition Centre only, and do not include the impacts of the associated civic, community and cultural plaza, buildings and other facilities in the precinct. These impacts can only be validly assessed once the exact scope and nature of the facilities has been determined through research and community engagement.

²² Refer AECgroup Entertainment, Convention and Exhibition Centre Economic Impact Assessment Addendum September 2011

7 Cost Benefit Analysis

7.1 Purpose of Cost Benefit Analysis

The consultant team carried out a cost benefit analysis based on the concept design and detailed cost estimate (23). Key assumptions behind the development of the Cost Benefit Analysis model include:

- The economic planning period applied is 30 years, in consideration of the impact of discounting on values beyond this time scale
- It is assumed the project has no impact on other proposed and potential projects and developments elsewhere in Queensland over the 30 year planning period (however, the cannibalisation of existing facilities is considered)
- All values are expressed in 2011 dollars

The purpose of the Cost Benefit Analysis is to assess the potential economic and social impacts and implications of developing an Entertainment, Convention and Exhibition Centre in the Sunshine Coast region and to assist in determining whether the facility constitutes an appropriate investment (or otherwise) for Council in consideration of the range of socio-economic benefits and costs of the facility to the region.

When identifying relevant impacts for assessment, a Cost Benefit Analysis expands upon a typical project feasibility by examining not only the costs and revenues of the facility (although these impacts are considered), but also the broader economic and social impacts resulting from the facility. This is done to make a determination as to whether the development of the Sunshine Coast Entertainment, Convention and Exhibition Centre will be deemed as being desirable (or otherwise).

A socio-economic Cost Benefit Analysis treats the capital injection (for constructing the facility) as a cost, but differs from project feasibility in that this cost also represents an equal yet opposite revenue stream (or benefit) to the construction companies engaged to develop the facility. This revenue stream of construction companies is partially offset by the costs these companies incur in terms of goods and services, as well as labour used during construction (which itself provides a social benefit in terms of wages and salaries of employees). It is important to recognise that this transfer of activity between parties does not constitute double counting, but rather is a process of “netting off” costs and benefits to provide the **true net benefit/ cost** of undertaking a project.

The Net Present Value is the primary decision criteria for the Cost Benefit Analysis, which is supported by a Benefit Cost Ratio. The Net Present Value of a project expresses the difference between the present value of future benefits and present value of future costs; that is:

$$\text{Net Present Value} = \text{Present Value of Benefits} - \text{Present Value of Costs}.$$

The Benefit Cost Ratio of a project is calculated by dividing the present value of benefits by the present value of costs; that is:

$$\text{Benefit Cost Ratio} = \text{Net Present Value} \div \text{Present Value of Costs}$$

²³ Refer AECgroup Entertainment, Convention and Exhibition Centre Cost Benefit Analysis 2011

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7.2 Results

The present value of total costs is estimated to be approximately \$699.6 million at a discount rate of 7.0%. Construction capital expenditure (\$248.6 million) and construction and professional services expenditure on goods and services (\$212.2 million) are estimated to be the largest costs at a discount rate of 7.0%.

The present value of total benefits is estimated to be approximately \$732.9 million at a discount rate of 7.0%. Revenues of construction and professional service firms, and government revenues (\$248.6 million), utility of patrons (\$108.7 million) and business revenue through new visitor spend (\$87.1 million) are estimated to be the largest benefits at a discount rate of 7.0%.

Assuming a discount rate of 7.0%, the Net Present Value of the proposed Sunshine Coast Entertainment, Convention and Exhibition Centre to Queensland is estimated to be \$33.3 million, with **a benefit to cost ratio of 1.05**, which implies a return in present value terms of approximately \$1.05 for every dollar cost. The Net Present Value of the proposed new facility (at a 7.0% discount rate) is comprised of:

- A present value of benefits of \$732.9 million
- A present value of costs of \$699.6 million

The Cost Benefit Analysis identifies that **the development of the Preferred Option of the Sunshine Coast Entertainment, Convention and Exhibition Centre would be desirable with the benefits outweighing the costs** at a discount rate of 7%.

Table 3 Cost Benefit Analysis Summary Table

Measure	Present Value (\$Million) – Discount Rate		
	4.5%	7.0%	9.5%
Present Value of Costs	\$784.4	\$699.6	\$641.4
Present Value of Benefits	\$892.5	\$732.9	\$627.4
Net Present Value	\$108.1	\$33.3	-\$14.1
Benefit Cost Ratio	1.14	1.05	0.98

8 Market Sounding

Following completion of Stage 1 of the Project, the consultant team contacted a selection of event promoters and other potential hirers to reconfirm the level of support for the venue concept presented to date for the Sunshine Coast Entertainment, Convention and Exhibition Centre.

All organisations consulted were supportive of the project in the current proposed format and provided in principle endorsement. The discussions held with these organisations confirmed that the venue concept is appropriate.

8.1 Location

When indicating that the venue is proposed for the Sunshine Coast region, several organisations (unprompted) advised that the proposed Maroochydore city heart would be the ideal location. This consideration is driven in part by the proximity to the Regional Airport and its centrality in the Sunshine Coast region.

The venue location was considered to be a significant enough distance from Brisbane that it would be viable (for most entertainment events) to tour to the Sunshine Coast without jeopardising either audience base. This is a key indicator that the Sunshine Coast venue will increase (rather than redistribute) attendance or participation in larger capacity performances and events across Queensland.

8.2 Size/ Capacity

The variable capacity (1,500 – 4,500) makes the venue attractive to a wide range of promoters. The venue provides a viable alternative for events that will attract a similar number of attendees as other regional performing arts centres but need the specific auditorium/stage configuration or the ability to increase capacity as dictated by ticket sales.

While break even points and profit margins are different for each event, the maximum capacity of 4,500 was perceived as sufficient to make tours financially viable and matches the expectations of promoters who tour to other regional cities of comparable size. This scale of venue will enable event promoters to stage a sequence of shows along coastal regional Queensland in a similar sized venue (for example, Cairns, Maroochydore and Gold Coast).

8.3 Design

The organisations consulted are particularly supportive of the design work being based on the Gold Coast Convention Centre model. The feedback received indicated that this venue is highly functional and suits the majority of events. Promoters also referred to the Cairns Convention Centre model as an aesthetically pleasing venue.

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Several organisations placed particular emphasis on the importance of loading facilities and patron traffic flow inside the venue.

The consultants note that ongoing consultation with major promoters would be highly beneficial as designs progress - several indicated that the lack of a feedback mechanism in the design of other venues in Australia resulted in design flaws that could have been easily addressed had potential users been more actively involved in the design process.

8.4 Supporting Services / Infrastructure Required

As anticipated, feedback was received that highlighted the need for great supporting infrastructure (particularly in Maroochydore) if large scale events were to tour to the Sunshine Coast region. The needs include a higher volume of 4-5 star rated accommodation and regional marketing support.

Industry stakeholders also cited that marketing support and ticketing services should be undertaken through recognised networks (e.g. Ticketek/Ticketmaster etc) rather than "in-house" systems.

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9 Public Interest

Following the completion of the Stage 1 Report for the Sunshine Coast Entertainment, Convention and Exhibition Centre in January 2011, Ranbury was requested by Council to undertake targeted stakeholder and community engagement on the key conclusions in the Stage 1 Report, in particular the preferred facility scope recommended by that report.

In the context of Council's negotiation to purchase of the Horton Park Golf Course, it was concluded that the engagement should be targeted at key stakeholders until such time as Council had concluded a legal agreement with the Golf Club for the acquisition of the site. At the date of this report, the negotiations to acquire the Horton Park Golf Course have not been concluded.

9.1 Stakeholders

Key industry bodies interviewed were:

- Sunshine Coast Regional Tourism Advisory Group
- Creative Communities Reference Group
- Sunshine Coast Business Council
- Maroochydore Chamber of Commerce
- Urban Design Advisory Panel
- Mackay Regional Council
- Alan Colegrave (former General Manager Gladstone Entertainment Centre, former Operations Manager Cairns Convention Centre).

9.2 Key Stakeholder Conclusions

Key conclusions from the engagement carried out include:

- Overwhelming support for the recommended model of integrating the Entertainment, Convention and Exhibition Centre with civic, community uses to create a unique Sunshine Coast centre.
- The Entertainment, Convention and Exhibition Centre is seen as part of the critical mass needed to get the Maroochydore Principal Activity Centre off the ground – it is considered to be a fundamental building block for the region.
- The business community needs an internationally known business hotel (ie. Sheraton, Hilton etc) on the Sunshine Coast to accommodate visiting executives. The convention business is only one aspect of a business hotel usage, and the hotel concept should not be deferred until the convention business case improves over time, but that is should be pursued now in the context of existing general business needs.
- The critical link between the development of the Entertainment, Convention and Exhibition Centre with the upgrade of the Sunshine Coast Airport to international standard was noted. There were suggestions that Council could commence discussions with the Queensland

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Government, Virgin Blue and The Australian Government to explore opportunities for a redeveloped Maroochydore Airport to be considered as an international arrival/departure portal and not just for Trans-Tasman aviation traffic.

9.3 Media and Community Opinion

Upon completion of the Stage 1 Report, Council issued a press release summarising the key conclusions regarding the preferred facility scope, the then estimated economic and social benefits and the way forward for the project. This resulted in the Sunshine Coast Daily publishing an article on 3 March 2011 (*“Massive Centre tipped for CBD”*).

Of note, an online survey was also hosted at the same time as article publication. The community was surveyed on the following questions:

- What do you think of the Centre idea?
- Do you believe the Centre will actually be built?

An overwhelming **64% of survey respondents were supportive** of the concept.

However, it was also clear from the community comments posted on the article that the community has little confidence in the Centre actually being delivered (presumably due to funding).

9.4 Recommended Action

At the date of this report, the negotiations to acquire the Horton Park Golf Course have not been concluded and extensive community engagement on the proposed Centre and Precinct has not been undertaken. Both the Queensland and Australian Government will want evidence of community engagement on the Centre, its potential use and its design before it will approve any funding application.

The consultant team considers that there are four key opportunities for community engagement on the proposed facility:

- Engagement with the community about the project generally
- Engagement with the community specifically in relation to the proposed uses to be located around the Centre and within the Precinct to provide the activation and civic focus to the precinct as a year round destination
- Engagement with the community about the design competition submissions to gauge community reaction to the proposed design for the Centre and Precinct – this engagement could consist of public exhibition of the second stage submissions (from shortlisted competitors) prior to competition award to ensure that community feedback and sensitivity is taken into consideration in the judging and award process
- Engagement with the development industry to “market test” the consultant team’s conclusions about the viability of obtaining developer contributions towards the Centre through either an adjoining hotel or the overall Principal Activity Centre development program (see further below)

The Implementation Strategy recommends community engagement be carried out in these three phases at key milestones, prior to applications for government funding.

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The project's Engagement Strategy will be critical to the project, and the public should be initially engaged through a consultation process focussing on what the project would deliver to the region and city centre rather than on the architecture of the building.

The initial engagement should be generated around what the facility and precinct can be, inspire and contribute to within the region. The use of "realistic" imagery and rendering, risks the early galvanising of public views based on the building's architectural expression and appearance – which had yet to be established - rather than on what the project could contribute to the community.

