THE NORTHERN TERRITORY OF AUSTRALIA

CONFIDENTIAL

Copy No. ....

CABINET DECISION

No. 3697

Submission No.: 3164

Title: ALICE SPRINGS CONVENTION CENTRE

Cabinet noted -

(a) the report provided;

(b) that further analysis of the matter is underway and that a further report to Cabinet on options for Alice Springs will be prepared; and

(c) that Price Waterhouse are currently preparing a report on the potential for a major Convention Centre in Darwin.

(M.R. FINGER),
Secretary to Cabinet.

7 August 1984

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Copy No: 1

FOR CABINET

SUBMISSION No: 3164

Title:	ALICE SPRINGS CONVENTION CENTRE
Minister	Minister for Industrial Development and Tourism.
Purpose:	To inform Cabinet of Price Waterhouse's report into the feasibility of a major Convention Centre in Alice Springs.
Relation to existing policy:	Consistent with the development of tourism in the Territory.
Timing/ legislative priority:	Not crucial, further work is proceeding.
Announcement of decision, tabling, etc:	Not appropriate at this time.
Action required before announcement:	Further work to finalise study, and consider options.
Staffing implications, numbers and costs, etc:	Not yet known.
Total cost:	Not yet known.

Department/Authority LAW

COMMENT ON CABINET SUBMISSION No.

TITLE: ALICE SPRINGS CONVENTION CENTRE

COMMENTS:

No comment necessary - information paper only.

SIGNED: S.R. BAILEY

DESIGNATION: DIRECTOR, EXECUTIVE & POLICY UNIT

DATE: 30 JULY 1984

A. B. CAUDELL, Government Printer of the Northern Territory

NORTHERN TERRITORY OF AUSTRALIA

SECRETARY

DEPARTMENT OF LANDS

Telephone: 397722

Reference:

P.O. BOX 1680
DARWIN, N.T. 5794

The Chairman,
N.T. Development Corporation,
Development House,
76 The Esplanade,
DARWIN. N.T. 5790

Attention: Richard Nelson

CABINET SUBMISSION : ALICE SPRINGS CONVENTION CENTRE

In your letter of 26 July 1984, you sought comments on your Cabinet information paper and attached Consultant's report.

The proposed location of a Convention Centre in the Mt. John Valley would accord with Government policy on development of that area for tourist related purposes. Planning for Mt. John Valley will nevertheless, need to take into account probable needs of the Golf Club for future expansion.

In order to provide services to the facility - sewer, water, power and roads - design should take into account future developments and in the case of sewer, linking with the Desert Springs Estate development. Therefore, the cost of services would differ little from that estimated for the previously proposed Hawkins Stage 1 residential development:

Roadworks	$460,000
Water	$226,000
Sewerage	$582,000
Construction contingency	$ 70,000
Power	$115,000
Inflation to June, 1984	$ 27,000
	$1,580,000

The report expresses concern that insufficient high standard accommodation is available in the immediate vicinity. Continental Resorts, formerly Rianna, have an approved development application for a 120 room facility opposite the Casino. The land adjacent to the Casino was previously offered to Federal Hotels but the sale was not transacted. In a re-zoning submission, Federal Hotels nominated a 168 room development.

The David Tucker group are believed to be investigating upgrading of the Casino accommodation. Opposite the Casino is 9.09 ha of privately owned freehold land, currently zoned Rural A (RA). The owners are known to be considering putting this land on the market for an approximate price of $1.9 million. The Riana Motel site was sold in December, 1983 for $1.1 million. The Tucker Group's villa development at Desert Springs would ultimately have 300 units and would be able to support a conference facility.

It is noted that a second report to Cabinet is intended, following further analysis of the Alice Springs proposal and also that a similar study is being undertaken for Darwin. I would ask that my Department be consulted on relevant aspects, particulaly siting, during these investigations.

I would also be grateful for the opportunity to comment again, possibly in more specific terms, once this proposal has been developed further.

D.F. DARBEN 31/7/84

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Department/Authority DEPARTMENT OF THE TREASURY

COMMENT ON CABINET SUBMISSION No.

TITLE: ALICE SPRINGS CONVENTION CENTRE

COMMENTS:

It is noted that the Convention Centre is unlikely to be profitable in its own right, though the spinoff returns to business and hotels are likely to be substantial. Some means of securing a contribution towards losses, from those who benefit, should be an objective of the further analysis now foreshadowed.

SIGNED: P.F. TEMPLE

DESIGNATION: Deputy Under Treasurer

DATE: 1/8/84

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6635.833

G. L. DUFFIELD, Government Printer of the Northern Territory

Northern Territory
Tourist Commission

30 July, 1984

Mr. Richard Nelson,
Secretariat,
Northern Territory Development
  Corporation,
G.P.O. Box 2245,
DARWIN. N.T. 5794

re: ALICE SPRINGS CONVENTION CENTRE
    CABINET SUBMISSION

This submission has the support of the Northern Territory Tourist Commission, as the lack of such a facility is seen as the major inhibiting factor in obtaining the larger medium-sized conventions.

Whilst there is undoubtedly a need for such a facility in both Darwin and Alice Springs, the Commission agrees that Alice Springs should be "first cab off the rank". The problems in making such a facility financially viable are recognised, however, certainly in the initial stages, the Commission feels that it is incorrect to limit this facility to a capacity of 850. The 1,000 seat figure is suggested.

Until the Territory has a facility that can handle 1,000 delegates, it is obvious that the majority of professional organisations involved in convening conventions will not actively sell the Territory knowing that the major opening sessions etc. will have to be staged in marquees and the like.

There are a number of major annual conventions that take in the travel industry alone (at least four to our knowledge) that have not yet been to the Territory and are actively looking for new Australian convention destinations. A major convention facility will certainly assist the viability of the Sheraton Alice Springs and the planned Casino extensions, and would ideally compliment the Yulara Resort for workshop "break-out" sessions. Alice Springs is better equipped than Darwin in terms of infrastructure support and coach companies to cater for the additional requirements of these larger medium-sized conventions.

The Commission agrees that convention delegates' expenditure will create sufficient multiplying effects which would more than justify its capital and operating cost requirements.

With regard to marketing strategy, our Centre could supply the one ingredient that is missing for a major expansion of the Northern Territory Convention Bureau's marketing plan, and that is of course, a modern, well-equipped, medium-sized convention venue.

ERIC POOLE
Chairman

THE ISSUES

1. To note a report prepared by Price Waterhouse Associates on the potential feasibility of a major Convention Centre in Alice Springs.

BACKGROUND

2. The convention and conference markets are two of the maximum growth areas in tourism world-wide. This fact has already been recognised in the Northern Territory for example, by the establishment of the N.T. Convention Bureau.

3. Price Waterhouse Associates were commissioned by the NTDC to undertake studies into the potential for the N.T. to further tap into these lucrative markets on a more significant scale.

4. The attached report deals only with Alice Springs. A further study on Darwin is expected to be prepared by the middle of August.

CONSIDERATION OF THE ISSUES

5. The attached report recommends the establishment of a 850 seat stand alone facility in the Mt. John Valley, adjacent to the high quality tourist accommodation already existing or planned for the area.

6. The report identifies the "incentive" market as likely users of the facility. This segment is particularly lucrative in spin off terms, through use of tours, restaurants and other facilities.

7. It recommends that the facility be built to "state of the art" standards, stating that "a stand-alone, purpose-built convention centre provides a critical strategic element for maximising the tourist and convention potential within Central Australia".

8. A number of issues relating to such a facility still need to be resolved. They include :

- actual location
- design
- operation
- funding
- marketing
- timing

Various Departments and Authorities are addressing these issues in conjunction with Price Waterhouse. A further submission will be provided to Cabinet on these deliberations.

CONSULTATION AND CO-ORDINATION

8. The attached report has been circulated to :

- Department of Lands
- Tourist Commission
- Pratt Hotels
- R. Gray (David Tucker Group).

This submission has also been circulated to Treasury and Law in the usual manner.

RECOMMENDATION

9. It is recommended that Cabinet :

(a) note the report provided;

(b) note that further analysis of the matter is underway and that a further report to Cabinet on options for Alice Springs will be prepared; and,

(c) note that Price Waterhouse are currently preparing a report on the potential for a major Convention Centre in Darwin.

.... 23.7.84 ....

PAUL EVERINGHAM DATE

Price Waterhouse Associates Pty.
MANAGEMENT CONSULTANTS
Incorporated in the Australian Capital Territory

ALLERT, HEARD & CO

A REPORT ON THE POTENTIAL MARKET
FEASIBILITY OF ESTABLISHING A PURPOSE
BUILT FACILITY IN CENTRAL AUSTRALIA

MAY, 1984

Price Waterhouse Associates Pty.
MANAGEMENT CONSULTANTS
Incorporated in the Australian Capital Territory

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TELEPHONE (02) 238 1666
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DX 990 SYDNEY.

30 April 1984

Mr RH Allert
Allert, Heard & Co
Chartered Accountants
3rd Floor
15 Franklin Street
ADELAIDE SA 5000

Dear Mr Allert

We have pleasure in presenting our report on the potential market feasibility for the development of a major conference facility at Alice Springs, Northern Territory.

Our conclusions are based on our present knowledge with respect to market demand, present and proposed facilities in the competitive area and projected increases in conference, convention, tourism and incentive travel. Our research has incorporated an assessment of potential sites for a purpose built conference facility at Alice Springs, discussions with hotels and motels and other facilities which are currently active in the Northern Territory convention market, convention organisers, tour wholesalers, airlines and relevant government offices.

