

International Convention Centre – Questions & Answers

How will New Zealand benefit from the New Zealand International Convention Centre (NZICC)?

New Zealand will get a convention centre built and operated to international standards, and capable of attracting international conferences to New Zealand.

The economic benefits to New Zealand from the construction and operation of the Convention Centre are projected to be an additional \$90 million a year into the economy; up to 1000 workers will be employed during the building phase; and about 800 people will be employed by the convention centre.

What does the Final Agreement involve?

In return for the construction and operation of a \$402 million International Convention Centre (including construction and fit out of \$315 million), the Government has agreed to the following:

- Extending SkyCity's Auckland casino licence, due for renewal in 2021, to 30 June 2048, and amending it to cover all of SkyCity's properties in Federal Street
- Allowing an additional 230 "pokie" machines
- Allowing 40 extra gaming tables
- Allowing a further 12 gaming tables, with SkyCity able to swap each table for an automatic table game that seats up to 20 players
- Allowing up to 17 per cent of electronic gaming machines to accept banknotes greater than \$20, but only in restricted areas
- Allowing ticket-based and card-based cashless gambling across the Auckland casino (Ticket in- ticket out), with differential limits applied to the amounts that could be deposited and withdrawn.

The concessions will begin on the day the main construction contract is signed and apply for the length of the agreement between SkyCity and the Government, which is 35 years.

What Harm Minimisation and anti-money laundering measures have SkyCity agreed to implement?

- Introduction of a predictive modelling tool that analyses loyalty data to identify players at risk of problem gambling
- Introduction of a voluntary pre-commitment system where players using "pokies" can elect to restrict the amount of time they play or the amount they spend over a selected period
- Doubling of the number of Host Responsibility Executives that SkyCity employs, to deliver 24-hour, 7 days a week coverage of its Auckland site
- The introduction of player identification requirements when amounts over \$500 are being put onto, or cashed from, TITO tickets in non-restricted areas

What is covered by the \$402 million price tag?

It covers the costs to design, construct and fit out the NZICC and includes the value of the land on which the NZICC will be built. SkyCity will enter negotiations with TVNZ in order to secure some of that land. That will be a standard commercial transaction.

What aspects of the agreement are conditional on resource consents being granted?

Any agreement would be conditional on SkyCity obtaining resource consents for the NZICC, including at least 780 car parks. It would also be conditional on SkyCity obtaining resource consents for changes to its existing premises needed to accommodate the additional gaming facilities that SkyCity is to receive as a result of the agreement.

What compensation arrangements has the Government entered into with SkyCity in regards to the Convention Centre Agreement?

The Government has agreed that if the Crown acts in a way to change the concessions as listed in the agreement, SkyCity will be entitled to compensation under the agreement calculated by reference to the KordaMentha report.

Why has the Government agreed to compensate SkyCity if certain gambling regulations and casino duty rates change?

SkyCity will be making an upfront investment of \$402 million (including \$315 million for the construction and fit-out and \$87million in the provision of land) to build the NZICC but it will take 35 years for the company to receive all the benefits of the regulatory concessions granted in return.

Given the size of the investment, SkyCity needs some certainty about what would happen if any of those concessions were changed. For that reason, the agreement says that if the regulatory concessions are changed before the 35 year period is up, SkyCity will be compensated by the Government under the agreement.

Any compensation paid to SkyCity would be equivalent to the concessions lost over the time period for which they are not available to SkyCity. Any compensation will never exceed SkyCity's total investment in the NZICC (land and building) and any other assets it acquires or develops as a consequence of the agreement with the Crown.

The Government would also compensate SkyCity for any increase in casino duty in respect of SkyCity's casino business in Auckland from the signing of the full agreement until four years after the completion of the NZICC. It is important to note that the Problem Gambling Levy is not covered by this arrangement and any change in the Problem Gambling Levy is not subject to any compensation.

Why did KordaMentha work out the value of the agreement?

KordaMentha was engaged to assess the value of the agreement to both parties, and to assess for the parties whether the agreement was fair to both. They have concluded that they consider the proposed transaction to be within the range of reasonableness from the perspective of both parties.

They have also provided values for each element of the concessions provided to SkyCity, which will be used by the Parties in the future should the concessions be altered in such a way that compensation is payable to SkyCity by the Government.

What additional investment is the Government making to promote New Zealand as a convention centre destination internationally?

The Government is investing \$34 million over four years through Tourism NZ to attract large-scale events and conferences to New Zealand but this funding is not specific to any convention centre.