



Mr Andrew Barr MLA  
Chief Minister  
GPO Box 1020  
CANBERRA ACT 2601

Dear Mr Barr

### **Manuka Oval: ACT Government approach to Grocon proposal**

Following the recent disclosure of an unsolicited proposal for the development of Manuka Oval and its surrounding precinct, the Inner South Canberra Community Council (ISCCC), the Kingston and Barton Residents Group (KBRG), and the Griffith Narrabundah Community Association (GNCA) welcome your comments on talkback on ABC 666 on 25 February saying you would meet with interested stakeholders in relation to this proposal.

Consequently, we are writing now to request a meeting with you or a Government official who can speak on your behalf.

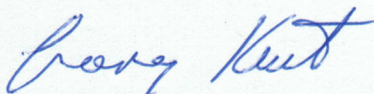
Many questions are being raised about the Grocon proposal, including:

- How and when will the Government assess the proposal?
- How will the Government ensure that the bid represents value for money?
- What form will the consultative process take?


The background to these questions is provided in the Attachment.

We would be pleased to discuss with you these and other issues associated with the proposal as soon as practicable.

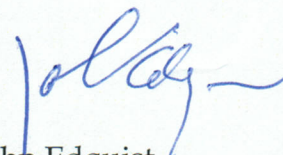
Yours sincerely



Gary Kent  
Chair ISCCC



Rebecca Scouller  
President KBRG



John Edquist  
President GNCA

9 March 2016

## MANUKA OVAL: ACT GOVERNMENT APPROACH TO GROCON PROPOSAL

### 1. How and when will the Government assess the proposal?

For several years our community groups have sought information on the 2009 Draft Master Plan and asked for meetings with you, several MLAs and ACT Government officials. These requests have been uniformly unsuccessful. We note however that the *Manuka Green* website states the proposal was developed in response to the Manuka Oval Master Plan. You can understand that this lack of access to the Master Plan has been frustrating since even basic information such as the light and noise management plans were only made available to the public in response to FOI requests.

Community groups in the inner south have been disappointed at their lack of access to you, as both their local member and Chief Minister, to discuss their ideas and concerns in relation to Manuka Oval and the surrounding precinct. This lack of access and consultation was particularly evident during the recent land swap proposal that is directly linked to the Manuka Oval redevelopment.

The Grocon proposal has generated significantly more community interest in the fate of the precinct, and we therefore seek your assurance that best practice consultation with key stakeholder groups is undertaken, particularly those with longstanding presence near the oval. We would expect that these consultations would include a program of formal meetings with you, as both our local member and Chief Minister.

We note your statement that 'There is a robust process to assess such bids and there will be ample opportunity for the community to have their say' and we would appreciate your early advice on the timing and form and degree of transparency of this assessment process.

### 2. How will the Government ensure that the bid represents value for money?

We consulted the former NSW Auditor General, who is perhaps the most experienced and respected national commentator on PPPs and unsolicited proposals to Government in Australia, and he has provided the following advice.

His view is that each of the six ACT Government preferred commercial tender models described in the Government's publication *Guidelines for Unsolicited Proposals*, March 2015, has its problems.

- the Swiss Challenge, for example, allows the original proponent to appropriate the work of what would otherwise be the preferred proponent without any investment or commensurate effort.
- the Bid Premium model is weakened by the absence of any sound basis for estimating the efficient bid price.
- Compensating a proponent for an unsolicited bid, the Developer Fee model, requires an accurate, auditable trail of the developer's costs.
- the Open Book approach allows the original proponent to set the rules by which all proposals would be assessed.
- using the Development Manager approach would be unlikely to attract interest from proponents not versed, or interested, in managing other developers.
- adopting the Negotiation Exclusivity option places far too much value on the ability of Governments to negotiate successfully when faced by proponents who are rewarded and penalised on the basis of their negotiating skills.

In short, none of these approaches is able to provide the benefits obtained under open tenders where contestability and actual competition will deliver superior results. If the Government wanted improvements to Manuka Oval's seating and covering, the only sure way to determine value for money is to put the matters to tender. Such improvements are not intrinsic to the other features in Grocon's proposal and should be stripped from the advanced development proposal(s).

If the Government wished to determine the value of land it would sell for an approved purpose, a tender process is the best option to maximise price, given that all tenderers would face the same planning restraints and opportunities. If the Government wished to promote developments around the oval, not itself a unique idea, that need not meet existing planning requirements, the Government could allow a competitive tender. This would elicit the best proposal (that is the proposal that meets the Government's planning requirements specified for the site in advance) and the best price for the land. The Government could adopt an open transparent process for trading-off price considerations for other benefits allowed by the best proposal. This process should involve all of the key representative bodies concerned with the immediate vicinity.

Our view is that this advice has considerable substance.

### 3. What form will the consultative process take?

David Dawes recently stated that “community consultation is an evolving art” and that “urban renewal is a partnership with the community”. He also noted that community consultation was of crucial importance to major developments in Canberra.<sup>1</sup>

We feel that there are several models that can be engaged for this proposal. The Yarralumla Brickworks Advisory Group may provide a suitable model for community consultation once the fundamental issues of governance and potential conflict of interest in relation to the unsolicited bid have been satisfactorily resolved and public concerns about the process allayed. Alternatively, the ACT Government could immediately commence with early community engagement.

However, whatever consultation path the Government chose to pursue would need to be a truly independent community consultation, paid for by either the Government or shared with the proponent. One approach could be an expert panel of three people, none of whom have any declarable interest in the development or the decision. At least one expert should have a background in running community/public consultations or inquiries.

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<sup>1</sup> David Dawes: *Urban Renewal – A partnership with the community*. Albert Hall, 16 February 2016.