We have formulated our conclusions from an analysis of both the existing and potential appeal of Central Australia to the convention and conference market. These conclusions are dependent upon the implementation of a sophisticated marketing programme by the operator of the proposed purpose built conference centre, both directly and through selected representatives, in order to attract patrons to the proposed facility.

The conclusions contained in this report do not take into account, nor make provision for, the effect of any sharp rise or decline in general economic conditions. It is assumed this facility will have competent and efficient management.

We do not warrant that the estimates of likely operational experience of the proposed facility will be achieved, however, our estimates have been conscientiously prepared, based on our experience in the conference, convention and hotel industries.

It needs to be expressly understood that the scope of this study and report thereon do not include the possible impact of zoning regulations, or licensing requirements, or other government regulations concerned with the proposed project except where such matters have been brought to our attention and have been set out in this report. It is expected that the develcpers of the project will prepare their plans to meet the requirement of all legislative or other regulations.

We will be pleased to discuss this report with you and to provide assistance in the interpretation and application of our findings. Thank you for the opportunity to undertake this study and for the co-operation extended to us during the course of this assignment.

Yours sincerely

JA Chegwyn
Director

TABLE OF CONTENTS

1. INTRODUCTION

2. SUMMARY OF FINDINGS AND RECOMMENDATIONS

3. DEVELOPMENT PATTERNS IN THE AUSTRALIAN CONFERENCE MARKET

   3.1 General Description

   3.2 Requirements of the Conference Market

4. TRENDS IN TOURISM AND CONVENTION MARKETS IN CENTRAL AUSTRALIA

   4.1 Conclusions

   4.2 Convention Market Patterns

   4.3 Domestic and International Tourist Patterns

   4.4 Permanent Population and Economic Development Patterns

5. COMPETITIVE ENVIRONMENT FACING CENTRAL AUSTRALIA AS A CONFERENCE DESTINATION

   5.1 Conclusions

   5.2 Demand Patterns and Projections

      5.1.1 Historical Demand

      5.1.2 Potential Demand

   5.3 Major Competitive Locations

      5.2.1 National and International Locations

      5.2.2 Local Competitors

   5.4 Competitive Advantages and Disadvantages of Central Australia

   5.5 Cost-Benefit Considerations

6. SPECIFIC REQUIREMENTS FOR CONSTRUCTION OF A CONFERENCE FACILITY IN ALICE SPRINGS

6.1 Purpose-Built Facility and Design

6.2 Location

6.3 Physical Design

6.4 Timing of Development

7. SUPPORT SERVICES FOR CONFERENCE FACILITY IN ALICE SPRINGS

7.1 Accommodation Supply Requirements

7.2 Access Requirements

7.3 Pre and Post Conference Tours

7.4 Marketing Strategy

8. CO-ORDINATION OF PLANNING AND DEVELOPMENT

Price Waterhouse Associates

1. INTRODUCTION

This study of the potential market feasibility of a major convention facility in Central Australia was requested by the Chief Minister of the Northern Territory Government.

Objectives for this study included:

- Analysis of the likely future market opportunities for the development of conference and convention facilities in Alice Springs and/or the Yulara Tourist Resort.
- Determination of the most appropriate site for conference facilities should adequate demand be apparent. The evaluation of alternative site locations should include consideration of:
  - construction of a purpose built facility
  - expansion or modification of an existing facility
  - modification of the design of a proposed facility.
- Assessment of the desirability of expanding the conference facilities available at the Yulara Tourist Resort.
- Assessment of the requirements of the conference and convention markets which could be attracted to Alice Springs and Yulara.
- Assessment of the current and likely future competitive environment that would be faced by new conference facilities in Alice Springs and Yulara.
- Outline of a broad marketing strategy appropriate for the recommended conference facility.

In fulfillment of these objectives, information was gathered in the following ways:

- Background statistical research into both the Australian and Northern Territory conference markets.

. Inspections of existing conference facilities at Alice Springs, Yulara and Darwin, and inspection of potential sites for new facilities at these locations.

. Interviews with key staff at hotels, resorts and other conference facilities in Alice Springs and Darwin.

. Personal and telephone interviews with key industry sources. Sources interviewed included representatives of the following organisations:

  - Executive Directors of major independent conference and convention organisers.

  - The Northern Territory Tourist Commission.

  - The Northern Territory Development Corporation.

  - The Northern Territory Department of Transport and Works, Aviation Division.

  - The Northern Territory Minister for Lands and Departmental Officers.

  - The Conservation Commission of the Northern Territory.

  - The Central and Northern Land Councils.

  - The Lady Mayoress of the Alice Springs Town Council and senior planning officers of the Council.

  - International and domestic airlines. This included regional managers in Darwin and Alice Springs and senior head office marketing executives.

  - Major inbound tour operators.

This study was conducted in February and March 1984 and is based on information available at that time.

The convention and conference market is a comparatively new and burgeoning industry. As such, market trend data is scattered and frequently inexact. Accordingly, our analysis of the market feasibility of a new conference facility is based only on the best available information and our understanding of the critical factors which will influence the likely feasibility of such a facility.

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2. SUMMARY OF FINDINGS AND RECOMMENDATIONS

There is emerging a definite and desirable potential market for a stand-alone, purpose-built conference facility in Alice Springs.

However, the success of the Conference Centre is partly dependent on successful implementation of the following design and timing parameters:

- The facility should have, as its first stage, a maximum, theatre-style capacity for 850 delegates. The building should be suitably designed for extension to cope with larger delegate groups should future demand warrant.

- The facility must provide the best, medium-size conference venue in Australia. It must be flexibly designed to cater professionally for delegate groups of all sizes up to approximately 850 delegates with separate break-out room capacity equal to plenary capacity, full catering services and sophisticated lighting and presentation support equipment.

- The facility should provide for multi-purpose uses complementary to those of the Araluen Arts Centre. In the early years of its operation, it is unlikely the venue will achieve sufficient use by conference delegates alone.

- The Conference Centre should be located in the immediate vicinity of high quality accommodation properties in Mt John Valley.

- The facility should be of distinctive architectural design sensitive to the unique environmental qualities of Central Australia in general, and the views of the MacDonnell Ranges, in particular.

- The Conference Centre should be operational by 1988 to capitalise on heavy demand already apparent for

  Australia's Bicentennial Year. It is expected that existing venues and those being constructed will cope adequately with demand to 1988.

The Convention Centre must be of the highest standards if it is to realise the market potential we have identified. The foregoing design parameters, if successfully applied, place this facility in a unique market position with significant competitive advantages.

The primary market segment will be the incentive conference group usually belonging to those industries with a marketing and sales orientation. (Typically, an incentive conference group enjoys pre or post conference recreational activities which are financed by the company to reward and/or further motivate employees.) There is also immediate market potential for corporate bodies and professional associations. The local function and club markets can be serviced adequately by existing venues.

The most lucrative conference market is likely to remain with the small to medium-size groups ranging from 150 to 400 delegates. Our research indicates that the proposed Conference Centre is justified for these reasons:

- As historical demand patterns indicate, projected demand for conference venues is growing strongly, particularly so in resort destinations. For example, from 1978/79 to 1980/81 there was a 39.5% increase in delegates to exotic locations compared to 7.5% for the total market. The market perceives Alice Springs as an exciting conference destination. In support, conference booking patterns in Alice Springs confirm considerable latent demand by conference users.

- All existing, and proposed venues in Central Australia are not of sufficient quality or size to fully exploit the potential market demand which could be available in the medium and long terms.

- Central Australia has a unique, enduring appeal and outstanding natural features which hold special fascination to the Australian and overseas markets. We consider this potential conference destination to be the most competitive truly "exotic" alternative to the usual beach-oriented venues. Industry sources also advise of the strong market interest in new conference destinations away from the familiar locations presently available.

- Alice Springs is strategically located to all major city markets in Australia.

- In the longer term, there is likely to be an undersupply of high quality, medium-size conference venues in resort destinations throughout Australia.

- There is significant latent potential to redirect conference groups to Alice Springs away from existing urban, coastal and overseas destinations.

- Although relatively small, there is a strongly expanding inbound delegate market. This market could grow significantly in the medium term precipitated by the current overseas promotional drive by the Australian Tourist Commission. Central Australia can provide an opportunity especially compatible with the aspirations of overseas visitors coming to Australia.

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Alice Springs should have a major convention facility before Darwin. Alice Springs is better positioned to service the incentive conferences with its superior tourist infrastructure and services.

It is not possible to prepare statistical projections of conference trends and market shares which could be achieved by the proposed Convention Centre. This is because historical conference data is entirely inadequate for forecasting purposes. In our view, historical trends are not particularly relevant. The recent development of new, high quality accommodation properties and the major promotional efforts planned for the Northern Territory will create an unprecedented and entirely new set of marketing opportunities for Central Australia.

However, we do not believe the market potential identified for the convention facility will be achieved without qualification. In particular:

- We presume airline services to Alice Springs will be more directly and frequently linked with major cities on the eastern and southern seaboards and that the Alice Springs airport is upgraded to cope with likely escalation in user demand. Intra-city transport must be improved to ensure simultaneous and comfortable movement of large delegate numbers.

- We presume there will be sufficient high quality accommodation available to service convention delegates. Based on present projections, there may be inadequate quality accommodation available during the peak tourist season for large convention groups.