Engagement within the context of the design competition should provide the community with a forum to comment without galvanising public opinion on any one particular design.

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10 Timeframe for Delivery

10.1 Demand

Subject to land acquisition, funding confirmation and further business and community consultation being carried out, there is current demand to justify proceeding with the Entertainment, Convention and Exhibition Centre in the immediate future.²⁴

Based on the resident population and business tourism within the Gold Coast and Mackay regions at the time that their convention centres were developed, a benchmark of approximately 200,000 residents and 750,000 business visitor nights are required to support a large regional facility. Cross referencing the projected number of visitors to the Sunshine Coast Entertainment, Convention and Exhibition Centre, it is estimated that approximately two thirds of visitors will be local residents with the remaining third comprising leisure and business tourists. Demand for entertainment and exhibition events will be largely driven by the resident population while demand for conference would be primarily driven by business tourism. Business tourism numbers are under what they could be for a region such as the Sunshine Coast as there is no regional scale facility to cater for demand from outside the regional catchment. Where such a facility is provided, it is expected it would compete with and draw participation from conferences and event facilities from outside the catchment (for example, elsewhere in Queensland and New South Wales).

Based on these benchmarks, **there is current demand to justify the development of the Centre on the Sunshine Coast.** This is primarily due to the large catchment population for the Sunshine Coast Entertainment and Exhibition Centre. The Centre addresses an existing market gap for larger scale entertainment and business facilities, which service the regional population and drive business tourism to the Sunshine Coast. A venue of this magnitude will be placed in a highly competitive market for convention facilities in South East Queensland. However, it faces little to no competition on a local sub-regional level.

10.2 Land Acquisition

As of the time of this report (late October 2011), the status of Council's acquisition of the Horton Park Golf Course²⁵:

- An agreement has been negotiated between the Sunshine Coast Council and the Club's board which was supported by the necessary majority of club's members at a meeting held on 20 September 2011.
- The agreement provides certainty for the club with members being able to play golf on the current site until June 2014. This affords the club the necessary time to develop their new golf course, and provides council with ownership of the land.

²⁴ See Ranbury Management Group Stage 1 Lead Report, Sunshine Coast Entertainment, Convention and Exhibition Centre 24 February 2011 (Version 9)

²⁵ See Sunshine Coast Regional Council Media Release Future of Maroochydore CBD and Horton Park on course 30 August 2011

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- Council's ownership of the land allows it to proceed with the marketing and investment development of the Maroochydore town centre.
- Under the key provisions of the agreement, the Club has been offered:
 - \$42 million in compensation for acquisition of the land for the development and relocation to the new golf course site.
 - Continued occupation of its current site until 30 June 2014.
- A new site for the club has been identified following a rigorous independent selection process. The proposed new site is located on David Low Way, on the corner of Finland Road, and is approximately 119 hectares and will accommodate 18 holes with space available for additional nine holes.

This means that any development of the Horton Park Golf Course, let alone the Centre and Precinct, is unlikely to commence until after 2015.

10.3 Centre and Precinct



Figure 7

Figure 7 illustrates the extent of the proposed Civic and Cultural Precinct. In essence, the project comprises:

- The Entertainment, Convention and Exhibition Centre (orange building)
- Civic Plaza and civic space (Areas A and B)
- Centre Concourse (Area C)
- Parkland (Area D)

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- 6 additional buildings around the Centre which are intended to accommodate a wide variety of uses including civic, commercial, retail and community uses (Areas 2 – 7)

It is considered that the development and delivery of the Civic and Cultural Precinct is integral to the successful establishment and operation of the Centre itself.

Delivery of the Centre without the surrounding public plaza, civic space and parkland would result in the Centre presenting an incomplete and isolated appearance to the public, which would seriously compromise its establishment as an attractive and therefore commercially viable Entertainment, Convention and Exhibition facility.

In particular, it is essential that the delivery of the soft and hard landscaping surrounding the centre – being the civic plaza, concourse and parkland occur at the same time as delivery of the Centre.

However (subject to the comments in 10.4 below), whilst buildings 2 and 3 which are immediately adjacent to the Centre should be developed simultaneously with the Centre, it is not necessary for the remaining surrounding buildings (4 – 7) to be. Indeed, they could be developed well after (or even before) the Centre has been completed and is operating. The key proviso for this would be that the land for those buildings be maintained in an attractive condition pending development (for example, grassed and maintained as public open space).

10.4 Hotel

As has been identified previously, although there are existing hotels in the region that can provide amenity for both conferencing facilities and accommodation, the region cannot reach its full potential as a Meetings, Incentives, Conventions and Exhibitions market destination without larger quantities of suitably rated beds/rooms located in the town centre. Preferably, suitable accommodation should be co-located with the Centre itself.

Previous analysis has concluded that a hotel development on its own is unviable under current market conditions, however the addition of 250 residential units has the potential to achieve a positive financial result that would attract a developer.²⁶ An “all-suites” strata hotel project could also be a viable proposition next to the Centre.

It is considered that the development of a suitable hotel near the proposed Entertainment, Convention and Exhibition Centre must occur simultaneously with the Centre development, in order to maximize the marketing and promotion of the Centre in the lead up to, and post, opening of the Centre.

10.5 Surrounding Development

Council anticipates that development on the Horton Park Golf Course site will (upon completion of any re-development) include approximately:

- 220,000 square metres of residential space (2,000 dwellings)
- 150,000 square metres of commercial space
- 65,000 square metres of retail space

²⁶ AECgroup Entertainment, Convention and Exhibition Centre Hotel Feasibility Study August 2011

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It is considered that the development of the Entertainment, Convention and Exhibition Centre with little regard to the timing of the intended surrounding development could seriously compromise the viability of the Centre. Fundamentally, the development of the Maroochydore Principal Activity Centre must be sufficiently progressed that it provides a sound civic, commercial, retail and perhaps residential base for the Centre to thrive.

10.6 Airport Upgrade

It has previously been identified that there is a need to upgrade the Maroochydore airport in the future to accommodate an expanded business tourism market for the convention component of the Centre. Whilst it would be ideal for an airport upgrade to occur prior to or simultaneously with the delivery of the Centre, it could follow afterwards, though it is noted that this would impact on the growth of the convention business until completed.

It would appear that an upgrade is being actively pursued by Council with plans for a new, wider runway along an east-west alignment. It is understood that with approvals and funding, it is hoped construction will start in 2016 so the runway can be operational by 2020. This will open the door to new domestic, trans-Tasman and international destinations. The masterplan also includes aprons, taxiways, another terminal, more car parking facilities and commercial infrastructure to support the projected growth in tourism and the population of the Coast.

However with an anticipated cost of \$500 million, the main challenge for Sunshine Coast Regional Council, which owns and manages the airport, is obtaining of funding for the project at much the same time as it seeks funding for the Centre.

10.7 Public Transport

The Maroochydore Structure Plan provides for the establishment of the dedicated transit corridor and for the transit station and interchange as major elements of a multi-modal public transport system that provides high quality public transport access to the Principal Activity Centre and connects Maroochydore to the Regional Transit System. In particular the Structure Plan provides for a public transport infrastructure network and services comprising the following:

- The dedicated transit corridor
- A transit station and interchange that is centrally located in the Mixed Use Retail Core Area of the Maroochydore Central Precinct
- Regional public transport including a transit interchange on Horton Parade prior to the establishment of the primary central transit station and interchange
- Public transport routes servicing areas internal and external to the Master Planned Area and including provision for local people movers, local buses and feeder services
- Frequent connections of services to other centres in the Sunshine Coast sub-region

However, the status and timing for delivery of these improvements is uncertain. Their delay will adversely affect the attractiveness of, and ease of access to, the Centre. Whilst it is preferable to have greater certainty around the timing of delivery before proceeding with delivery of the Centre, it is not a fundamental flaw if it is not delivered until after the Centre is completed.

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10.8 Car Parking

The Centre concept design includes 706 car parks, which based on the benchmarking against Brisbane Convention and Exhibition Centre appears to be sufficient. However, it is intended that there will be a significant number of car parks (on street and off street) within a close walking distance of the Centre to adequately manage peak demands during entertainment events and public exhibitions. The proximity to the future parking station in the Maroochy Structure Plan is ideal for this site and could provide for some of the overflow demand. The timing of the development with respect to other adjoining or associated development (such as retail and hotels) will also be critical.

An undersupply of car parks could seriously affect the viability of the Centre, in particular as an entertainment or exhibition venue, and therefore, there should be sufficient car parks constructed within a two minute walking distance either prior to, or at the same time as, the Centre.

10.9 Conclusion

Due to the current uncertainty around land acquisition and funding availability, it is impossible to provide a definitive timeframe for the delivery of the Centre. However Table 4 summarizes the key conclusions reached about development milestones that are required to occur for the timing of the Centre delivery to have the best chance at achieving viability upon opening and commencement of operation.

Table 4 Influences for Timing of Entertainment, Convention and Exhibition Centre Development

Prior to Centre Delivery	Simultaneous with the Centre	After Centre Delivery
<ul style="list-style-type: none">Some commercial and retail development in the CBD to provide a definite linkage from Civic and Cultural Precinct to remainder of CBDRoad infrastructureTrunk infrastructure, including water, electricity, sewerage, telecommunicationsPublic Transport	<ul style="list-style-type: none">Hotel (and residential component of hotel development)Civic plaza, parkland and concourseBuildings 2 and 3 as civic facilities (immediately adjacent to Centre)Public TransportCar ParkingAirport Upgrade (ideally)	<ul style="list-style-type: none">Surrounding commercial/civic buildings in Precinct (could be grassed over until sufficient demand)Residential developmentCommercial and Retail Development

11 Funding Options

Based on research, planning, concept design and cost planning undertaken as part of the study, the delivery costs for the combined Centre and Precinct (surrounding cultural and civic spaces and parkland) is anticipated to be in the order of \$327.8 million²⁷. Of that overall cost, some \$256.4 million is for the Centre itself (the remaining \$71.4 million being for the surrounding Precinct).

Revenue generated from events, conferences and exhibitions are generally not sufficient to cover the initial capital, operational and maintenance costs of the Centre. All the major capital city convention and exhibition facilities in Australia are government owned; reflecting the strategic social and economic importance of these facilities to the broader economy.

Facilities of this nature have traditionally been funded by Queensland and Australian governments, and when the Sunshine Coast facility was first mooted it was considered that Government would provide a significant source of capital to fund the development costs of the facility. However, a number of factors mean that it is now considered more problematic than in previous years for the bulk of money to be provided from Queensland or Australian government grants. In particular, a special purpose grant is considered unlikely given the ongoing implications of the global financial crisis and the extraordinary government spending that has been required as a result of the 2011 floods and cyclone in Queensland and flooding in Victoria. Additionally, the campaign for funds for the Sunshine Coast Entertainment Convention and Exhibition Centre would be hotly contested against a number of relevant Queensland projects which would compete for the same funds from Queensland and Australian Governments.

As a consequence, it was considered essential that we explore a combination of community and corporate funding, Council funding, private sector funding and (potentially) alternative funding to provide the capital for the proposed Centre and Precinct. At the very least, both Queensland and Australian governments would require Council to have considered and assessed the potential for all other reasonable funding sources prior to considering any application for funding.

