

DRAFT SECOND READING SPEECH

HON. MATTHEW GROOM MP

Theatre Royal Precinct Redevelopment Bill 2016

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Madam Speaker, I now move that the Bill be read a second time.

On 1 February 2016, the Tasmanian Government entered into a Development Agreement with the University of Tasmania and the Theatre Royal Management Board (TRMB) for the construction of a new Creative Industries and Performing Arts precinct on the 'Wapping 4' site, co-located with the Theatre Royal in the Hobart central business district (CBD).

This \$90 million project will comprise significant improvements to the Theatre Royal, a new University Conservatorium of Music, performance venues, public spaces and an international research institute.

The Tasmanian Government is providing \$30 million in support for the Project, through a combination of \$22.9 million in capital funding, \$2.3 million in value for the transfer of the Wapping 4 site and \$4.8 million in value from the transfer of the Institute of Marine and Antarctic Studies facility at Taroona from the Crown to the University.

The University has also secured \$37 million in Australian Government funding, with the balance of Project costs to be met by the University.

Once complete, the project will provide the Theatre Royal access to improved front-of-house patron spaces and modern back-of-house technical facilities. In addition, the current Backspace Theatre will be replaced by a modern, purpose-built Studio Theatre.

This cutting-edge facility will be an exciting new addition to Hobart's CBD and will further enhance the state's position as a leader in the creative, performing and digital arts.

The Creative Industries and Performing Arts development will help underpin the Government's new Cultural and Creative Industries Strategy, which provides a clear policy framework for growing investment and jobs in the State's cultural and creative industries.

As well as providing a peak of around 280 jobs during construction, this Project will create about 58 ongoing jobs and will become a 'must- see' tourist destination for Tasmanian, interstate and international arts lovers.

This truly is a unique and exciting performing arts project for Hobart, for Tasmania and, indeed, for Australia.

Madam Speaker,

The Project received planning approval from the Hobart City Council at its 11 April 2016 meeting.

The passage by the Tasmanian Parliament of the *Theatre Royal Precinct Redevelopment Bill 2016* forms part of one of the remaining conditions precedent to the Development Agreement and is required before the project can proceed to construction.

In summary, the Bill does five main things:

1. It ratifies the Project Development Agreement and authorises the parties to the Agreement to perform their respective obligations and exercise their respective rights;
2. It provides for a 'clean', consolidated title to the Project site by extinguishing any historical legal encumbrances and correcting title encroachments;
3. It modifies the application of the *Strata Titles Act 1998* to enable a specially tailored ownership and governance framework that reflects the project's innovative partnership model;
4. It places a number of limitations on the future operation and use of the Development, which will preserve over the long term its intended character as a cultural and performing arts precinct; and
5. It enshrines the TRMB's responsibility for, and control of, the existing and redeveloped theatre complex, including the new front-of house-common property and the Studio Theatre.

Madam Speaker, the drafting of the Bill itself is necessarily complex, due to the nature of the issues it deals with. However, the overall objectives of the Bill are relatively straightforward:

- Firstly, it will provide the necessary legal certainty for all parties prior to, during and after the construction and commissioning of the project; and
- Secondly, it will enable a workable ownership and governance model which reflects the partnership model being adopted between the Crown, the TRMB and the University which will ensure the ongoing preservation of the completed development as a cultural and creative precinct.

I will now explain the key elements of the Bill in more detail.

Madam Speaker, it is critical that all parties have a high level of legal certainty regarding their rights and obligations when embarking on a development of this size, cost and complexity.

By ratifying the Development Agreement and authorising the performance of all relevant rights and obligations, the Bill will ensure that there is no doubt as to either the Crown's, the University's or the TRMB's ability to comply with the terms of the Development Agreement.

Similarly, a high degree of certainty is necessary when it comes to the legal title for the Project site.

This is why the Bill will also operate to ensure the Project site has 'clean title', free of any historical encumbrances, before construction commences.

This is necessary because a number of potential issues have been identified with respect to the titles of the several parcels of land that will comprise the Project site.

For example:

- Contemporary surveys show that parts of the existing Theatre Royal building are outside the document title boundaries;
- Parts of the proposed new building will overhang Sun Street, which is owned by Council and subject to certain limitations under the *Local Government (Highways) Act 1982*;

- Parts of the Crown Land adjoining the Theatre Royal (Wapping 4) may potentially be subject to public rights as a road;
- Parts of the new building is to be constructed over a road, on land which is vested in the Hobart City Council; and
- The small parcel of Council land that crosses the Wapping 4 land is subject to a right-of-way.