- Tour operations must continue to improve in quality, number and scale to adequately provide for pre and post conference tours.

- Most importantly, an expansive and effective marketing strategy plan for the Convention Centre and the region as a whole must be implemented urgently. This plan must target specific conference segments. It must aim to highlight the unique, "Dreamtime" attractions of Central Australia. It must aim also to overcome the present market inertia created by the view that whilst the region has magnificent natural attractions, it has primitive visitor facilities and services.

This report outlines specific improvements to the ancillary services discussed above. These improvements must be co-ordinated to ensure that convention delegates enjoy a consistently high standard for all services received during their visit. Otherwise, the market potential of the Conference Centre may be seriously compromised.

The Government should immediately assess the likelihood that supporting infrastructure can be upgraded to the standards specified in this report by 1988. If a Convention Centre was to be available by 1988, approval for its development would need to be made quickly. Major conferences are booked years in advance. Consequently, marketing of the new venue and supporting services should begin soon to capitalise on the special opportunities offered for 1988.

It is likely that the Conference Centre may attract a substantial proportion of the Araluen Centre's market, thus undermining the latters' profitability, at least for the first few years. We believe the Araluen provides a fine performing arts facility, but will not be able to fully exploit the conference market owing to design, managerial and locational constraints. The Northern Territory Government must decide between the competitive strength engendered by a purpose-built facility in an increasingly competitive conference market, and the viability and adequacy of the Araluen Centre in the late 1980's.

It is unlikely that the Conference Centre would be profitable in the short and medium terms. However convention delegates expenditure patterns create significant multiplier effects (eg for hotels, restaurants, tours) which would more than justify its capital and operating costs.

Therefore, a stand-alone, purpose-built convention centre provides a critical strategic element for maximising the tourist and convention potential within Central Australia.

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3. DEVELOPMENT PATTERNS IN THE AUSTRALIAN CONFERENCE MARKET

3.1 Introduction

Over the past 20 years there has been a world-wide explosion in the convention industry. This was due, in part, to advances in travel, technology and communication.

Whilst Australia provided a small service to the convention market in the 1960's, its growth has only burgeoned substantially in the last eight years.

Chapters 4 and 5 demonstrate that Australia has experienced and will likely retain a solid market foundation for growth in its convention industry during the 1980's. This is reflected in the report's analysis of historical industry growth and the continued expansion of conference facilities in major cities and more isolated locations.

3.2 Requirements of the Conference Market

In the broadest sense, there are two types of conference market among industry groups based within Australia: the city conference facility users and those groups seeking venues which offer a more "exotic" or incentive-related appeal usually incurring greater travel distance for delegates.

However, our research indicates that many industry groups and associations are not inflexibly committed to either a local city or an "exotic" destination. That is, many existing users of city venues may be attracted to exotic destinations if the unique advantages of the destination are marketed effectively and the conference package offered is suitable.

General requirements for any exotic conference destination and package include the following:

(a) Facility Design and Standards

The conference facility must provide maximum flexibility to cater for varying delegate sizes with the ability to operate concurrent meetings and functions as required.

With the increasing number of convention facilities built and planned, the quality of venues has improved significantly. Accordingly, any new and major conference centre must aim to provide the very best with regard to functional layout, aesthetic design and support equipment, if it is to bid successfully for a share of an increasingly discerning domestic and international market.

(b) Accommodation

There must be an adequate supply of accommodation available to conference delegates. The provision of a

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first class convention venue presumes the availability of first class accommodation if the potential of the conference market is to be fully realised.

It is equally important that suitable accommodation is close to the conference venue to minimise inconvenience to delegates and to maximise the "team-building" benefits of the conference.

(c) Access

Since many exotic conference destinations involve substantial travel distances, it is essential that they are serviced by a direct and efficient travel service. This includes direct airline service and comfortable intra-city transport to and from the conference destination.

(d) Pre and Post Conference Recreational Opportunities

An exotic convention location should provide exceptionally attractive pre and post conference activities for delegates. Exotic locations frequently involve tours of special natural features, local cultures, and/or other active and passive recreational pursuits.

Pre and post conference activities must be professionally packaged and operated in a manner which is consistent with the high standards already provided by the conference venue and accommodation.

(e) Market Appeal

The conference destination should hold a unique and distinctive emotional attraction for the conference market. Without this intangible appeal, it is more difficult to define and market the special opportunity being offered which justifies the extra travel distances usually involved.

(f) Marketing Strategy

Finally, the conference destination must be designed for and promoted to specific market segments. A marketing strategy plan must be prepared, applied and revised on the basis of the practical requirements and emotional needs of the target markets as these evolve.

Whilst the foregoing requirements of the conference market are simple enough, major convention organisers commonly cite that these factors are frequently overlooked by architects, suppliers and marketers. These requirements serve as criteria to assess the competitiveness of existing convention venues and as guidelines for the development of a major facility in Central Australia.

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4. TRENDS IN THE TOURISM AND CONVENTION MARKETS IN CENTRAL AUSTRALIA

4.1 Conclusions

Owing to the absence of good quality conference venues, Central Australia has not warranted an image as a conference destination at all.

Inspections of existing properties confirmed that with the exception of the Alice Springs Federal Casino, all conference venues are substandard. As such, they have mostly attracted the local social and club function market.

With the opening of the two Sheraton properties and the Araluen Arts Centre, an entirely new set of market opportunities is emerging.

We believe there is considerable latent demand for Central Australia as a conference destination, particularly by the incentive corporate market segment with small to medium-size delegate numbers.

However, our research also indicates that the wider market is not aware that any real opportunity is being made available for convention delegates requiring high quality services.

Once first class facilities are in place and an effective educational/marketing programme is implemented, Central Australia may quickly emerge as a very competitive exotic conference location. It has a special and uniquely "Australian" appeal to both domestic and overseas visitors.

We consider that with completion of existing projects, there will be sufficient conference capacity to service market demand for the next three years. However, and as justified further in Chapter 5, construction of a suitable additional conference venue should begin soon to be available and to cope with potential demand from 1988 onwards. This will also provide the time to ensure all other infrastructure is upgraded (eg air service, tourist packages) to similarly high standards. General tourism travel industry trends will consolidate pressure for improvements to supporting infrastructure.

4.2 Convention Market Patterns

4.2.1 Convention Market Suppliers

Interviews with Visitor and Convention Bureaux around Australia confirm that, until recently, Central Australia has not been perceived as a conference destination at all.

There have been no major conference facilities in the Northern Territory with which to win a share of the market. A summary of the types of conference facilities presently available and planned is provided below. This discussion includes the type of market each property is attracting.

Alice Springs Federal Casino

It is only with the opening of the Casino in 1981 that Central Australia has been able to provide any significant opportunity for the convention market.

The Casino's total convention capacity is 350 people, theatre format, and approximately 230 in banquet style. The Casino's convention facilities can be subdivided into 3 separate meeting rooms.

The Casino has enjoyed exceptional growth in use of its meeting rooms over the past 3 years. Present market demand is exceeding their capacity to supply. On average, 8 to 10 conferences are booked each month in addition to a much greater number of other functions. The Casino's Convention Manager advised that about 60% to 70% of their conferences are government-derived with an average delegate range of 30 to 60 people. In conjunction with other accommodation properties, the Casino has successfully secured the 1984 National Apex Conference of 1,600 delegates.

The Alice Springs Federal has secured its conference market with little promotional effort. Most business has been attracted through the airlines. However, the Casino will be participating in a touring "road show" in conjunction with the Northern Territory Convention Bureau in mid-1984.

Telford Alice Hotel/Motel

The Telford Alice is the Casino's main competitor. It is a fairly old property with a meeting room designed more for functions than conventions. Their main market is social functions, particularly wedding receptions.

The 420 square metre facility presently offers the largest convention floor space in Alice Springs. It has a capacity of 450 theatre style and 350 banquet style. The venue is not suitable as a major, high quality conference destination. It does not have the requisite conference equipment, venue quality, or plenary and break-out room layout.

Last year, the Telford had a few substantial conventions, the largest being a one week meeting of the German Teachers Association which involved 200 delegates.

The Telford has no major conferences yet booked for 1984 other than helping cater to some of the functions being held for the Apex convention.

The Telford's convention facility is used for live entertainment three evenings per week.

Melanka Lodge

Melanka Lodge offers budget accommodation with 237 rooms and 340 beds.

Their convention facilities are being redesigned with the conversion cf the main hall to a bar and lounge. Melanka's main hall has a capacity for 120 people, theatre format, and 100 people in each of the two dining rooms. As with the Telford Alice, the venue does not have the conference equipment nor quality and flexibility of design to be marketed as a major, nationally competitive conference facility.

The recently acquired liquor licence will allow Melanka Lodge to access the functions market.

At present, this property has only three forward bookings, one of which is for 120 delegates. Management expects a significant demand for local social functions (eg weddings, parties) and meetings (eg service clubs).

The Gap Motel

The Gap opened some 15 months ago and provides a standard of accommodation bettered only by the Alice Springs Federal.

It has a small conference capacity of 60, theatre style, and 50 for banquets. The Manager estimates he has one small conference every three weeks. If one includes functions, the venue would be used about three times per week. The meeting venue is unsuitable for major conferences owing to its capacity and design constraints and lack of support equipment.

New Developments

Araluen Arts Centre

Araluen Arts Centre is a multi-purpose community centre designed particularly for cultural performances and functions. It is due to open in early 1984.