The conclusions of the funding options analysis²⁸ is summarised in Table 5.

Table 5 Likelihood of Funding Source

Source of Funding	Capital Costs	Operating Costs
Community	No	No
Corporate Partnerships	No	Possible
Naming Rights	Unlikely	Unlikely
Queensland Government	Recommended	Recommended
Australian Government	Recommended	No
Council – Sale of Surplus Property/Assets	Recommended for further investigation	No

²⁷ See Rider Levett Bucknall Sunshine Coast Entertainment, Convention and Exhibition Centre Concept Design Preliminary Estimate August 2011

²⁸ Refer Ranbury Management Group Funding Options Analysis September 2011

Source of Funding	Capital Costs	Operating Costs
Council – Tourism Funding Scheme	Not recommended	Not recommended
Casino	Not recommended	Not recommended
Private sector contribution via PPP	Unlikely	No
Private sector contribution via profit sharing arrangement with developers of the Principal Activity Centre	Possible	Recommended
Hotel Development	No	No

Key conclusions reached in Stage 2 are:

- There is very little prospect of securing any significant funding for the Sunshine Coast Entertainment, Convention and Exhibition Centre through community contributions.
- An annual corporate-community partnership arrangement has the potential to produce net \$0.7m - \$1.5m a year for the Centre, and this has been incorporated into the financial projections for Centre operations.
- Whilst naming rights should be pursued by Council it is considered that the political and social consequences of Council endorsing a naming rights partner, together with the lack of quality Australian precedent for like Centre's attaining the naming right revenue, that naming rights revenue should not be included in the forecast budget for the Centre. Council would need to carefully consider its requirements for a naming rights partner (including the qualities of an organisation to be associated with the Centre and Council), before actively pursuing this potential revenue stream.
- In the immediate future, there will be intense competition from other regions for Government funding. Additionally, Council is not in a position to apply for funding due to the status of its land negotiations. In order for government funding to be secured there is a need to seek strong community and political support for the project, something which could potentially be created through an international design competition.
- It is considered that there are surplus Council owned lands which could partially fund the delivery of the new Centre and precinct. It is recommended that Sunshine Coast Regional Council carry out an analysis of all land holdings to identify surplus holdings that may be available for disposal. These land holdings could be used to either:
 - Form part of an incentive package to developers as part of a delivery model for the Sunshine Coast Entertainment, Convention and Exhibition Centre; or
 - Be sold, and the proceeds of sale, used as a Council contribution to fund the Council's development of the Sunshine Coast Entertainment, Convention and Exhibition Centre. A substantial commitment from Council would form a strong basis for opening discussions with the Queensland and Australian Governments for matched funding.
- There is potential for a Council tourism funding scheme to contribute towards to the capital cost or operating cost of the Centre. However, any scheme would need to be transparent and clearly articulate the purpose for which the monies will be used and demonstrate the extent of benefits to those being taxed.

- Whilst, the development of the Maroochydore Principal Activity Centre was assessed as financially attractive and a developer could potentially contribute up to \$50 million over the life of the precinct development, this contribution relies on an assumption that the Council is prepared to gift all of the development sites to a developer in return for only a relatively small contribution compared with the overall cost of the Centre and Precinct. In addition, a developer will be unlikely to provide up front funding or contributions, which conflicts with the project being a catalyst development for the Principal Activity Centre development. Whilst funding from this source may be possible, it would only form part of later contributions out of development proceeds.
- There is no guarantee that a Casino located at the Sunshine Coast will be able to compete against its domestic and international competition, and hence generate excess profit to fund the delivery of the Centre and Precinct. Further, an international airport is essential to its viability as an option to be considered. In addition, a Casino could not be considered without a clear understanding of the social impacts for the region.
- A stand-alone hotel development is unviable within current market conditions and it is almost certain no developer could be found that would undertake such a project at the current time. The addition of 250 residential units has the potential to achieve a positive financial result that would attract a developer. However, this is likely to come at a broader cost to the current design, structure plan and the demand for the other elements of the overall development of the Maroochydore Principal Activity Centre, and the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct.

It is important to understand that the consultant team has not had the opportunity to “market sound” the above conclusions regarding private sector developer funding (ie. Hotel development and whole-of-PAC development) with representatives of the development industry. This engagement would be a useful component of the next phase of work on the project.

12 Government Funding

12.1 Government Funding for Other Centres

Revenue generated from entertainment events, conferences and exhibitions are generally not sufficient to cover upfront capital, operational and maintenance costs. The majority of major city convention and exhibition facilities in Australia are government owned; reflecting the strategic importance of these facilities to the broader economy.

Funding options for the development of such facilities generally include a spectrum of private sector involvement approaches. Developments of comparable centres have utilised a range of public and private funding arrangements. This section of the report considers how existing facilities in Australia were delivered and funded

In the past ten years, there appears to have been over \$1 billion investment in entertainment, convention and exhibition facility infrastructure, not including surrounding precinct developments. Each of these developments has required significant Queensland Government funding, reflecting the broader economic value of such facilities in the local area (refer Table 6).

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Table 6 Funding of Entertainment, Convention and Exhibition Centres in Australia

Centre	Opened	Capital Cost	Owner	Operator	Funding and Procurement	Operating Costs
Gold Coast Convention and Exhibition Centre	2004	Initial \$127m Expansion \$40m	Queensland Government	Tabcorp (Jupiter Limited)	\$127m cost funded by Queensland Government \$40m expansion funded by Queensland Government	Tabcorp (Jupiter Limited)
Brisbane Convention and Exhibition Centre	1995	\$203 million	South Bank Corporation (on behalf of the Queensland Government)	AEG Ogden (Convex)	Funded by Queensland Government	Queensland Government
	2011	\$146 million upgrade			Funded by Queensland Government	
Townsville Entertainment and Exhibition Centre	1993	Unknown	Townsville City Council and Breakwater Island Trust	Tabcorp	Funded by a joint venture under the Townsville Breakwater Entertainment Centre Act 1991 – including Queensland Government (\$7m), Townsville Regional Council (\$14m) and the Breakwater Island Trust (land valued at \$6.5m)	Tabcorp Convention Bureau funding for marketing provided by the Queensland
	1997	\$11.5 million			Queensland Government	
Mackay Convention and Exhibition Centre	2009	\$29 million	Mackay Regional Council	Mackay Regional Council	\$29m funded by Queensland Government \$1m funded by local land owners	Mackay Regional Council Convention Bureau funding for marketing

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Centre	Opened	Capital Cost	Owner	Operator	Funding and Procurement	Operating Costs
						provided by the Queensland Government
Cairns Convention Centre	1997	\$28.5 million (Stage 2)	Queensland Government	Ogden IFC (Cairns) Pty Ltd	Fully funded by Queensland Government	Convention Bureau funding for marketing provided by the Queensland
	2011	\$6.3 million upgrade	Queensland Government			
Gladstone Entertainment Centre	Not known	Not known	Gladstone Regional Council	Gladstone Regional Council	\$30m upgrade to be funded by rates equivalent payment from Gladstone Ports Corporation	Subsidised by council
Adelaide Convention Centre	2001	\$85 million expansion and re-development (originally opened in 1987 as first custom built convention centre in Australia)	Adelaide Convention Centre Corporation (government corporation)	Adelaide Convention Centre Corporation (government corporation)	SA Government funded	Adelaide Convention Centre Corporation (government corporation)
	2011	\$350 million re-development				
Sydney Convention and Exhibition Centre	1988	\$287 million	Sydney Harbour Foreshore Authority and the Darling Harbour Convention and Exhibition Pty Ltd (both NSW	Darling Harbour Convention and Exhibition (DHCE) Pty Ltd – private	Funded by NSW Government	SHFA retains demand risk (NSW Government) DHCE receives a management fee and

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Centre	Opened	Capital Cost	Owner	Operator	Funding and Procurement	Operating Costs
	1999	\$57 million	Government entities)	sector consortium owned by Accor and Compass		a variable payment.
Melbourne Convention and Exhibition Centre	New combined Centre 2008	\$413 million	Victorian Government	Melbourne Convention and Exhibition Trust (government owned trust)	<p>PPP consortium led by Plenary Group, which delivered a \$1.4 billion revitalized riverside precinct incorporating the expanded convention and exhibition centre, a new Hilton Hotel, an office tower, 60,000 m2 of retail and a rejuvenated river promenade.</p> <p>\$367 m – Victorian Government (Victoria received \$93.2 million from the Plenary Group for development rights of the precinct – 99 year lease for commercial and 25 year lease for centre)</p> <p>\$43 m – City of Melbourne (on municipal works around the precinct and marketing of centre)</p> <p>\$750 million commercial precinct was fully financed by Plenary</p>	<p>Plenary Group is responsible for the facilities management including maintenance for 25 years. It receives a quarterly service payment from the State of Victoria to repay debt and to operate and maintain the MCEC.</p> <p>MCET responsible for operating and marketing the Centre.</p>
Perth Convention and Exhibition Centre	2004	\$250M	Perth CEC Pty Ltd (with transfer back to WA Government in 35 years)	Spotless	Fully funded by the private sector through private finance and commercial opportunities and no contribution was required from government. Note: the State	Spotless (full demand risk)

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Centre	Opened	Capital Cost	Owner	Operator	Funding and Procurement	Operating Costs
					<p>Government elected to allocate responsibility for planning and strategic control of the facility to the operator.</p> <p>Funding included a government incentive package and the provision of Crown Land for the development of the PCEC.</p> <p>Perth CEC Pty Ltd was established as the development vehicle with Multiplex constructing the facility, under a project agreement whereby the Government loaned the \$100 million towards construction costs. This lease-own arrangement is to be repaid in 35 years, with the transfer of ownership of the PCEC to the State government over this period. PCEC was complemented with the redevelopment of the surrounding precinct, including a 138-apartment hotel now privately operated by the Medina Group.</p>	
Darwin Convention Centre	2008	\$263 million		AEG Ogden	<p>Developed by Darwin Cove Consortium, a PPP arrangement between the Northern Territory Government, Laing O'Rourke, ABN Amro, Toga and Sitzler Bros. Managed by AEG Ogden</p> <p>Part of \$1.1 billion Darwin Cove</p>	

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Centre	Opened	Capital Cost	Owner	Operator	Funding and Procurement	Operating Costs
					redevelopment with wave park and convention centre majorly financed by PPP, with government costs offset by property sales (\$113 million)	
Sydney Opera House	1973	\$102 million	NSW Government	Sydney Opera House Trust	Funds were largely provided by an “Opera House Lottery”. Since public fund raising campaigns failed to produce sufficient funding, the lottery was created as an alternative source of funds in 1958, before construction had started. The lottery was prolonged as long as construction lasted (1957 – 1973). Tickets were £5 each with a first prize of £100,000	NSW Government

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12.2 Competing Projects

The campaign for government funds for the Sunshine Coast Entertainment, Convention and Exhibition Centre will be hotly contested against a number of relevant Queensland projects which would compete for the same funds from Queensland and Australian Governments:

Cairns Entertainment Precinct



Funding for the \$240 million Cairns Entertainment Precinct is far from concluded.