To address these issues, the Bill provides for the vesting in the Crown of any land within the Project site that is not Crown Land, and for the extinguishment of all limitations and public and private rights over the various parcels of land that comprises the Project site.

It also includes a provision for the payment of compensation with respect to acquired Council land.

Hobart City Council has been consulted on the Bill and has, to date, raised no objections with respect to the land title 're-set', acquisition and compensation provisions.

Madam Speaker, I have already highlighted the complexity of this project in relation to the proposed arrangements for its ownership, use and management.

Once completed, the new development will be subject to a commercial-scale strata title scheme, whereby some spaces – including the Theatre Royal - will be owned and controlled by the Crown, and others – such as the new recital hall, salon and teaching spaces - will be owned and controlled by the University.

There will also be spaces – including the new Studio Theatre - that will be owned by the University but leased back to the Crown, as well as common property that will be vested in the body corporate, such as lifts and foyers.

The *Strata Titles Act 1998* is mainly used for residential unit developments. As such, it simply does not adequately cater for a development of this size or complexity, particularly with respect to the range of activities that these buildings will need to simultaneously accommodate, and the commercial agreements that have been reached and continue to be negotiated between the parties.

This Bill provides for the bespoke application of the *Strata Titles Act* to accommodate the proposed ownership and management arrangements proposed under the strata plan.

It is important to note that these alterations apply only in relation specifically to the Theatre Royal project and are not amendments to the Act that will apply more broadly any other development.

Under the Bill, the application of the Act to the Project will be amended to include:

- The ability to create by-laws in respect of matters that are not currently possible under the Act;
- The allocation of equal voting entitlements to the Crown and the University in relation to body corporate matters, which can only be amended with approval of the Parliament; and
- The establishment of a dedicated dispute resolution process with respect to the application of the by-laws or other relevant matters in relation to the body corporate and the common property. This will empower the Resource Management and Appeal Tribunal (RMPAT) to make rulings and issue binding orders on a range of disputes. The process is designed so as to provide incentives to the parties to resolve disputes by mutual agreement, rather than resort to RMPAT.

Madam Speaker, the Theatre Royal is Australia's oldest continually operating theatre and an iconic Tasmanian cultural institution.

One of the Government's core strategic objectives in entering the Development Agreement was to protect and enhance the Theatre Royal brand and improve its overall functionality.

The new building will complement and enhance this historic venue, forming a vibrant arts precinct where visitors will experience a variety of performance styles, with associated benefits flowing to the University and the Theatre Royal as well as the broader Hobart and Tasmanian communities.

The Tasmanian Government's strong support for this Project also hinges on the concept of creating an enduring performing arts precinct in the Hobart CBD which will enhance Tasmania's growing reputation as a cultural tourism destination.

Therefore, it is important that there are protections put in place so that this fundamental concept is not diluted or compromised over time.

Accordingly, the Bill contains a number of provisions that are intended to preserve the character of the development as it is approved by this Parliament.

The key driver of these provisions is to ensure that the integrity of the Theatre Royal as a cultural institution is protected for the next 100 years and beyond.

In summary, the provisions include:

- A requirement that the Tasmanian Parliament approves any substantive changes to the registered strata plan or by-laws or any surrender of the Crown's 99-year lease of the Studio Theatre;
- Restrictions on the transfer or disposal by the Crown of any of the Theatre Royal land, largely consistent with those that currently apply;
- Certain limitations on the use of the University's part of the development to ensure that any uses are consistent with the intent of the Development Agreement, which is to provide a cultural and performing arts precinct; and
- The Crown being given first right of first refusal in the event the University wants to divest all or part of its portion of the Development, noting that the restrictions on use of the University's part of the development noted above would survive a transfer in ownership.

Madam Speaker, finally, I would like to note that the Bill will enshrine the Theatre Royal Management Board's responsibility, and control, of both the existing and redeveloped theatre complex, including the new front of house common property.

To this end, the Bill includes provisions requiring that the Minister lease the Theatre Royal and to sub-lease the Studio Theatre to the Theatre Royal Management Board so that it may use these facilities consistent with the Board's objectives.

The effect of these provisions is to ensure that the Theatre Royal Management Board controls the main Theatre, the Studio Theatre and all front-of-house facilities in the new development.

Madam Speaker, the Government's support of this Project is a key part of our long-term plan for growing investment and jobs in the state's cultural and creative industries.

More than 9000 Tasmanians are directly employed in the industry with countless more indirectly employed through the related tourism, hospitality and retail sectors.

This development promises to cement our reputation as an arts and cultural leader and deliver significant economic benefits.

The passage of this Bill represents one of the last remaining steps in realising the construction of this exciting Project.

I commend the Bill to the House.