The theatre has a lecture-style capacity for 500 people which can be reduced to 210 using a curtain which will also eliminate transferral of noise. It also has a board room and a subdividable meeting room accommodating up to 160. It will provide an exceptional attraction and service to the local and national markets.

However, as the primary and large convention destination for Central Australia, it has a number of important constraints. The facility has been designed as an arts centre first and convention venue second. As such:

- It lacks the catering capability to properly service full delegate capacity.
- It lacks break-out rooms with equivalent capacity to its full plenary design.
- The facility is not centrally located to first class accommodation establishments in Alice Springs.
- There is likely to be a real and practical conflict of interest in attempting to successfully manage and promote the Centre as an arts/tourist complex and also a major national convention destination.

Sheraton Hotel, Alice Springs

The Sheraton Alice Springs is scheduled to open in October 1985. It will provide a ballroom which will be used for conferences. The ballroom will be subdividable into three equal spaces and will have a total surface area of 310.5 square metres. This equates with an approximate theatre-style capacity of 600 delegates. The venue will be serviced by a prefunction room with an area of 138 square metres.

Sheraton advises that it has already received a significant number of inquiries for use of the facility.

Sheraton, Ayers Rock, Yulara

Sheraton's Ayers Rock hotel, is a major part of the Yulara development. It will provide 250 rooms and various recreation facilities. It will have two function rooms catering to 60 and 80 people, banquet style and a combined banquet capacity of 130 and theatre capacity of 160.

Audio-visual facilities and other minor equipment will be provided. A small break-out room will also be available.

The Yulara Resort will also provide a small community hall, a 140 seat theatrette and two outdoor auditoriums.

The Sheraton properties in Yulara and Alice Springs are targeting the small to medium size meeting/function market. They have already received many inquiries for the use of facilities which they anticipate to provide free of charge to delegates using their accommodation.

4.2.2 Convention Demand Patterns

Historical and Existing Demand Patterns

From a national perspective, Central Australia is only just beginning to establish a market presence as a potential conference destination.

Industry specialists which we interviewed, consistently reinforced Central Australia's image as a hot desert area with a remarkable rock and natural mystique but offering little else. (The region's market image is discussed further in Section 5.4).

With the exception of the Federal Casino, all other venues are too small, inappropriately designed and of insufficient standard to attract conventions from around Australia. As a result, existing or expressed demand for the region's facilities is dominated by social and local club functions.

Yet, in spite of Central Australia's current image and with minimum market effort, the Federal Casino's conference venue is fully utilised. An inspection of existing properties confirmed that the Casino is the first and only site operating which provides first class accommodation and reasonably good conference facilities in the region.

As a result of their presence, it has been estimated by a reliable industry expert, that conferences and conventions in the region have increased approximately 300% in the last three years.

Clearly, the historical market trend in the conference and convention market reflects a supply-led demand pattern. Interviews with hotel convention operators and regional managers of domestic airlines confirmed that most interstate convention delegates belonged to the incentive market.

Owing to the existing poor supply of high standard venues, the conference market remains largely untapped. For this and other reasons discussed later, it was considered superfluous to research and compile comprehensive historical conference data for the region as an indication of future trends.

Latent and Future Demand Patterns

The success of the Alice Federal indicates considerable latent demand for high standard, small conference venues in Alice Springs.

This trend is supported by the vigorous level of inquiries directed to the recently formed Northern Territory Convention Bureau. The Executive Director advises that she has already tendered eight new submissions for future conventions, all of which were requested and not solicited by the Bureau. Significantly, seven of these tenders, if successful, will be located in Central Australia, as detailed below.

CONVENTION SUBMISSION FOR CENTRAL AUSTRALIA

Group	Number of delegates	Location	Date
Polygram Executives	40	Yulara	1984
3M Executives	30	Yulara	1984
Venetian Blind Manufacturers Assoc.	100	Alice Springs	1985
Dept. Medicine, Melbourne University	300	Alice Springs	1986
Biochemistry Conference University of Melbourne	120+	Alice Springs	1987
Aeronautical Medicine Conference	1,500	Alice Springs	1988
Aust. Psych. Society	400 - 500	Alice Springs/ Yulara	1989
Real Estate Institute Conference	200+	Alice Springs	1989

Source: Northern Territory Convention Bureau

With completion of the Sheraton projects in Alice Springs and Yulara and the opening of the Araluen Centre, an entirely new set of market opportunities will emerge. These properties will provide substantially increased capacity for small to medium sized functions/conferences in conjunction with first class accommodation. The increased local competition by high calibre operators will provide for an unprecedented and professionally-geared promotional effort for the region.

Consequently, there should soon emerge a much stronger nationally-derived conference market. There will likely be a changed emphasis away from local club and social functions which presently dominate bookings. The potential to maximise use of present and future meeting venues will be supported by the following ancillary developments:

. A more aggressive and large scale marketing effort including the formation of the Northern Territory Tourist and Convention Bureaux which are initiating a variety of promotional drives including an expansive marketing plan which is presently before the Northern Territory Government Cabinet. If implemented, this plan may well prove timely given the increasingly high market awareness of Central Australia (as identified by industry experts) further enhanced by the current national tourist promotion drives here and overseas.

. The increasing professionalism of hotel and tour operators capable of providing a first class product and promoting nationally and overseas.

. The generally strong growth in tourism in Central Australia with improvements in all associated infrastructure. (Discussed in detail in Sections 4.2 and 4.3)

There are five broad conference market segments: Association, professional, society, corporate and satellite groups.

Interviews with industry specialists consistently identified the following conference market segments as groups which will be most easily attracted to Central Australia:

. Domestic incentive conference groups which usually seek or have chosen to try a new, exotic location. It is likely smaller management/incentive meetings will be attracted rather than the large national conventions. This includes corporate groups; in particular, any commercial firms which place special emphasis on marketing/retailing.

. Professional associations, particularly medical, dentist and legal associations. However, Central Australia will be constrained by the fact it does not have a strong local association base from which to attract national association meetings.

It is emphasised that these market targets are identified only as the most easily accessible groups. Subject to provision of high quality venues, effective marketing and supporting infrastructure, Central Australia can expect to attract business from most conference segments in the longer term.

A statistical analysis of national trends in the conference market is provided in Section 5.1. This will help to more precisely define the opportunities for Central Australia among specific conference targets.

Our research shows that with the provision of the additional venues under construction, Central Australia will have adequate capacity to service conference and convention demand for the next three years. However, it will be shown that construction of a suitable additional venue should begin soon to cater for potential conference demand from 1988 onwards. Further, some time is needed for concomitant improvements to supporting infrastructure including access, national marketing efforts, pre and post conference activities and the provision of adequate and further first class accommodation. These services are discussed in depth in Chapter 7.

4.3 Domestic and International Tourism Patterns

The continued expansion of tourism to Central Australia is essential if a major convention facility is to achieve full potential. This is partly because tourism growth precipitates the need for improved services in the region. For example:

- Professionally operated tour packages (which are essential for pre and post conference activities).
- Improved access arrangements including airline service and intra-city transport.
- Upgrading and expansion of accommodation properties and all other tourist services.

Tourism growth also ensures greater capacity for marketing Central Australia as a first class tourist destination, thus enhancing the region's profile for conference use.

A statistical analysis of visitor patterns demonstrates the growing importance of tourism to the Territory.

Aggregated figures for the Northern Territory are provided below:

Visitors	**1977/78**	**1978/79**	**1979/80**	**1980/81**	**1981/82**
Interstate	172,000	250,000	275,000	296,000	168,630
Intra-Territory					203,300
International	54,000	59,000	55,000	54,000	39,270
TOTAL	226,000	309,000	330,000	350,000	411,200
Total annual growth rate	10%	36%	6.7%	6%	17.5%

Source: Northern Territory Tourist Commission

In 1981/82, overseas visitors comprised 9.5% of all Territory trips, interstate visitors 41% and Territory residents 49.4%.

The table below highlights a significantly greater proportion of overseas and interstate tourists visit Alice Springs/ Ayers Rock then any other region in the Territory.

PLACES VISITED IN THE NORTHERN TERRITORY 1981/82

	Percentage of Total		
	9.6%	49.4%	41.0%
Location	Overseas Visitors	Interstate Visitors	Territory Travellers
Alice Springs - Ayers Rock	73%	62%	11%
Darwin - Kakadu	58%	21%	72%
Katherine - Mataranka	27%	52%	26%

Source: Roy Morgan Research Centre, Northern Territory Travel Survey

Visitation to Ayers Rock has grown 5% compound per annum between 1977/78 and 1982/83.

The relative importance of Central Australia compared to the Top E
is reflected also in air passenger data presented below.

AIR PASSENGER DATA, DARWIN AND ALICE SPRINGS

Year ending		Arrivals		Departures		% Increase Arr	Dep
DARWIN							
1979	International	12,438		13,796			
	Domestic	142,794		139,193			
1980	International	15,669		16,552			
	Domestic	158,170		160,194		11%	20%
1981	International	19,732		19,825			
	Domestic	157,363		159,502		-1%	-1%
1982	International	18,929		20,157			
	Domestic	159,804		152,487		1.5%	-5%
1983	International	17,949		20,619			
	Domestic	149,182		146,685		-7%	-4%
ALICE SPRINGS							
1979	Domestic	95,919		97,935			
1980	Domestic	107,341		108,695		11%	10%
1981	Domestic	107,613	1980/81 102,456	107,508	1980/81 103,118	.03%	-1.5%
1982	Domestic	121,567	1981/82 118,867	122,701	1981/82 119,766	13%	14%
1983	Domestic	N/A	1982/83 117,874	N/A	1982/83 119,730	-1%	-.01%

SOURCE: Department of Aviation

We make the following conclusions:

- Central Australia is the primary tourist destination in the Northern Territory. The previous table shows that whilst airline passenger trends are more sensitive to fluctuations in the national economy, growth has also been strong, particularly so in Alice Springs.
- Both Central Australia and the Territory as a whole are continuing to experience a rapid rise in tourist numbers.