The Queensland Government committed a \$42.5 million package in the 2010/2011 Budget, including \$2.5 million for the study and a \$40 million donation of the Trinity Inlet land.

The Queensland Government pledged \$40 million in future budgets once the study and design work is completed viably.

The Australian Government has promised \$40 million for the first stage of the project – a performing arts centre. But that is conditional on a number of issues.

The council has said it will fund its share by through the sale of its surplus land and property reserves, and loan borrowings. To date Cairns Regional Council has only committed \$12.7 million towards project design.

Townsville Entertainment and Convention Centre



Townsville City Council is proposing a \$143 million entertainment and convention centre to help lure major conventions away from other Centres. However, there are no Government commitments yet.

Evandale (Gold Coast) Cultural Precinct



The \$284 million Gold Coast Cultural Precinct is currently in feasibility stage. The case for this Precinct could be strengthened should the Gold Coast be successful in its 2018 Commonwealth Games Bid (which will be known in November 2011).

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Ipswich Performing Arts Centre

Ipswich City Council is currently undertaking an extensive Needs Analysis and Feasibility Study into the development of an iconic Ipswich Performing Arts Centre within the City of Ipswich. This project forms part of the Ipswich Regional Centre Strategy.

Gladstone Entertainment Centre

Queensland Government commitment to fund an upgrade of the existing Centre via \$30 million through the Gladstone Port Authority.

In addition, there are a number of Sunshine Coast projects which would also compete for Queensland and Australian government funding, including the Private Hospital, upgrades at Nambour and Caloundra Hospitals and the delivery of a public transport solution for Caboolture to Maroochydore.

12.3 Available Government Funding Sources

Council carried out a review of Government funding sources and concluded that there are no existing Government funding programs (Commonwealth or Queensland) which specifically support construction of entertainment and exhibition centres.

Queensland Government

There is a Queensland funding program, the Regional Infrastructure Grants Program, administered by Arts Queensland, however, this is limited to smaller Infrastructure with an upper limit of dollar for dollar support of \$150,000.

Australian Government

There has been some discussion regarding potential availability of Australian Government funding through Infrastructure Australia's Building Australia Fund.

This perception may have arisen through media relating to Infrastructure Australia's nine identified key challenges for the Nation, inclusive of *challenge 6: Supporting our cities: improving the liveability, sustainability and productivity of Australia's major cities*. However, as the identified National Infrastructure challenges were further researched and refined, seven National Infrastructure priorities emerged. The Supporting our cities challenge (which may have opened a funding door for Entertainment and Exhibition Centres) morphed into National Infrastructure priority number five, being - Transforming our Cities. Transforming our Cities now relates only to: increasing public transport capacity in our cities and making better use of existing transport infrastructure. Further to this, it has been clarified that Infrastructure projects must be of national significance.

Regional Australia Development Fund

Regional Development Australia (Sunshine Coast) is a critical co-advocate in the process of seeking funding/support for the establishment of an Entertainment, Convention and Exhibition Centre on the Sunshine Coast. The Regional Development Australia Fund will fund projects that support the

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infrastructure needs, and will enhance the economic and community development, of Australia's regions. Round Two of the program will open later in 2011.

Regional Development Australia has arrangements in place to access Ministers at various tiers of Government, and Regional Development Australia (Sunshine Coast) has a Regional Roadmap of critical infrastructure needs for the Region, which forms the basis of potential funding support.

The consultant team reviewed the Regional Development Australia Fund Guidelines and note that key requirements for funding are:

- That the project be **“investment ready”** - applicants must demonstrate that all planning, zoning, environmental and/or native title approvals are or will be in place to ensure that construction commences within six months of signing the Funding Agreement;
- That the project must be completed by **30 June 2015**.

In order to obtain Regional Development Australia Funding for the Centre, Council will need to resolve the following issues:

- Control of the land on which the Centre is to be constructed.
- The design of the proposed Centre. Whilst Council will have a precinct concept design brief and illustrations of what the Centre could look like, we do not have a formal schematic design of what the Centre will actually look like.
- Community consultation and support – there has been no community engagement in relation to the Centre and Precinct. In order to approve funding, the Australian Government will want evidence of community engagement on the Centre, its potential use, and its design.
- The extent of, and the conditions of, partnership funding. This element requires that Council would have approached the development industry to gain an understanding of the level of interest and/or contribution to the facility before seeking RDAF funding.
- Planning approvals. RDAF funding requires approvals to be in place (to enable construction to commence within 6 months of the Funding Agreement being signed). Obviously any approvals will be dependent on the final design for the Centre.

12.4 The Way Forward

Advocacy for Government funding support should be directed to the Queensland Government. As any funding support will likely be of the nature of a special grant and not from allocated funding program sources, the advocacy for support/commitment should be directed to the Premier and Treasurer in the first instance. Likely criteria for consideration of funding support include:

- Needs study and community consultation completed
- Finalised scope, design and budget supported by a quantity surveyor's cost estimate
- Finalised business case/cost benefit analysis
- Financial commitment/contribution by Council, business partners and business/general community fundraising pledges
- Critical mass of region ie: population and projected population (this is an infrastructure needs based figure, plus a political consideration)
- Other political considerations

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Council has completed much of this work and to move forward will need to collate it into the Queensland Government's required format and formally submit it to start the funding approval process. It is likely that the Queensland Government will require a specific Business Case for the Centre to be prepared in accordance with the Project Assurance Framework²⁹.

Whilst this Ranbury study responds to the specific questions raised by Council, the formal Business Case documentation will include:

- Project design (as per the design competition outcomes)
- Evidence of community engagement and support for the project
- Evidence of other funding sources – for example, a combination of community and corporate funding, Council funding and private sector funding
- Business case incorporating the scope and outputs of the project
- Project management plan including project timelines, milestones, budget and project costing
- Risk management plan
- Procurement management plan
- Detailed operational business plan for the facility after the project is completed

The project team considers that a public design competition provides Council with the ability to satisfy key elements of the funding submission. The design competition will relate to the Centre precinct which includes the Centre itself, but also the adjoining civic plaza, community and cultural facilities, commercial/retail elements and the strong integration with the surrounding parkland. A design competition provides Council with:

- The ability to generate significant community support for the facility prior to seeking Australian Government funding. This support is generated through not only the high profile design competition itself, but also recommended community engagement on the use of the facility prior to the design competition, together with community engagement on the submitted designs (prior to selection of the winning design). Not only is evidence of community engagement and support a requirement of the funding application, the greater the profile the project attains, then the greater the chance of securing Australian (and Queensland) government funding.
- A design for the Centre (including perspectives and a “fly through” computer animated model). This design can be the basis on which Council seeks public sector funding, and private sector involvement. To ensure that the design is “achievable” the strategy will recommend inclusion of a budget for the design with a requirement that the cost be verified by Council's quantity surveyor (for consistency across all designs). This budget will be set by the work carried out by the consultant team.

12.5 Conclusion

In the immediate future, there will be intense competition from other regions for Government funding to progress the Centre and Precinct. Additionally, Council is not in a position to apply for funding due to the status of its land negotiations. In order for government funding to be secured there is a need to seek strong community and political support for the project, something which could potentially be created through an international design competition.

²⁹ <http://www.treasury.qld.gov.au/office/knowledge/docs/project-assurance-framework-guidelines/index.shtml>

13 Private Sector Participation

The consultant team carried out preliminary analysis³⁰ to investigate the potential for the Sunshine Coast Entertainment, Convention and Exhibition Centre to be delivered as a public-private partnership, and concluded that **a PPP arrangement for the commercial aspects of the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct may actually result in a higher cost of service provision.** In particular, a PPP arrangement for the commercial aspects of the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct is unlikely to generate a sufficient return to become a profitable investment to any private sector investor and Council would be required to provide a subsidy to cover annual operating losses and a return on investment for the private sector operator.

PPPs have been widely adopted in other jurisdictions, in particular in the United Kingdom. Ultimately, these are risk management techniques through which project proponents - Council in the case of the Centre and Precinct - can avoid downside risks (e.g. cost over runs and loss making operations) while maximising the likelihood of upside risks (e.g. cost savings and high quality services). The key benefits (upside risks and avoided downside risks) as identified in reviews of other PPP projects can be summarised as:

- Construction time savings
- Construction cost savings
- Shifting of risks to the private sector
- Reduced lifecycle costs
- Greater public sector focus on outputs and value for money
- Improved service delivery and revenue opportunities

In order to determine potential net benefits from the PPP delivery model for the Centre and Precinct, it is necessary to analyse the level of savings achieved by other PPP arrangements and how these might apply to this project. Unfortunately, despite the significant body of research, because most PPPs involve the establishment of new infrastructure, it is difficult for any analysis to determine precise levels of efficiencies for any industry (given the lack of “pre-PPP” compared to “post-PPP” for any singular project). This is particularly evident when attempting to quantify savings in lifecycle costs and improved revenue opportunities through private sector investment.

While a PPP has the potential to provide cost savings in the provision and operation of certain infrastructure projects, it would appear in this instance that a PPP arrangement for the commercial aspects of the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct may actually result in a higher cost of service provision. The following key points are noted:

- PPPs provide value for money when the provision of better quality infrastructure can significantly reduce operational costs and when infrastructure quality has a great impact on the quality of the service (e.g. transport, water, sewerage), but efficiencies from utilising a PPP delivery model may not be realised in industries where service quality is driven by human capital investment (e.g. community facilities) and demand is potentially unstable or uncertain

³⁰ Refer Ranbury Management Group Implementation Strategy September 2011

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- A PPP is essentially the combination of a design and build contract and management contract (to achieve greater efficiencies through bundling of contracts) and Council may still be able to achieve similar savings without the need for a complex PPP arrangement by applying best practice to tender and contract management for separate capital and operating/maintenance contracts
- Council would have greater control over facility use (and priority of use) without the PPP, particularly for ensuring the provision of unprofitable services to the community and the attraction of shows and events that may not be targeted by a commercial operator with a revenue and profit maximisation focus
- A PPP arrangement for the commercial aspects of the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct is unlikely to generate a sufficient return to become a profitable investment to any private sector investor and Council would be required to provide a subsidy to cover annual operating losses and a return on investment for the private sector operator
- Under a PPP arrangement, even though elements of risk may be shifted to private enterprise, Council will still be ultimately responsible to step in should the private sector enterprise fail
- Council has access to a considerably lower cost of funds from Queensland Treasury Corporation (QTC) than the private sector

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14 Financial Analysis

Having been presented with the outcomes of studies into the viability of the Entertainment, Convention and Exhibition Centre and the analysis of potential funding options, the consultant team carried out the whole of life cashflow modelling to enable Council to understand the net financial impact and the level of financial support needed for the facility to be sustainable.