In support, interviews with industry specialists indicate that the Centre will remain the Territory's primary tourist destination. From our nationally-based research, it is indisputable that the Centre has achieved a leading profile in the industry with a unique and enduring appeal to both domestic and international tourists.

This high profile image and the solid growth in visitation provides an encouraging foundation for the expansion of infrastructure which is also essential for the convention market.

4.4 **Permanent Population and Economic Development Patterns**

The Northern Territory has the fastest population growth rate in Australia. Between 1981/82 and 1982/83 Alice Springs achieved the highest population growth rate in the Territory, increasing by 5.3% to 20,706. It is projected to increase 3.4% each year to the year 1990.

The main industry in Alice Springs centres on tourism, an industry which the Government intends to expand significantly, Private enterprise is similarly committed. For example, significant expansions are planned to the Casino, the Gap Motel, the Riverside Hotel, and a very large tourist development is being considered for Mt John Valley.

5. THE COMPETITIVE ENVIRONMENT FACING CENTRAL AUSTRALIA AS A CONFERENCE DESTINATION

5.1 Conclusions

We believe Central Australia to be potentially a very competitive location for the incentive and/or exotic conference market. The region offers a unique appeal and outstanding natural features, all of which are being increasingly well packaged by tour operators. Central Australia is strategically located for all major Australian cities and the supportive infrastructure for conventions is more advanced and developing faster than the Top End.

Analysis of demand patterns highlighted the strong historical and future growth in the convention market, in general, and the exotic/incentive segment in particular. In response, the quality of venues in exotic locations is of an increasingly high standard but will continue to cater almost entirely to small delegate groups. It is our view that there are too few inland venues of good quality with true exotic appeal to adequately service the needs of domestic and overseas markets. Our research indicates that conventions with a small to medium number of delegates will be adequately serviced by local venues which are currently operating or committed for the next three years.

Most convention venues are not independently profitable. However, operating losses are more than recovered by delegates' substantial contributions to income for total hotel operations and the wider community. Whilst large conventions provide sudden and substantial income, they are infrequent. The small to medium size delegate groups comprise the most lucrative market segment.

Therefore, we conclude that there is emerging a desirable and clear market potential for a major conference facility of flexible design catering to slightly larger delegate sizes in Central Australia relative to other venues in resort locations in Australia. This assumes that planning for such a facility and improvements to supportive infrastructure must be developed and synchronized in a manner which strategically positions the new venue as a distinctive and outstanding supplier to the convention market.

Specific requirements for a major convention venue are discussed in the remaining chapters.

5.2 Demand Patterns and Projections

5.2.1 Historical Demand

The convention market in Australia has grown strongly since 1978. This is evidenced by the rapid increase in supply of convention venues, as discussed in Section 5.2, and statistical trends outlined below.

Ideally it would be desirable to analyse market growth by conference type, size and geographical location. This would help provide the basis for statistically projecting market shares achievable by a major facility developed in Central Australia. This is not possible since available data is inadequate. For example:

- There are no statistical records specific to the inbound conference market before 1978 and ABS data available since then is grossly understated and misleading given the effects of world recession (refer below).
- The Domestic Tourism Monitor did not operate before 1978/79, conference figures were similarly underestimated as with the ABS research, and the methodology is not able to adequately survey the corporate meeting market or hotel delegates.
- There is no data available concerning the outbound conference market to overseas destinations.
- Rank Publishing Company's "Convention" magazine provides calendars of conventions to be held. However, the publisher advise these bookings are selected for its readership's interest. They cannot be regarded as a statistically reliable sample for market analysis.

However, broad trends in the conference market can be identified in the table below.

TRENDS IN THE DOMESTIC CONFERENCE MARKET

The following figures are based on the annual Domestic Tourism Monitor survey conducted by the Roy Morgan Research Centre.

Year	**Area**	**Total delegates '000**	**Percentage of total visitors**	**Percentage market share**
1978/ 1979	Australia	1,670	3.2	-
	NSW	594	3.3	35.6
	ACT	71	9.0	4.3
	VIC	382	2.8	22.9
	QLD	281	3.2	16.9
	SA	143	3.6	8.5
	WA	107	2.7	6.4
	TAS	82	3.6	4.9
	NT	6	2.6	.4

TRENDS IN THE DOMESTIC CONFERENCE MARKET

Year	Area	Total delegates '000	Percentage of total visitors	Percentage market share
1979/ 1980	Australia	1,589	2.9	-
	NSW	567	2.9	35.7
	ACT	61	7.4	35.8
	VIC	347	2.5	21.8
	QLD	256	2.6	16.1
	SA	134	3.3	8.4
	WA	116	2.6	7.3
	TAS	89	3.9	5.6
	NT	17	3.7	1.0
1980/ 1981	Australia	1,796	3.0	-
	NSW	661	3.1	36.8
	ACT	67	8.9	3.8
	VIC	465	3.2	25.9
	QLD	221	2.1	12.3
	SA	173	3.9	9.7
	WA	124	2.7	6.9
	TAS	71	3.1	3.9
	NT	9	1.8	.5
1981/ 1982	Australia	1,702	2.8	-
	NSW	597	2.7	35.1
	ACT	24	2.9	1.4
	VIC	426	2.9	25
	QLD	306	2.7	18
	SA	122	2.5	7.2
	WA	105	2.5	6.2
	TAS	104	4.4	6.1
	NT	8	1.8	.5
1982/ 1983	Australia	1,694	2.8	-
	NSW	666	3.1	39.3
	ACT	64	6.4	3.8
	VIC	370	2.6	21.8
	QLD	279	2.5	16.4
	SA	126	2.7	7.4
	WA	91	1.9	5.4
	TAS	89	4.0	5.3
	NT	8	1.4	.5

Aggregated trends in the conference market in Australia as a proportion of total visitors are shown below.

CONFERENCE DELEGATE GROWTH IN AUSTRALIA

Year	**Total number of delegates**	**% of total visitors**
1978/79	1,670,000	3.2
1979/80	1,589,000	2.9
1980/81	1,796,000	3.0
1981/82	1,702,000	2.8
1982/83	1,694,000	2.8

<u>Note</u> It is important to note that figures on both tables understate true delegate numbers since the DTM survey asks "the main reason" for travel - many respondents would list holiday although they may have also attended a conference for a short time.

Source: Domestic Tourism Monitor

Between 1978/79 and 1980/81, the number of delegates increased 7.5%. Declines in numbers in following years reflect the effects of world-wide recession.

The conference market attracted to resort destinations may be the most sensitive to recession. In support, we have isolated regionally disaggregated DTM figures for the three primary and truly exotic conference destinations in Australia. Areas selected are the Gold Coast, the Whitsunday Passage and the island region off the North Queensland coast.

DELEGATE GROWTH FOR EXOTIC LOCATIONS IN AUSTRALIA

Year	**Delegates**
1978/79	38,000
1979/80	37,000
1980/81	53,000
1981/82	32,000

Source: Domestic Tourism Monitor

<u>Note:</u> It was not possible to isolate data for other resort locations since these venues have a wider delegate market supported by local city populations.

From 1978/79 to 1980/81 there was a 39.5% increase in delegates to these exotic regions compared to 7.5% for the total market. There was a 40% decline in numbers in 1981/82 whereas there was only a 5.3% loss for the entire national market.

These figures suggest that resort-located conferences are growing faster than the total market, a view consistently supported by all convention bureaux and organisers which we interviewed. However, the data indicates that users of exotic venues are more sensitive to the general health of the economy. This is likely to be most true of smaller, incentive conference groups who do not need to commit to venue bookings years in advance.

Industry sources advise that there is a large outbound conference market, particularly among incentive groups. This conclusion is supported by the figures shown below.

SHORT TERM DEPARTURES BY AUSTRALIAN RESIDENTS TO ATEND CONVENTIONS OVERSEAS

Year	Delegates	Annual Charge
1978	18,702	
1979	26,115	+39.6%
1980	27,768	+6.3
1981	26,022	-6.2
1982	28,790	+10.6

Source: Australian Bureau of Statistics

The trend towards overseas venues fuelled by the general view that Australia is not able to provide first class, resort-oriented destinations for meetings.

Figures provided below for the inbound delegate market from overseas show similar growth patterns to the domestic market. (Figures from the Australian Bureau of Statistics must be adjusted upwards for the same reasons as the DTM survey. The adjustment method used is explained below the following table.)

INBOUND DELEGATE GROWTH

Year	Total Delegates (ABS)	Total Delegates Adjusted*
1978	10,091	25,631
1979	13,161	33,429
1980	17,576	44,643
1981	15,117	38,406
1982	13,357	33,927

* The Australian Tourist Commission's "Survey of International Visitors" in 1981 shows inbound conference delegates comprise 4.1% of all overseas visitors, not 1.4% of visitors as implied by the ABS data. The correct adjusted figure for 1981 is 2.54 times the ABS estimate and this multiple is applied to all other years.