Based on the analysis carried out by the consultant team³¹ it was concluded that:

- In its current configuration, the Entertainment, Convention and Exhibition Centre would be unable to generate sufficient revenues to recover its annual operating costs – further, the establishment costs of the development are significant and could not be repaid from operating revenues
- Under a scenario where the facility could not recover its operating costs from operating revenues and where the facility was also liable for significant capital repayments, it is likely the business would be almost certain to need to secure ongoing injections of working capital from Council or other sources (most likely the Queensland Government) as per most other similar public venues
- There is the potential to secure capital contributions from the public sector although this is constrained by the current economic climate
- There is the potential to secure private sector funding from the associated developments at the site, but this is subject to market conditions and is unlikely to be provided upfront – ultimately, the private sector contribution is limited by the additional value a developer can find in this site
- Assuming Council could secure the required funds on a commercial basis, either through debt or equity financing, there would be significant implications for the overall Council budget which would require increased rates and charges and or reductions in other services
- Even under a scenario where the entire establishment costs of the facility could be secured from contributors, there would still be a requirement to provide ongoing financial support in order to offset the identified operating losses

The whole-of-life costing model presents and analyses two funding scenarios:

- Centre fully funded by Council. Under this arrangement, Council would be required to borrow up to \$330M and incur interest payments in the order of \$33.8M per annum. This is equivalent to an additional \$246 per annum per residential property in the region.
- Centre funded by contributions by the Australian and Queensland governments and Council (each contributing \$100M), and the remaining \$30M being obtained in some form from the private sector through the various avenues suggested by the consultant team. Under this scenario, Council borrowings would be up to \$100M (unless excess land sales were utilised to partially offset this sum), incurring annual interest of \$10.0M. This is equivalent to an additional \$73 per annum per residential property in the region.

³¹ Refer AECgroup Entertainment, Convention and Exhibition Centre Whole of Life Costing Model September 2011

15 Risk Analysis

In Stage 1, a risk assessment was carried out which identified that the project’s Extreme Risks were concentrated in seven areas:

- Securing the proposed site;
- Understanding the existing site pre-conditions;
- Managing design and cost;
- Designing for adequate parking and access;
- Stakeholder consultation and endorsement;
- Project funding and finance;
- Ongoing financial support for the Centre.

In preparing this Report, we have reviewed the risk assessment. The results are in Table 7 below.

As a result of this review, we have identified that the residual project Extreme Risks are now concentrated in the following three areas:

- Securing the proposed site (although the recent Council-Club agreement provides the basis to resolve this shortly)
- Stakeholder consultation and endorsement
- Project funding and finance

In addition, a number of other risks have been lowered in ranking (for example from Medium to Low, High to Medium).

Table 7 Risk Assessment

Project Stage	Risk ID	Hazard/Threat (Risk Description)	Fault/Failure/Cause (Reference and Notes)	Risk Event / Impacts / Consequences (Impact)	Mitigation Measures	Likelihood (A-E)	Consequence (1-5)	Ranking
SITE	S1	Site Suitability	Insufficient investigation undertaken to ensure site suitability (adjoining land uses, existing site conditions)	Project time and cost impacts. Final design compromised to adapt to unknown site conditions. Site deemed unsuitable.	Undertake detailed site analysis / due diligence.	B	5	H

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	S2	Site Flexibility	Selection of site only capable of sustaining initial development (not allowing for future expansion due to increased demand)	Site under-utilised and restrictions impact on commercial viability and operations.	Undertake detailed site analysis / due diligence. Road network altered to accommodate larger site.	B	4	H
	S4	Site Availability	Tenure / access to the selected site which is not presently owned by Council.	Project delayed. Alternative site required.	Secure access prior to project proceeding.	C	5	E
	S5	Statutory Approvals	Conditions of development approval impact on site suitability.	Project delayed to negotiate conditions.	Liaise with statutory authorities.	B	2	L
	S6	Statutory Approvals	Objections to the site development submitted during assessment process.	Project delayed to negotiate resolutions. Possible redesign. Possible legal actions.	Liaise with statutory authorities.	B	2	L
GOVERNANCE	G1	Personnel	Unexpected or unplanned changes in personnel.	Disruption to project as staff leave and/or redeploy; loss of accumulated project knowledge during critical phases and could disrupt project delivery.	Implement project information guidelines to retain knowledge.	B	2	L
	G2	Organisational Structure	Roles, responsibilities, accountabilities not clear.	Decision-makers and team members confused about their obligations. Gaps and duplications in decision- making.	Establish formal team structure; clarify decision-makers' roles, responsibilities and accountabilities in corporate governance 'guidelines'.	B	2	L

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FACILITY DESIGN	G3	Systems and Processes	Inadequate project strategy, structure or control.	Poor format interaction between the various players leading to inefficiencies in the system,	Establish clear line of formal communication, especially around policy issues as a key part of the communications strategy.	B	3	M
	G4	Better Regions Funding	Council does not comply with funding agreement.	Funding is withheld or withdrawn by Better Regions.	Adopt clear project development management strategy to ensure adequate resourcing and to ensure programme and milestones are achieved.	A	2	L
	D1	Facility Design	Inadequate research leads to inappropriate facility design which is not fit for the proposed operation / function.	Significant redesign. Time and Cost.	Provide with researched and validated specifications and design solutions.	A	4	H
	D2	Facility Design	Poor decision delivers a facility incapable of functioning at anticipated cost.	Increase in recurrent costs possible long-term inadequacy / failure of facility.	Provide well-researched and validated specifications and design solutions. Ensure all consultants are briefed sufficiently and have adequate scope in their engagement to allow for coverage of issues that may affect the design process. Project briefing should come from one source and use all available information to ensure a complete briefing.	A	4	H

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D3	Facility Design Response	Scope of facility does not meet community / customer expectations.	Poor community / customer engagement and usage.	Provide well-researched and validated specifications and design solutions.	B	4	H
D4	Environmental Credentials	Building does not meet committed environmental ratings (e.g. green star)	Possible redesign, additional project time and expense.	Engage specialist architect / designer at commencement of design process	B	3	H
D5	Facility Design and Community Context	Facility design is not consistent of aligned with Sunshine Coast population forecasts and demographic characteristics.	Impact on commercial viability of facility and community acceptance.	Incorporate demographic / population data into design brief. Engage community in preparation of the design brief through a continual stakeholder consultation programme.	B	4	H
D6	Facility Design and Costs Planning	Design briefs do not acknowledge agreed cost plans and budgets	Impact on commercial viability of facility and project programme	Introduce early intervention procedures. Cost planning to be essential part of design briefing and scoping stage.	B	5	H
D7	Facility Parking and Access	Design concept does not allow for adequate parking and access facilities	Impact of customer experience and commercial viability of facility. Impacts on surrounding land uses and activities.	Introduce early intervention procedures. Traffic and access planning (including appropriate design horizons) to be essential part of design briefing and scoping stage.	B	5	H

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STAKEHOLDER ACCEPTANCE	A1	Political	The proposed facility design is not accepted and endorsed by Council.	Possible redesign, additional project time and expense.	Implement a continual stakeholder consultation programme during design process. Obtain formal signoff from stakeholders for design before construction commencement.	B	5	H
	A2	Customers	The proposed facility design is not accepted by targeted business customers.	Impact on commercial viability of facility. Possible refurbishment. Additional project time and expense.	Provide well-researched and validated specifications and design solutions.	B	4	H
	A3	Business	The proposed facility design is not accepted and endorsed by regional business community.	Business community rejects the facility, forecast revenue reduces.	Provide well-researched and validated specifications and design solutions.	B	4	H
	A4	Project Financiers / Sponsors	The proposed facility design is not accepted and endorsed by funding and sponsor groups.	Financiers reject the facility design and operating model and business case.	Provide well-researched and validated specifications and design solutions.	C	5	E
	A5	Consultation	The Council does not engage in meaningful consultation with the community regarding the proposed Centre.	Community input into design and planning is not addressed, community support does not develop, and the community objects to the proposal.	Develop an appropriate community consultation programme as part of the project design and scoping stage.	C	4	H

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	A6	Media	The project is put at risk due to negative media reports.	The proposed facility design is presented poorly by the media, Council reputation suffers, project develops 'stigma'	Implement a comprehensive media engagement strategy for the duration of the project.	C	4	H
COMMUNITY	C1	Community Need	The facility is not considered a priority by the community and Council.	Community opposes further expenditure on the Facility (i.e. prefers expenditure on Hospital or other infrastructure)	Undertake appropriate community demand and cost / benefit research. Implement appropriate community consultation strategy.	C	4	H
	C2	Community Benefit	The facility will not benefit or address a large proportion of the community.	Community rejects the facility, forecast revenue reduces.	Undertake appropriate community demand and cost / benefit research.	B	4	H
	C3	Demographic Change	Demographic / socio-economic change affects demand for the facility and services.	Revenue below projections.	Review likely competition for service and barriers to entry.	B	4	H
ENVIRONMENT	EN1	Hydrology	Filling land below RL 5	Impact on hydrology and adjoining properties	Complete reports by expert consultants	D	2	M
	EN2	ASS	Development disturbs Acid Sulphate soils	Significant expense incurred to treat affected site.	Complete reports by expert consultants	C	2	M

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	EN3	Ground Conditions	Unanticipated adverse ground conditions are discovered which cause construction costs to increase and / or cause construction delays	Additional construction time and cost	Complete proper due diligence and engage expert consultants	C	3	M
ECONOMIC	EC1	Competition	Alternative suppliers of similar service / facility compete for market share	Revenue below projections due to reduced prices and / or from a reduction in overall demand, because of increased competition.	Review likely competition for service and barriers to entry. Thorough analysis of competitor facilities, services and rates.	B	4	H
	EC2	Competition	The existing competition is changed / re-priced so as to increase competition for the facility.	Negative patronage and revenue consequences.	Review likely competition for service and barriers to entry.	B	3	M
	EC3	Asset Value	The asset does not have the value originally estimated by Council.	Impacts on Council financial performance and ratings.	Capital costs incurred to upgrade the asset to the agreed value and useful life.	B	4	H
FINANCIAL	F1	Funding	Financing unavailable.	No funding to progress or complete construction.	Financial commitments to be fully documented and with minimal and readily achievable conditions. Seek funding from multiple sources.	C	4	H

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CONSTRUCTION AND COMMISSIONING	F2	Funding	Financial demands on project sponsors exceed their financial capacity	Cessation of service to Council. Inability to meet all project costs.	Ensure adequacy of finances under loan facilities or sponsor commitments supported by performance guarantees; also through the use of non financial evaluation criteria and due diligence on private parties (and their sponsors)	B	4	H
	F3	Finance	Finances can be restructured materially reduce the projects finance costs at completion or other stage in project development.	Beneficial change in the financing cost structure of the project.	n/a	B	-1	L+
	F4	Ongoing Finance	The proposed facility is not properly assessed for commercial viability over appropriate time span and using accurate assumptions and data	Council is unable to adequately fund and operate the completed facility, significant financial losses incurred.	Project to be thoroughly assessed using accurate and current base data and testing multiple whole of life feasibility scenarios.	B	3	M
	P1	Programme	Overruns in project programme due to inadequate planning and forecasting	Project time and cost impacts.	Regular review of project programme. Introduce early intervention procedures.	B	4	H