Between 1978 and 1980 the inbound market grew 74% and declined 24% between 1980 and 1982.

5.2.2 Potential Demand

Conventions have developed world-wide as essential management tools for both the private and public sectors. They will remain essential tools in the forseeable future and will grow with expansions to industry and advances in technology and travel.

Our research indicates that incentive conferences will grow faster than the total convention industry rate due to:

- Increasing recognition of the need to reward good performance by employees.
- The related opportunity to deduct the costs of incentive meetings against taxable income.
- The fact that incentive conferences are a more recent, less serviced and less exploited segment of the conference market in Australia.

This view is reinforced by historical demand patterns discussed earlier; for example, the rapid growth in delegates to exotic locations and the perception that many Australian incentive groups travel off-shore since there is an inadequate range of resort-based venues in Australia.

Therefore, we believe there is significant latent demand for suitable facilities in exotic locations in Australia. The vigorous level of enquiries and bookings achieved by the Northern Territory Visitors and Convention Bureau in the short period of its operation (refer section 4.1) supports this view.

Further, we believe certain resort locations in Australia would hold special appeal for the overseas conference market. Most overseas delegates visiting Australia come from the USA, New Zealand and the United Kingdom. With the current promotions in the USA, there could emerge a much stronger US conference market if the Australian convention industry is able to provide a co-ordinated, follow-up marketing effort. Central Australia would hold special appeal to the US market if first class facilities were provided. Many industry sources advise that some South-East Asian countries, particularly Japan, could comprise a growing and potentially substantial inbound delegate market in the longer term, provided adequate airline capacity and frequency is available to service these markets.

All convention bureaux confirmed that bookings are improving markedly with the recent upturn in the economy. The Australian Bicentennial Year in 1988 has generated substantial demand already. Some interviewees believed this is more because of an increased inbound market than increased bookings by the domestic sector. Consequently, a special opportunity is offered to Australia from 1988 onwards to tap into international conferences using the Bicentennial Year to create international awareness of Australia as a first class conference destination.

Our research shows the following broad trends in future bookings throughout Australian capital cities. (For commercial reasons, convention bureaux were not prepared to release their calendars of future conventions booked.)

Sydney - Conference bookings are strong for the next few years.

- Major conference venues are virtually booked out for 1988 to the extent that other cities are being referred enquiries received by the Sydney Convention and Visitors Bureau.

Melbourne - Melbourne's bookings show strong growth for the next few years. 1984 and 1985 exhibit excellent demand, precipitated by Victoria's 150th year celebration. Based on current demand patterns, the Melbourne Tourism Authority believes it will have an outstanding year in 1988 and will be able to "hand-pick" the bookings they want. Bookings are reportedly reasonable for 1986, 1987 and 1989.

Brisbane - Brisbane retains significant surplus venue capacity for 1988 with nine conferences booked for a total 5,000 delegates. Demand is anticipated to be high in this year with the staging of Expo 88. Bookings from 1984 to 1988 indicate a steady improvement on recent years.

Adelaide - Adelaide is heavily booked for 1986 for their 150th year celebrations but is yet to receive spill-over demand from Sydney and Melbourne for 1988. It has about 600 conventions booked between now and 1988.

Perth - The Bureau expects a good year in 1988. It has already enjoyed an "excellent response" for 1986/1987 with the staging of the America's Cup, so much so that many accommodation properties are finding themselves unable to commit sufficient rooms for delegates.

Price Waterhouse Associates

Canberra - Substantial interest registered for conventions in Canberra in 1988. Major convention bookings are yet to be confirmed. 1988 will be a good year but unsure of demand immediately before and after the Bicentennial year.

Hobart - Tasmania retains significant surplus capacity for 1988 but is already experiencing stronger demand for venues in this year.

Clearly, 1988 is developing as an exceptionally big year for conventions throughout Australia. Sydney and Melbourne will probably be unable to cope with demand which will divert demand for facilities to other localities.

Industry sources have mixed views whether or not 1988 will lead to a sudden and sustained expansion in the conference industry for ensuing years or will contract and resume the steadier growth patterns indicated by convention bookings before 1988.

5.3 Major Competitive Locations

5.3.1 National and International Locations

Based on interviews with major conference bureaux and organisers, existing venues which would compete directly with Central Australia as an exotic conference destination include the following:

- Barrier Reef island resorts, namely the Royal Hayman Resort with a theatre-style convention capacity for 200 - subdividable rooms serviced by adjacent dining room and a range of technical equipment.
- The Gold Coast region which has a good range of conference venues of varying standards and capacities.
- South-East Asia, particularly Bali, Singapore and Hong Kong.
- Tasmania.
- Fiji.

In addition, there are a number of generally small and low key convention facilities provided in country areas outside capital cities in NSW, Victoria and Queensland, in particular.

There are a significant number of new conference facilities being developed in all states of Australia. These are mostly in capital cities and are usually associated with new accommodation properties or enhancements to existing hotels.

Key developments are as follows:

Victoria - Three new hotel developments in Melbourne catering for 400 to 700 delegates each and a plan to expand facilities at the Southern Cross which will have banquet capacity of 1,200 by April 1985. No further new developments known for Victoria as a whole.

Queensland - Brisbane Performing Arts Complex operational by end of 1984 with theatre capacity for 2,000. Brisbane Sheraton opens soon with a theatre capacity for 1,800, and the Boondall Sports and Entertainment Complex currently being built will cater to 16,000 people with two halls one for 6,000 and one for 2,500.

South Australia - The planned Adelaide Convention Centre will probably have a capacity for 2,500 to 3,000 delegates. The proposed West Lakes Hotel will have a convention facility but capacity is not known as yet. No further developments are planned for South Australia.

Western Australia - Perth will have five accommodation properties offering new or upgraded convention venues. The Merlin Hotel's facility will offer a 1,200 theatre capacity, the largest in Perth. The largest of the remaining four properties will cater for no more than 200 delegates.

New South Wales
- Sydney's Shangrila Hotel/Convention development is in the planning stage and will provide professionally for 3,500 delegates and 10,000 square metres of exhibition space. Two other hotels are being developed with conference facilities.
- Outside Sydney, the only major development is a 600 delegate convention facility planned for Leura in the Blue Mountains.
- Two other minor developments may occur one in Wollongong and one on the Hawkesbury River.

Tasmania
- In addition to Wrest Point Casino's newly opened convention facility designed for 1,600 delegates, Tasmania will have a second international hotel with conference rooms by January 1986.
- No further developments planned.

Australian Capital Territory - White Industries are developing a 2,500 seat convention venue in conjunction with a 350 room hotel which is planned to be operational by late 1987. Sheraton Canberra is developing a 300 room hotel with 700 seat convention facility expected to be available in 1987.

In addition, there are a number of new venues planned for exotic locations.

- Hamilton Island resort will provide for conventions, with an approximate capacity for 200 delegates.

- Jupiters Casino at the Gold Coast is due to open in April 1986 and will have a theatre capacity for 2,300 plus six meeting rooms (60 delegates each) and a showroom which can seat 1,100.

- The Townsville Casino has been recently approved and is expected to provide a major conference service. Sheraton will operate the facility, thus ensuring highly professional standards. The casino is likely to precipitate other property developments on Magnetic Island which may also provide venues.

It is important to note also that Singapore has huge developments and plans for the convention market and is emerging as a major international competitor, particularly for the Northern Territory. Many of the venues in South-East Asia are major, purpose-built facilities.

5.3.2 **Local Competitors**

Specific conference venues available in Central Australia have already been described. If another major and high quality facility is developed, it would expect direct competition from:

- The Alice Federal Casino,
- The Sheraton Properties in Alice Springs and Yulara, and
- The Araluen Arts Centre.

In addition, competition would come from Darwin, in particular:

- Mindil Beach Casino - a theatre-style capacity of 350, banquet capacity of 200, with subdividable rooms and good conference equipment. As with Alice Springs Casino, Mindil is enjoying near maximum utilisation of its capacity. However, the venue has a number of design limitations.

- The Darwin Travelodge - 150 theatre-style and 70 banquet style capacities. This property used to secure most of Darwin's convention market but the Casino has largely won Travelodge's share since it opened. Travelodge's facilities cannot be regarded as first class but are being upgraded.

- The Darwin Centre - due to open in January 1985. Their conference facilities are of good standard and will provide for 600 delegates, lecture format, and 400 in banquet style. The plenary hall can be subdivided in two. With a nine metre ceiling, it is suitable for major trade displays. The Centre will also have two meeting rooms with a total capacity for 40 people. The performing arts complex's auditorium has a capacity for 1,000 people and is likely to be made available for major plenary sessions on those occasions when the convention facility proves inadequate.

  This convention venue has two critical design limitations. It lacks break-out rooms with a capacity equal to the plenary hall, an essential requirement for first class facilities. Second, catering facilities are located on the floor below which may make catering a difficult and unsatisfactory service.

5.3.3 **Summary**

Central Australia will have increasing competition from conference suppliers in exotic locations, particularly those on the Barrier Reef, South-East Asia and Fiji. Most other facilities in rural areas do not provide a similarly competitive exotic or resort appeal.

Therefore, Central Australia is ideally positioned to provide the only major inland conference destination which offers a truly "exotic" alternative to the predominant sea/sand venue locations.