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P2	Cost Control	Inadequate cost control on project due to prices escalation, errors and failure to meet cost targets.	Project time and cost impacts. Inability to complete project. Increased funding commitment required from Council.	Allow adequate project contingency. Introduce early intervention procedures.	B	4	H
P3	Cost Estimates	Cost errors in project estimations due to changes in materials / prices	Project cost impacts.	Allow adequate project contingency. Introduce early intervention procedures.	C	4	H
P4	Pricing Errors / Changes	Inflation.	Project time and cost impacts. Inability to complete project. Increased funding commitment required from Council.	Allow adequate project contingency.	C	3	M
P5	Contractual	Client and Consultant or Contractor disputes	Using inappropriate contract to procure the building. Project time and cost impacts.	Obtain legal advice on appropriate contract to suit client needs.	C	2	M
P6	Construction	Events occur during construction which prevent the facility being delivered on time and on cost	Project time and cost impacts. Inadequate funding available to cover additional time and cost impacts.	Enter into contracts' to pass the risk to a builder with the experience and resources to deliver the facility within agreed contractual arrangements.	C	3	M
P6	Archaeology Discovered	Inadequate investigations into presence of archaeological features on site.	Project delays and / or significant redesign and / or relocation. Time and cost impacts.	Confirm site's archaeological history with authorities / agencies.	B	3	M

	P7	Discovery of Contaminated Ground Water	Inadequate preliminary investigations or error in scope realized during operational ground water monitoring programme	Need for significant redesign and/or relocation, Time and cost impacts.	Undertake detailed water quality testing and implement remediation if required.	B	3	M
	P8	Discovery of Contaminated Soil	Inadequate preliminary investigations or error in scope realized during operational soil testing programme	Need for significant redesign and/or relocation, Time and cost impacts.	Undertake detailed geographical and soil quality and implement remediation if required.	B	3	M
	P9	Exceptionally adverse weather conditions (e.g. Flooding)	Construction risk mitigation strategy does not recognize site susceptibilities and does not allow for weather conditions.	Time and cost impacts due to non-working time and damage.	Develop operational plan to manage likely weather conditions.	C	3	M
	P10	Extreme climatic events (e.g. storm surge, cyclone)	No fault.	Time and cost impacts due to non-working time. Damage repair.	Develop emergency plan to manage extreme climatic event.	C	4	M
OPERATIONS	O1	Operating Costs	Operating costs are more than expected.	Cost increases and in some cases adverse effect on quality of service. Possible impact on Council financial commitment.	Manage through long term contracts where quality/quantity can be assured, and address in facility design.	C	3	M

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O2	Maintenance and Refurbishment	Design and / or construction quality is inadequate resulting in higher than anticipated maintenance and refurbishment costs.	Cost increases and adverse effect on facility performance, and corresponding adverse effect on Council reputation.	Manage through long term subcontracts with suitably qualified and resources sub-contractors. Possible recourse against designer/builder.	B	3	M
O3	Obsolescence	Facility not keeping pace, from a technological perspective, with competition and / or public expectations and refurbishment costs.	Revenue may fall below projections either via loss of demand (user pays model) and/or operating costs increasing.	Arrange contingency/reserve fund to meet upgrade costs; also monitoring obligations in the contract and work on detailed, well researched output specifications and design solutions.	B	3	M

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16 Where to from here?

16.1 Introduction

Given the consultant team's conclusion that a PPP is not an appropriate delivery model for the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct, it is clear that the delivery of the centre will be predominantly reliant on government funding – a mix of Council and the Queensland and Australian governments.

There are a number of risks to Council securing the necessary funding commitment from the Queensland and Australian governments for the delivery of the Centre and Precinct:

- Site ownership and control (although the recent Council/Club agreement reached may resolve this shortly)
- Public (community) support for the Centre and Precinct
- Supporting documentation for funding applications

This Implementation Strategy outlines the key actions considered necessary to resolve these risks and enable funding to be secured, and hence the project to proceed.

The procurement strategy moving forward should be aimed at delivering an overall benefit to Council in terms of community engagement, and finalising the civic, community and cultural precinct design, both of which will improve the likelihood of receiving Australian and Queensland Government funding. Integral to this strategy is the conduct of a design competition to generate community support, enhance the project's profile on a state-wide and national scale, and deliver the final concept design for the centre and precinct.

Whilst the design competition will need to be funded by Council and delays any application for government funding, there is very limited potential for Council to currently satisfy funding requirements in any event given the earliest access to the site is now anticipated to be in the year 2015. Therefore the consultant team's proposed strategy enables the project to be progressed in a realistic timeframe whilst creating a greater profile for the project and generating community support during this period.

Importantly, **the Sunshine Coast Entertainment, Convention and Exhibition Centre cannot be developed in isolation.**

The role that master planning and development of the entire Principal Activity Centre will play in the development of the Sunshine Coast Entertainment, Convention and Exhibition Centre cannot be underestimated. Any development of the SCECEC will need to take into account the overall timing of the delivery of the Principal Activity Centre as a whole, and the strategies and policies surrounding it.

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16.2 Site Negotiation and Acquisition

Before Council can realistically progress the Centre, it must have certainty about the acquisition of the Horton Park Golf Course. Certainty can exist in the form of a binding agreement, even where the relocation (and therefore site availability and acquisition) may not occur for a longer period of time (such as three or four years).

As mentioned earlier, even though Council's agreement with the Club was endorsed by the majority of Club membership on 20 September 2011, it will only allow Council to proceed with the following steps to enable Council to be in a position to commence construction of the facility in 2015 at the earliest. The likelihood of 2015 being a commencement date for the Centre itself is remote, given the other pre-requisites and simultaneous requirements identified in Section 9 above which are required to be achievable in time for the Centre opening.

Rather, it is likely that construction of overall precinct road and infrastructure could commence first in 2015, followed by commercial or retail development. It is unlikely that the pre-requisites and simultaneous requirements that have been identified for construction of the Centre itself (as cited in Table 4 Influences for Timing of Entertainment, Convention and Exhibition Centre Development) will have occurred until 2018 – 2020 at the earliest.

Therefore, the actions described in detail below are about progressively building certainty around the project to enable Council to be in a position to commence the detailed design and construction process at that future point in time.

Program and Budget

Key aspects of the program are:

- Binding legal agreement finalised between Council and Club – Late 2011 to early 2012
- Construction of new golf course in another location – 2012 to 2014
- Vacant possession of the land – say aiming for July 2014

The budget for this scope of work does not form part of the Centre project.

16.3 Scope of Civic, Community and Cultural Uses

A key component of the project is the co-location of other functions in and around the Centre itself. However, whilst the facility scope for the Entertainment, Convention and Exhibition Centre has been validated (through a number of means including the consultant team research and analysis), there has been no similar validation of the proposed facilities and uses to surround the centre.

The consultant team has suggested that the Entertainment, Convention and Exhibition Centre should be integrally linked with key civic, community and cultural facilities:

- Community spaces including - library (learning centre), gallery spaces, Council customer service centre, community meeting and performance spaces, recreation areas, health services, child care centre, playgrounds and plazas
- Commercial spaces including - offices, retail outlets, hotel, enterprise incubator, markets, restaurants, cafes, design centre, recording studio

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However, these potential facilities need to be validated through research, engagement and analysis. The consultant team recommends that the necessary work will include the following elements:

- The development of a proposition for the scope of functions and associated areas for civic, cultural and community facilities to be located within the Precinct;
- The verification of the proposed scope via:
 - Demand assessment
 - Economic impact assessment
 - Social impact assessment; and
- Provision of a cost estimate which addresses:
 - development and construction costs for the verified uses (including estimate of fit-out costs)
 - operating budgets for the range of verified uses

Step 1: Develop Scope of Proposed Civic, Cultural and Community Functions

The project team's place-making workshop with Council (conducted in late October 2010) identified a range of programs and facilities that will meet the requirements for a regional city centre civic space as follows:

Program/Facility/Focus	Within Centre	Same site or near	Walking Distance to Centre
Outwardly focussed with an engaging public realm		√	
Child friendly	√		
An art gallery and recording studio within the library or as stand-alone elements		√	
Hotel			√
An arts, cultural and community enterprise incubator		√	
More extensive cafe's, bars, and restaurants			√
Housing			√
Commercial offices and Council administration			√
National arts or education - organisation	√	√	
Educational facilities		√	
More public space and civic square			√
Child care centre			√

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This table is by no means comprehensive and does not reflect any existing Council policy or planning that may have been carried out. Additionally, it does not consider city centres of a similar size and the functions that might be expected to be accommodated to enable city making outcomes to be achieved.

In order to confirm which civic, cultural and community components should be incorporated into the Centre, there is a need to further develop the program and facility requirements by carrying out the following work:

- Obtain and review existing Sunshine Coast Regional Council social, community and cultural policy documents to identify elements that may be included in scope
- Consultation with Council officers
- Review of any forward plans for community and cultural facilities (including the priority infrastructure plan) to identify elements that may be included in scope
- Benchmarking of regional CBD facilities for cities of 350,000 (Sunshine Coast by 2030) for identification of elements that may be included in scope
- With Council formulate a social and cultural proposition and conduct workshop to consult with the community and appropriate stakeholders and validate proposition
- Conduct demand analysis for proposition
- Finalise proposition - outline the program and facility objective, the required area (in m²) and the location of the function

Step 2: Development Budget

Based on the areas and functions proposed in the final proposition in Stage 1, a development budget which includes the fit-out of all areas for their intended purpose, can be developed to enable a full costing of the Precinct to be understood.

Step 3: Operating Costs

In addition to the development budget, an operating cost budget (annual) is required for these additional uses, especially where they are intended to remain in Council ownership or control (for example, a library, art gallery or community centre).

Step 4: Economic Impact Analysis and Social Impact Analysis

Once a scope proposition (functions and areas) has been developed the economic impacts and social impacts of that scope should be examined. This will enable Council to understand the benefits of the new facility to the region (both in terms of financial and social wellbeing).

Step 5: Recommendation

The conclusions of this will be amalgamated into a final recommendation for the functions and areas which along with the Sunshine Coast Entertainment, Convention and Exhibition Centre will form the Civic, Community and Cultural Precinct, together with their justification, relevant costs and economic and social impacts. This recommendation can be used to support the existing Concept Design Report documentation in the Design Competition brief.

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Program and Budget

The consultant team suggests that this work should be commenced as soon as possible once there is certainty regarding an agreement to acquire the land. We estimate that the work could be carried out over a period of six to nine months. The work effectively involves the same considerations as have been carried out for determining the preferred facility scope for the Entertainment, Exhibition and Convention Centre, but for a myriad of uses, such as library, administration centre, art gallery etc. Accordingly there would be need for a number of sub-consultants (including economic advisors, quantity surveyor, community planner) to be managed by a project manager and we envisage that a budget of between \$400,000 - \$600,000 would be required to adequately scope and support the proposed uses in the Precinct.

16.4 Design Competition

The consultant team noted the strong support from within Council and key reference groups (such as the Urban Design Advisory Panel) for a competitive design process to inform the final blueprint for the Centre and Precinct as a means of ensuring that the design is influenced by Sunshine Coast architectural and urban design principles, balanced with the immediate cost and budgetary constraints.

The Centre and surrounding civic precinct have been identified as a key catalytic project for the new Maroochydore CBD, and the opportunity for creation of an iconic or “post card” quality building and civic plaza should not be ignored.

A design competition provides Council with the ability to progress the project and satisfy key elements of a funding submission. The design competition will relate not only to the Centre precinct which includes the Centre itself, but also the adjoining civic plaza, civic and cultural facilities, commercial/retail elements and the strong integration with the surrounding parkland.

Benefits of Design Competition

The design competition provides Council with:

- The ability to generate significant community support for the facility prior to seeking Australian Government funding. This support is generated through not only the high profile design competition itself, but also recommended community engagement on the use of the facility prior to the design competition, together with community engagement on the submitted designs (prior to selection of the winning design). Not only is evidence of community engagement and support a requirement of any funding application, the greater the profile the project attains, then the greater the chance of securing Australian (and Queensland) government funding.
- A real concept design for the Centre (including perspectives and a “fly through” model). This design can be the basis on which Council seeks public sector funding, and private sector involvement.
- A confirmed cost estimate for the Centre and Precinct. To ensure that the design is achievable we recommend inclusion of a budget for the design with a requirement that the cost be verified by Council’s quantity surveyor (for consistency across all designs). This budget will be set by the work carried out by the consultant team.

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Appropriateness of Design Competition

The Australian Institute of Architects has released guidelines for the conduct of architectural design competitions. Those guidelines outline that it is appropriate to hold a design competition when the project:

- is of public significance
- will benefit from a wide degree of design investigation
- is to be on a significant or unusual site
- will benefit from the public interest that a competition can generate
- where design excellence is a high priority

A competition is considered inappropriate where:

- the project is required as a matter of expediency or urgency
- it is not possible to appoint an appropriate jury
- the budget is insufficient to cover the total cost of the competition
- an adequate brief is not available
- the Sponsor is unwilling or unable to ensure that the competition conditions provide for competitors to retain their intellectual property and moral rights in their designs

On that basis, on the basis that the Council is supportive of the concept, the consultant team concluded that a design estimate is appropriate for the Centre and Precinct.

Type of Competition

There are a variety of different types of design competition. **We recommend an open competition carried out in a two stage process.** Two-stage competitions are appropriate for complex projects. They encourage architects to undertake a broad exploration of ideas and design concepts in the first stage and allow detailed development of limited number of designs in the second stage. A two-stage competition:

- attracts more entries by reducing the amount of work required in the first-stage submission
- is an excellent process for selecting a limited number of promising concepts that can be further developed in the second stage
- provides the opportunity for comments by the client and the jury to be incorporated in second stage development

Construction Budget

Cost will be one of the principal determinants of the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct project (both initial capital costs and subsequent operational and maintenance costs).

For that reason we recommend inclusion of a target budget of \$327.8 million (as per the estimate by Rider Levett Bucknall) in the Design Competition Brief. Council should appoint an independent quantity surveyor to verify the cost estimate of each design submitted (as part of the design competition process). **Competitors must be instructed not to exceed the budget in their designs.**

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Prize Money

The winner should be given the 1st prize money and if the project proceeds, this becomes part of the design fee for the project. The competition conditions should describe the nature and details of the intended contractual relationship if the project proceeds. The rules should also include a statement outlining the alternative compensation the client will pay the winning designer should the project not proceed beyond the competition stage. Should Council consider that the winning architect has insufficient experience or would benefit from assistance, the designer may be required to form an association with another consultant(s) to develop the design and complete the project. The consultant(s) should only be chosen with the agreement of the client and the winning architect.

The amount of prize money offered should be sufficient to attract competitors and should acknowledge the effort and expense competitors must apply to make the competition a success. The current schedule of prizes for architectural competitions recommended by the Royal Australian Institute of Architects is as follows:

- For competitions in which contestants are required to produce a design, the total prize money will be equal to the schematic design fee that would be due to an architect working under a direct commission (this equates to 0.63% of “construction cost” - the former industry benchmark for schematic design fees)
- The RAlA current Fee Guide for conventional projects is the reference for determining the appropriate total prize money
- There shall be three prizes awarded; the prize money is to be allocated as follows; 1st prize 60%, 2nd.prize 30% and 3rd.prize 10%

The construction cost of the Centre and Precinct (ie. the overall precinct development budget of \$327.8M less design fees, charges, contingencies etc) is approx.\$200M. The schematic design fee recommended by the RAlA is considered too generous a basis for the prize pool (ie. \$1.26 million), especially in the current economic circumstances. The consultant team recommends a prize schedule based on design competitors being able to recoup a significant part of their costs in winning the competition. Therefore, we propose the following prize schedule:

- First Prize - \$180,000
- Second Prize - \$90,000
- Third Prize - \$30,000

Council may also wish to allow for the situation where it wants to utilise a concept or idea from one or more of the competitors (although they have not placed in the competition), in which case it is suggested an allowance of \$30,000 per such instance would provide an appropriate reward.

Allowing for say 3 of these payments, the total prize pool is recommended to be \$390,000.

Actions to Progress Design Competition

The key actions necessary to progress the international design competition are:

- **Confirm feasibility** of holding a competition and allocate the necessary budget including prize money.

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- **Develop the Design Competition Brief and Competition Rules** – in addition to existing Concept Design Report³² the Design Competition Brief will need to address such as competition conditions (including mandatory requirements), information about the site, the budget, program for the design competition and the project, submission requirements (including the number, type, size and scale of drawings (or models) and written information where required) and the terms and conditions of any commission to be offered to the winner.
- **Test the Design Brief** – it is important that the stated requirements in the brief are balanced against a competitor's freedom of design interpretation. The brief should inspire the imagination of potential competitors with a clear expression of the client's design objectives.
- **Obtaining Professional Endorsement** - endorsement of the RAIA, so that the competition can be promoted widely amongst the RAIA members to maximise interest and to engender confidence in the integrity of the competition.
- **Jury Selection and Invitation** - the jury should have from three to five members. Three jurors ensure different points of view are examined while five allows specialists or other relevant jurors to be included in decision making. The majority of jury members should be design professionals with substantial knowledge and skill. Projects such as these may benefit from inclusion of persons on the jury familiar with the particular requirements of such projects – for example designers of exhibitions that will occur in the Centre, a venue manager/operator, an event promoter or conference organiser. Their participation helps to ensure that specific needs or issues will be considered.
- **Announcing the Competition** - A registration fee may be charged for entering an architectural competition and if so the fee should be clearly stated in the conditions. The purpose of such a fee is to help meet the costs of competition information/documentation and to restrict entry to serious competitors only.
- First stage Judging and Shortlisting
- Second stage Judging and Shortlisting
- Competition Award

Program and Budget

We have allowed for a 10 - 12 month process for the design competition which includes two months of preparation, a four and half month two stage design competition and the opportunity for community consultation before competition award.

In allowing for the design competition, costs for an external project manager, an architectural advisor and a quantity surveyor need to be included, in addition to the \$390,000 prize pool. We envisage that a total budget of around \$600,000 would be required.

16.5 Community Consultation

In the context of Council's negotiation to purchase of the Horton Park Golf Course, it was concluded that the community engagement for the proposed Entertainment, Convention and Exhibition Centre should be targeted only at the core feasibility-related stakeholders until such time as Council had reached a legal agreement with the Golf Club for the acquisition of the site.

³² See Cox Rayner Entertainment, Convention and Exhibition Centre and Surrounding Precinct Design Report (15 August 2011)

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At the date of this report, the negotiations to acquire the Horton Park Golf Course had not been concluded and extensive community engagement on the proposed Centre and Precinct has therefore not been undertaken.

Any Government will want substantial evidence of community engagement on (and presumably support for) the Centre, its potential use and its design before it will approve any funding application.

The consultant team considers that there are four key opportunities for community engagement on the proposed facility:

- Engagement with the community about the project generally
- Engagement with the community specifically in relation to the proposed uses to be located around the Centre and within the Precinct to provide the activation and civic focus to the precinct as a year round destination
- Engagement with the community about the design competition submissions to gauge community reaction to the proposed design for the Centre and Precinct – this engagement could consist of public exhibition of the second stage submissions (from shortlisted competitors) prior to competition award to ensure that community feedback and sensitivity is taken into consideration in the judging and award process
- Engagement with the development industry to “market test” the consultant team’s conclusions about the viability of obtaining developer contributions towards the Centre through either an adjoining hotel or the overall Principal Activity Centre development program.

Program and Budget

The engagement is proposed to be dispersed throughout the next two and half years. Costs include preparation of consultation materials and a website and include the facilitation of community workshops and exhibitions. We have estimated costs at between \$200,000 - \$300,000.

16.6 Government Funding Application / Business Case

Previous reports³³ undertaken as part of the feasibility study have examined the potential sources of funding for the Centre and Precinct, and concluded that whilst facilities of this nature have traditionally been funded by Queensland and Australian governments, a number of factors mean that it is now considered more problematic than in previous years for the bulk of money to be provided from Queensland or Australian government grants.

In particular, a special purpose grant is considered unlikely given the ongoing implications of the global financial crisis and the extraordinary government spending that has been required as a result of the 2011 floods and cyclone in Queensland and flooding in Victoria. Additionally, the campaign for funds for the Sunshine Coast Entertainment, Convention and Exhibition Centre will be hotly contested against a number of relevant Queensland projects which would compete for the same funds from Queensland and Australian Governments.

For example, publicly know project concepts needed substantial government funding are the Cairns Entertainment Precinct and the Gold Coast Cultural Precinct.

³³ See Ranbury Management Group Funding Options Analysis August 2011

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However, given the likelihood (based on the analysis above) that the Centre and Precinct is unlikely to be constructed until 1018 - 2020, the potential for Australian and Queensland funding may well be more favourable than current circumstances.

This timeframe allows for time to generate a national profile for the project, to lobby for the necessary funding and to allow Governments the ability for forward budgeting to incorporate the Centre into its future funding considerations. However, it cannot be concluded that the source of funding in 2020 will be the same as it is now; for example, the Regional Development Australia Fund is funding projects up until 2015. It is unclear whether the Regional Development Australia Fund will continue after that point in time.

Most Government funding applications are based on similar requirements, and accordingly, it is appropriate for Council to consider those requirements to determine what future work it needs to do so that it can be in a position to be "investment ready". In addition, Council should aim to satisfy all requirements of the Queensland Government's Project Assurance Framework, including the Strategic Assessment of Service Requirements, Preliminary Evaluation and Business Case.

Key elements that need to be formalised and presented to potential government funding agencies include:

- Project design (as per the design competition outcomes)
- Evidence of community engagement and support for the project
- Evidence of other funding sources – for example, a combination of community and corporate funding, Council funding and private sector funding
- Business case incorporating the scope and outputs of the project
- Project management plan including project timelines, milestones, budget and project costing
- Risk management plan
- Procurement management plan
- Detailed operational business plan for the facility after the project is completed

All of these requirements can be addressed by Council in anticipation of a detailed funding request. However, more importantly, Council needs to get the project on a national agenda with a reasonable lead time to enable sufficient time for marketing and lobbying in order to garner the requisite support at a Queensland and Australian level. There is also an opportunity for key project ambassadors to be involved in this process.

In addition to the above documentation, a quality marketing brochure would be a useful tool to assist in the marketing and lobbying campaign. This marketing brochure would not be developed until completion of the design competition (to enable incorporation of the winning design images), but it may also be a useful tool in continuing community engagement.