However, there will be significant local competition for the small delegate market from the casinos in Alice Springs and Darwin and the two Sheraton developments in Central Australia. Remaining venues are not of sufficient quality to successfully compete with a major venue. However, they will continue to provide an important service to the low budget market, particularly for local clubs and social functions. The Araluen Arts Centre and the Darwin Centre are welcome venues to service the larger delegate market. However, both have a number of design limitations which will compromise their competitiveness in an increasingly competitive national market, as indicated by the new high quality facilities being made available in resort and city locations.

However, a number of convention specialists emphasised that, in a marketing sense, Central Australia is not in direct competition with any other location. It has been frequently described as a "one-off" location offering a unique and incomparable range of attractions. Accordingly, it should aim to create its own convention market.

5.4 Competitive Advantages and Disadvantages of Central Australia

5.4.1 Competitive Advantages

Central Australia has a number of special competitive advantages.

As discussed earlier, Central Australia has a high tourist profile among domestic and international visitors. The region holds a uniquely Australian mystique. In recent years, awareness of this area has increased significantly owing, in part, to films such as "A Town Like Alice" and documentaries. Significantly, this high level of awareness has been achieved without major promotional effort.

Second, the region has exceptional natural, cultural and historical features which are unique to Australia. Natural features include

- Ayers Rock and the Olgas,
- Alice Springs Telegraph Station Reserve,
- Simpsons Gap National Park,
- Standley's Chasm,
- Glen Helen Gorge National Park,
- Serpentine and Finke Gorge National Parks,
- Ormiston Gorge and Pound National Park,
- Ross River area and Palm Valley.

These features form the nucleus for an attractive range of options for pre and post conference tours. There are multiple tours and operators available. The quality of their services are reportedly good and better than many operators from the Top End.

Third, Central Australia presents as a new conference destination. Directors of capital city bureaux throughout Australia advise that many convention organisers are seeking untried destinations instead of the "well-worn" locations in major cities and long-standing exotic venues. The discussion of competing suppliers highlights that almost all resort and city-based venues are located on the coast. Alice Springs and Yulara are in an ideal position to market a refreshingly different destination in the heart of Australia.

Alice Springs is virtually equidistant to all of Australia's major cities from which the majority of its business will come. Most other exotic locations are, in a geographical sense, less strategically located for a nationally-based market.

Finally, convention organisers have emphasised that there is greater opportunity to maintain control of delegate groups in Central Australia owing to the small local population and extra-curricular distractions available. This makes the task of administrators considerably easier and nurtures the cohesion and team-building benefits of the conference.

5.4.2 Competitive Disadvantages

In priority order, the major problems with Central Australia are the frequency, capacity and cost of air services presently available to conference groups. A number of convention organisers advise that the lack of frequency and provision of direct flights from main cities to the Centre is a much greater disadvantage than the cost of air travel. This is discussed in greater depth in Section 7.2.

Some industry specialists thought the lack of night life and social opportunities in Central Australia to be a disadvantage.

A related general concern was expressed with the inadequacy of supportive infrastructure which includes intra-city and interstate transport and various tourist/delegate services.

Notwithstanding the high profile of the area, our research highlighted considerable ignorance about the scope of recreational opportunities available in the region other than the Ayers Rock attraction. Further, the market is largely unaware that first class accommodation and convention facilities and tours are being made available.

5.5 Cost-Benefit Considerations

Most convention facilities associated with hotel operations are not independently profitable.

Frequently, facilities are provided free of charge to delegates who are also overnight guests. Therefore, most user fees are negotiable. Management recognises the considerable multiplier effects of conference delegates' expenditure on total hotel operations.

Similarly, convention delegates expenditure within the region incur significant multipliers to the community. No research has been undertaken in Australia to determine precise multiplier effects of convention delegates. However, the Bureau of Industry Economics advises that the multiplier is likely to be significantly larger for convention delegates than for other travellers since their patterns of expenditure are quite different. For example, delegates generally stay in high quality hotels, eat in up-market restaurants and may well spend more during pre and post conference tours.

Further, it has been argued Central Australia would attract the incentive conference market. This frequently implies that spouses accompany delegates and are major contributors to income for the tourist industry.

In summary, neither a purpose-built facility or venue attached to a hotel is likely to be a profit centre in its own right. However, this would be compensated for by the fact that delegates would spend significantly greater amounts on local services including accommodation, restaurants and tours than the average tourist.

Price Waterhouse Associates

6. SPECIFIC REQUIREMENTS FOR CONSTRUCTION OF A CONFERENCE FACILITY IN ALICE SPRINGS

6.1 Purpose-Built Facility

It is proposed that the recommended conference facility be a stand-alone, purpose-built venue. Appropriate modification to existing facilities or those planned is not desirable for the following reasons:

- Planning for and construction of the Sheraton developments in Alice Springs and Yulara are too far advanced for substantial design changes.
- The Araluen Arts Centre's design cannot be suitably expanded and modified to be suitable as a first-class conference venue. Reference has already been made to its inadequate catering and break-out room capacities. Further, the Centre is located inappropriately and may prove to have conflicting management priorities.
- There are very few first class convention venues in resort locations and none that are stand-alone purpose-built facilities. The development of such a facility will provide Central Australia with a distinct and significant competitive advantage.

6.2 Location

A major convention facility should be suitably located in Alice Springs and not in the Yulara Resort for the following reasons:

- Government officials have advised that Alice Springs airport will continue to be the major point of arrival and departure to the region by air travellers, and will be developed accordingly. Government recognises that Central Australia will remain the primary tourist destination in the Territory as verified by historical visitation and air passenger growth to the region.
- The Yulara/Ayers Rock area is perceived and best promoted as a pre and post conference opportunity.
- Alice Springs continues to develop the city infrastructure essential for delegates.
- Alice Springs provides the central location for almost all tourist-related services and tour departures in the region.
- Alice Springs is and will increasingly provide the bulk of first class accommodation properties in the region, as discussed in Section 7.1

Conference organisers emphasise the importance of locating the convention venue as close to high quality accommodation properties as possible.

Mt John Valley is developing as a centralised and upmarket tourist development zone. Accordingly we recommend that the convention facility is built in Mt John Valley as near to the Casino and Sheraton sites and golf course as is sensible.

The Department of Lands advises that adequate land is available in the immediate vicinity. We recommend consideration be given to a site opposite the Casino on the same side of Barrett Drive. This location offers excellent views of the range bordering the valley. Exact siting will be subject partly to flood-prone areas, adequate space for vehicle parking, and economic extensions to municipal services.

6.3 Physical Design

The purpose-built facility should not duplicate the delegate capacities of existing and planned venues in the area. For this and market reasons identified earlier, we propose that the new venue should have, as its first stage, a maximum theatre-style capacity for 850 delegates. However, should future market demand patterns justify, the facility should be capable of building extension to cope with larger conference groups. The design of the first stage of the facility should be such that any future extension does not have the appearance of being an "add-on", but rather an integrated part of the total facility.

The facility must also have food, beverage and catering facilities and separate break-out rooms to cope with its full plenary capacity. It must be fully air-conditioned and suitable for exhibitions. The venue must provide sophisticated ancillary equipment. This includes advanced lighting, sound and audio-visual systems, and be suitably designed to incorporate new requirements emerging for the conference industry, including capacity for teleconferences.

The venue should be flexibly and logically designed so as to provide professionally for delegate groups of all sizes, exhibitions and appropriate community uses. Whilst the venue should be designed primarily for convention use, it is desirable that architects consider where possible, wider multiple-purpose design systems (eg indoor sports activities). It is critical that designers liaise closely with convention operators to ensure appropriate provision for and practical layout of services.

We believe the outstanding Anugraha Conference Centre in Windsor, England, offers special insights into the advanced architectural and technical challenges to which we have referred for Alice Springs. For example, this flexible, functional venue is covered by a transluscent dome which can be blacked out as required. Further, a delegate can be issued with a personal event card (similar to a credit card) which can be used to access closed circuit television, make a telephone call, or during a meeting, enable him to identify himself to the chair, pose a question or address a meeting. We have inspected this facility and would be pleased to provide more detailed information.

Finally, architects should apply a distinctive architectural style sensitive to the environmental appeals of Central Australia. The facility should make a feature of the attractive views of the MacDonnell Ranges which are available from the Mt John Valley area.

Should these design criteria be successfully applied, the convention facility may be the best venue available in Australia among exotic locations. In combination with the powerful natural appeal of Central Australia, the region will then be strategically positioned to provide a unique conference opportunity to the Australian and overseas markets.

The provision of a high quality conference facility complements the first rate hotels being developed in the area. This will serve to overcome the present market inertia created by the common view that Central Australia contains a fascinating natural environment but primitive visitor services.

6.4 Timing of Development

Our analysis of future market demand patterns indicated that existing facilities and those under construction should be adequate to service demand for the next three years.

Our analysis also highlighted that 1988, Australia's Bicentenniary, is emerging as a year of unprecedented demand for conferences and conventions by the domestic and overseas markets. It is not possible to determine whether or not 1988 will be the take-off point for a major and on-going expansion of conference bookings throughout Australia or that the years immediately following will show fewer bookings and steady growth patterns.

However, it is clearly desirable from a market and financial perspective that a major conference venue in Alice Springs should be available for operation by 1988. This would help ensure a more vigorous demand for bookings in its opening year, thus providing a superior cash injection in the early stages of its operation.