Program and Budget

The current program shows the formal funding approach to the Queensland Government in mid-2016 to procure funding. The timing of this approach considers:

- Council's possession of the Principal Activity Centre land in 2014-15; and
- Council have undertaken key infrastructure works on the Principal Activity Centre land, and having commenced commercial, retail or residential development in the Precinct.

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However, it is also considered that the Queensland Government should be linked into the project much earlier than 2016 to ensure that the Queensland Government can allow for the project in forward budget projections, and also that key Queensland Government feedback on the project can be incorporated as early as possible. Queensland Government endorsement will be essential, prior to a formal funding approach to the Australian Government which we have currently programed from mid-2017.

This approach allows for funding confirmation and commencement of the detailed design and construction of the Centre and Precinct anywhere from mid-2018, but more realistically, with a target construction commencement of 2020 (based on the project pre-requisites and simultaneous requirements outlined earlier).

Based on the work that has been carried out to date, and assuming the aforementioned actions are completed, we estimate that appropriate funding documentation could be prepared within six months from commencement of work for an estimated budget of \$500,000 - \$750,000.

16.7 Summary

Table 8 provides a summary of timeframes and budget for Council for the steps identified in the program as necessary for Council to carry out in order to be in a position to obtain funding for the detailed design and construction the Centre and Precinct.

We note that the estimates do not include costs relating to the proposed acquisition of the Horton Park Golf Course or the detailed master planning of the site in preparation for the development of individual parcels (which whilst related to the Entertainment, Convention and Exhibition Centre and Precinct are the subject of separate projects and budgets).

Table 8 Summary of Budget and Timeframes for Project Implementation

Work Item	Budget Estimate	Timeframe
Scope of Community and civic Uses in Precinct	\$400,000 - \$600,000	6 – 9 months
Design Competition (including prize pool)	\$600,000	10 – 12 months
Community Consultation, including website, documentation and engagement workshops	\$200,000 - \$300,000	2 – 2.5 years
Funding Documentation including: <ul style="list-style-type: none">▪ Strategic Assessment of Service Requirement▪ Preliminary evaluation▪ Business case	\$500,000 - \$750,000	6 months
Total Cost Estimate	\$1.7m - \$2.25m	
Contingency (10%)	\$170,000 - \$225,000	
Total Cost Estimate (with contingency)	\$1.9m - \$2.5 million	

17 Key Relationships

17.1 Governance

Interested community members and potential stakeholders in the Sunshine Coast Entertainment, Convention and Exhibition Centre and Precinct are many and diverse. The proposed Governance and Decision-Making Framework is designed to:

- Optimise the effectiveness and efficiency of communications and decision-making
- Ensure inclusion of a wide and diverse range of stakeholders for input of ideas and opinions, building networks and spreading information throughout the community

The framework includes five distinct groupings as follows:

- Council via Strategy and Planning Committee (decision-making)
- Project Reference Group (directive)
- Project Development Group (delivery)
- Stakeholder Groups (consultative)
- Reference Panel (advisory)

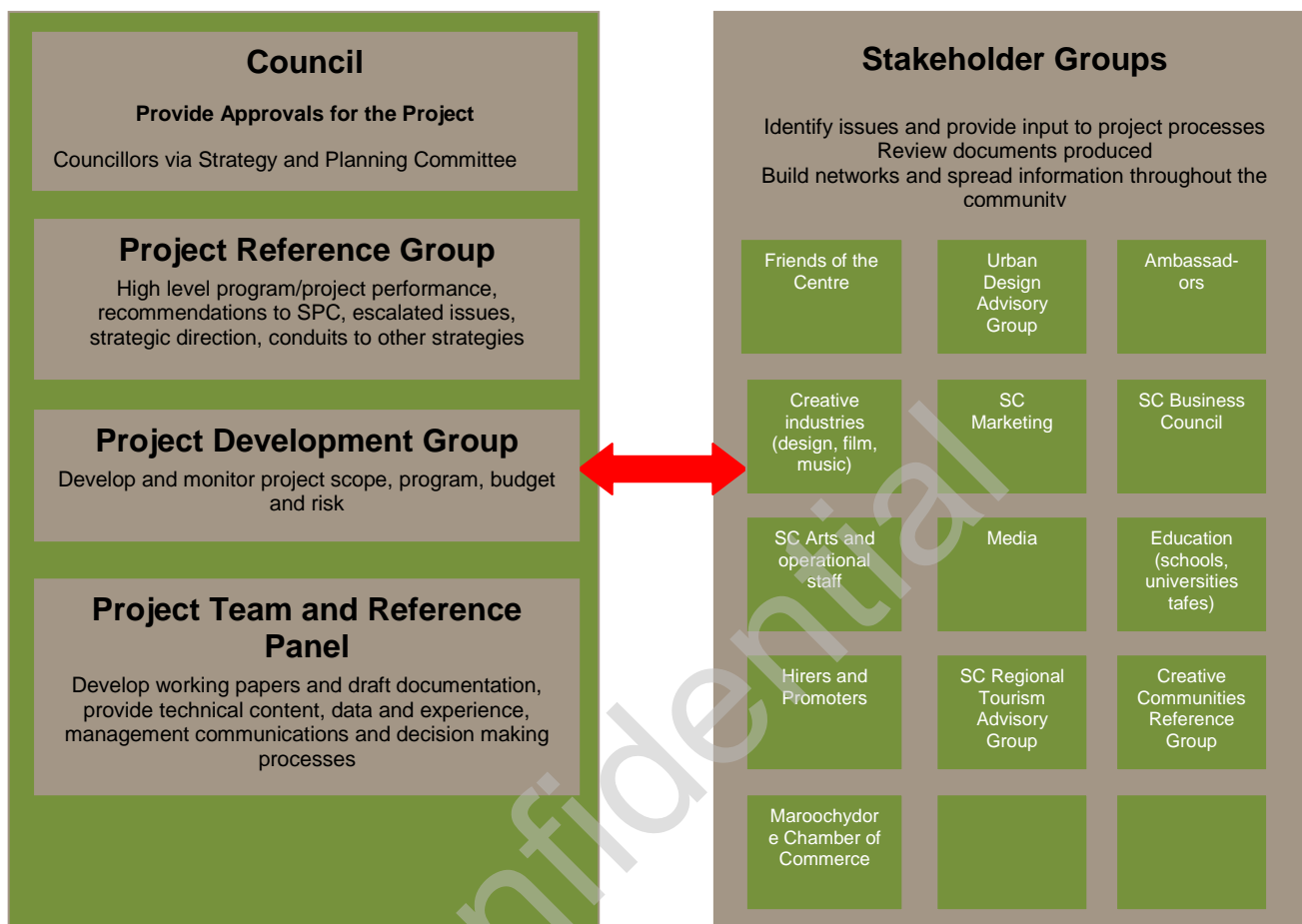
The consultant team recommends continuing with the current structure of Project Development Group as Council officers' "working group" that meets regularly to manage progress and the Project Reference Group as the forum for providing Councillor steering and direction. Figure 8 below adds in the recommended engagement forums for stakeholders.

With Council's endorsement, this framework is intended to apply during the next phase of the project, up until securing government funding for the project. It is an interim structure to operate until the point where commitment to the project development process by prospective funding partners is executed, at which point the structure, membership and respective reporting arrangements will need to be revised and formalised.

Within this framework, participants from the Queensland and Australian Governments are welcome and valued for their guidance and communication but not assumed as representatives with decision-making delegation on behalf of their respective agencies.

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Figure 8 Sunshine Coast Entertainment, Convention and Exhibition Centre – Proposed Governance and Decision Making Framework



17.2 Ambassadors

The potential role of Ambassadors for the Centre has also been addressed by Council³⁴. The brand “ambassador” is a marketing model that employs trusted, credible personalities to promote and give greater visibility to a brand or suite of products or services.

It is proposed to utilise a number of ‘grass roots’ ambassadors, working closely with the Major Projects, Portfolio Councillor to champion and promote the importance of developing a Civic and Cultural Precinct for the Maroochydoore city heart and the Sunshine Coast Entertainment, Convention and Exhibition Centre.

Outside of the traditional mass media advertising world, where famous actors or sport stars are utilized as “ethical” promotional promoters of products, events or services, the idea of “grass-roots” type of brand ambassador has not been widely used in Australia. This new kind of brand ambassador is a true passionate individual who essentially volunteers to sponsor a company or product he / she uses and likes.

³⁴ See Ambassador Strategy prepared by Sunshine Coast Regional Council 2 June 2011

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These ambassadors quite often have already been acting spontaneously as a "brand ambassador" - providing credible, valuable and impartial information, exposure and visibility to a product or service – or, once becoming aware of the product/service, are very keen to promote this.

Grassroots brand ambassadors must be by definition actual users or passionate consumers of something they really use and like. The key value they have in the eyes of their own audiences is that they are credible, trusted and honest. They wouldn't recommend something they did not truly believe in.

A brand ambassador also acts as a key resource to collect and gather valuable feedback and criticism from other customers and stakeholders while being themselves a great advisor to the company or organization. Brand ambassadors also play key roles in showcasing and promoting new products and services and, in today's environment, use communication approaches that are more in tune with how successful companies are communicating on the web and across social media (ie. Facebook, Twitter etc).

There has been some strong advocacy for the idea of bringing together a number of well known local identities of all ages as 'brand ambassadors' to promote the Sunshine Coast Entertainment and Exhibition Centre. The Ambassadors are viewed as champions who could represent the vision and values of the Centre.

Given that it is now proposed to promote the Centre as an integral part of the development of a civic and cultural precinct (the precinct) within the Maroochydore CBD the opportunities for the utilisation of a range of ambassador/champions has been correspondingly expanded particularly in the consultation phase that is envisaged prior to the design competition for the Precinct.

The expansion of the project means that the role of the Ambassadors can be expanded to include consulting with the Sunshine Coast community about the nature and type of facilities they would like to see built in the Precinct. It is envisaged that the role of the Ambassadors would include:

- Talking to people about what facilities they would like to see in the Civic and Cultural Precinct
- Promoting the SCECEC as an integral part of the development of the precinct and the Maroochydore CBD
- Promoting the development of the Precinct and the SCECEC through mass media (radio, television)
- Attending key events (launch of the design competition, discussion forums, annual dinners etc)
- Promoting the development of the Precinct and the SCECEC through social media (Facebook, Twitter etc)
- Providing advice to council on the development of the Precinct and the SCECEC
- Assisting with fundraising for the development of the Precinct

The central role of an Ambassador is to expedite the raising of the profile and subsequent community financial and cultural sector support for the precinct.

Additionally, each Ambassador would be encouraged to bring referrals of influential and persons of affluence to the development of the Precinct. With success breeding success, the more high profile, and well-respected persons connected with the Precinct and the Centre, the more those others of similar standing will be attracted to do like-wise.

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Specifically, as 'champions to the cause' the Ambassadors would need to show an ongoing commitment to hosting, attending and guest speaking at various events connected to the centre, with full respect to their personal/professional schedule. Attendance at such events facilitates photo opportunities and significant introductions to other persons willing and capable of supporting such a centre, both in the short term and on-going.

Ambassadors are potentially useful in the procurement of funding as strong advocates.

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