Alice Springs is also ideally positioned to market its facility with great effect for 1988. The region is in the centre of Australia with the traditional frontier charms which are attractive to and appropriate for Bicentennial celebrations.

Should the facility open in 1988, it is likely that bookings would be comparatively slower for the years immediately following.

7. SUPPORT SERVICES FOR CONFERENCE FACILITIES IN ALICE SPRINGS

7.1 Accommodation Supply Requirements

Adequate high quality accommodation must be available near to the convention centre for visiting delegates. Mt John Valley is developing as an ideal up-market zone to accommodate tourists and convention delegates.

The Northern Territory Tourist Commission recently researched the implications of the rapid development of accommodation properties. We were advised that there is some concern of an oversupply of bed capacity in the Territory which may require an extra 102,000 visitors by 1989 if accommodation establishments are to prove viable.

The provision of a stand-alone, purpose-built convention facility would obviously enhance utilisation of all good quality properties within Central Australia. For example, consider this projection:

- Assume total Australian convention market increases 5% per year from 1982/83 to 1988/89. Therefore, total delegates 1988/89 = 2,270,122/delegates.

  (This is reasonable if no major recession, and very conservative given current domestic/overseas promotions and effects of Bicentennial Year in 1988.)

- Assume that NT can increase its share of Australian conference market from current .5% to 5%. Therefore total delegates to NT, 1988/89 = 113,506.

  (Reasonable given previous lack of national marketing effort and conference supply capacity and assumed improvements in marketing, facilities and supporting infrastructure.)

- Assume also that Alice Springs will claim 60% of NT delegate market as is presently estimated. Therefore, total delegates, Alice Springs = 68,104.

- A purpose-built conference facility could reasonably attract 50% of the Alice Springs' market, thus servicing about 34,050 delegates in 1988/89.

- Given the dominance of the incentive conference market, we could assume 10% of delegates would bring spouses, thus generating a total of 37,460 visitors and possibly 94,000 visitor rights in Alice Springs.

Obviously, a purpose-built facility would be a critical tool in the strategy to generate the additional accommodation demand required. The potential to increase the Northern Territory's share of the conference market will be largely dependent on the availability of such a venue. Obviously, the foregoing exercise may prove too conservative since it does not fully reflect the potential of a special facility to create a new and much larger conference market which bears no relation to historical patterns in Central Australia.

It is our concern that there may not be sufficient high standard accommodation available during peak tourist seasons to cater also for a large convention group. Consider this scenario for 1988.

(a) Delegate group of 850, 10% of whom bring spouses = 935

(b) Total good quality beds available = 760 assuming

- Sheraton Alice Springs will have 252 rooms with 2 potential guests/room on average
- Alice Federal Casino will have its present 75 rooms with 2 guests/room on average
- The Gap will have 54 units with an average 2 guests/ unit

(c) It would be reasonable to assume these properties would normally achieve 70% occupancy during the peak tourist season. Therefore, there would only be 230 beds available for the 935 conference delegates.

This simple exercise shows that there will likely be an inadequate supply of good to high quality accommodation for full capacity conventions. Lower standard properties such as the Telford Alice and possibly the Oasis could also be included in the above calculation but this would not alter our conclusion.

From the conference market's perspective in 1988, Alice Springs may have inadequate, high quality accommodation available for large delegate groups during the peak tourist season. Thorough analysis should be undertaken to establish if and to what extent additional accommodation will be required.

7.2 Access Requirements

The success of a purpose-built conference facility will be dependent, in large part, on improvements to the existing airline service to Alice Springs.

Presently, domestic airlines provide the following service:

- Direct air services are available to Sydney twice each week, to Perth three times, Brisbane once, and Townsville once per week.

. There is a daily service to Melbourne via Adelaide.

There is talk of a possible new route linking Perth, Alice Springs and Hamilton Island in the near future.

It is essential that the frequency of direct flights linking major ports and tourist destinations with Alice Springs are substantially increased if the convention facility and new accommodation properties are to prove successful.

A senior executive of one of the major domestic airlines advised that there is no doubt they would provide more flights and more direct routes along the East Coast to Alice Springs in the medium term future. This is attributable to the growing passenger market which is likely to follow the rapid improvements in facilities presently evident in Central Australia. He also believes 1988 to be a boom year of recovery in the air passenger and general tourist markets, thereafter leading to an entirely new and bigger outlook for the leisure industry.

There is statistical evidence to support the mounting pressure to increase air services. Between 1973 and 1983, Alice springs passenger traffic increased 121%. (For the same period, Darwin traffic grew 71% suggesting higher priority will be given to Alice Springs by the airlines.) In support, industry sources have projected likely passenger requirements generated by new hotels - for example, it has been estimated that the Sheraton in Alice Springs will need 300 airline seats each day during the peak tourist season.

The second critical factor concerns the cost of air travel. Trends towards higher utilisation of aircraft capacity and more direct routes may help to reduce travel costs. However, the inbound convention market pays an inflated price owing to the need to transfer from an international airline to domestic for travel on to Alice springs. The Northern Territory Government should seek vigorously to negotiate the right of international visitors to travel on to Alice Springs under a single international fare serviced also by interlining arrangements (for luggage transferral, etc) and convenient same day domestic airline connections.

Further, the Alice Springs airport must be substantially upgraded to cope with passenger use in the late 1980's. The present airport was the result of improvements undertaken in 1966. Present usage is three to four times 1966 levels and is growing at about 7% per year.

The airport and terminal, in particular, are not designed to cope with the growing passenger numbers. Accordingly, it is recommended that the Northern Territory Government accelerate reconciliation of the present impasse for ownership, control and upgrading of the airport with the Federal Government.

Finally, it will be important that vehicle transport services in the Alice Springs locality be improved substantially to allow for the efficient, simultaneous and comfortable movement of large conference groups.

7.3 Pre and Post Conference Tours

We have argued that incentive conferences will continue to be the main conference market attracted to Central Australia. The incentive market usually requires pre and post conference tours for both delegates and their spouses.

Pre or post conference tours in Central Australia will also be used by some groups attending conventions in Darwin. Our research also indicates that some delegate groups will come from as far as Sydney for the recreational segment of their conference.

There are an increasing number of professionally-geared tour operators in the Centre who are closely synchronizing their services with hotel operators and the airlines - for example, Bill King's Safaries and CATA. High quality operators must be encouraged to expand their services to cope with large delegate groups; particularly given demand during the peak tourist season.

The Northern Territory Government must encourage the expanded operations of high quality tour operators and apply quality control measures for all operators in the region. Specific consideration must be given to the increased supply of four and seven day tour and convention/tour packages which industry experts advise may prove most desirable for the Alice Springs convention market.

7.4 Marketing Strategy

We have identified the range of product requirements to successfully enter the convention market. Salient product components included provision of first class accommodation, convention venue and touring opportunities.

We have also specified the best location for the conference facility, access requirements, and the special opportunity offered in 1988 as the opening year for the conference venue.

This total package must be launched in the conference market based on an effective strategic marketing plan. Guidelines for the development of a marketing plan are as follows:

- Essential services incorporating the convention venue, accommodation, tours and transport must be developed and marketed as one total package.

- Based on our assessment of the market image and appeal of Central Australia, promotion of this package should have as its underlying themes the unique opportunity to experience the real "heart" of Australia, as unspoilt and enduring as it was in the Dreamtime, whilst also enjoying the very best and modern in convention and accommodation facilities and services.

- The marketing campaign should identify specific promotional targets in the conference market. For best results, promotion should be first directed at those industries which are known to be heavy users of incentive conferences. Professional associations should also be targeted given their propensity and financial capacity to try new, exotic locations.

- The second phase of the marketing plan should be to promote to the wider conference market with the primary intent of converting users of conventional destinations to try Alice Springs.

- Finally, the region must be promoted as part of a state wide marketing effort which educates the public to the comprehensive and complementary range of excellent venues available in the Territory.

- The marketing plan should be implemented urgently to ensure the special opportunities offering in 1988 are exploited fully.

A reliable system to record and analyse major conference patterns to Central Australia should be implemented. It does not appear that other states provide a comprehensive data record as yet. However, the understanding that this data yields is indispensable for the design and revision of selling strategies.

Whilst promotion must aim to specifically convert users of other conference venues, it must also be geared to achieving repeat visits by delegates and organisatons that regularly hold conventions. Accordingly, convention organisers must inquire of recent delegate groups their satisfaction with the total conference package and their suggestions for improvement. They must also keep previous client organisations and convention organisers informed of booking patterns and new opportunities emerging in the ensuing year.

We emphasise that the convention operator, through a marketing strategy plan, must finally aim to create his own market. This is achieved partly by providing a distinctive and high quality product in a unique and appealing location. We believe the design criteria recommended for the convention facility and the natural attractions of Central Australia provide this service. It must be promoted and sold accordingly.

8. CO-ORDINATION OF PLANNING AND DEVELOPMENT

If a major convention facility is to be successful, specific improvements to and upgrading of supporting infrastructure must be synchronized to provide professionally to the first convention groups using the new venue. For example, and as referred to earlier, sufficient first class accommodation must be available for delegates during the peak visitor season.

It is desirable that the Northern Territory Government urgently assess specific improvements required in ancillary services and the feasibility of completing these improvements by 1988. Subsequently, the Government should assess the financial feasibility of a major convention facility, given the level of financial commitment they are prepared to commit to the project.

If the convention facility was to be operational in 1988 a decision to proceed with the project should be made within the next four months. There is often a three year lead time between the booking and conference dates.