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Convention centre: Time to press reset

By CHRISTOPHER MAJKA
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Speaking to the Halifax Chamber of Commerce recently, MP Peter MacKay suggested a federal election would mean "hitting pause on the Halifax convention centre project. I would recommend hitting "reset."

As the author of the Canadian Centre for Policy Alternatives (CCPA) report on the convention centre, I've studied the elements of this proposal in great detail and there are many problematic aspects of it. Under any possible scenario, the convention centre project will lose money.

Everyone agrees the convention centre itself will lose money, but even as a loss leader for economic spin-off in Nova Scotia, prudent economic forecasts indicate that it will lose on the order of \$218 million over 25 years. The sandwiched, two-storey underground design is utterly undistinguished, and puts severe constraints on possible future expansion. There is a lack of plans for concurrent investments (for example, in a performing arts centre) that could help the project succeed.

Furthermore, the public-private partnership structure of the deal introduces many problematic elements to the project. For example, the \$127.5-million combined provincial and municipal investment in this project will be financed by Rank Inc. and repaid at an interest rate of 6.98 per cent, thus doubling the total cost of the project to \$255 million. This interest rate is double what the province can borrow money at on the bond market. Thus, as a public project the province could borrow money at 3.5 per cent and save \$64 million over 25 years.

It's not sufficient to simply ignore these significant liabilities, as Chris Crowell of Fusion Halifax attempts to do in his recent opinion article "Playing pause-litics with N.S." If we stick our heads in the sand, the problems will not vanish. Let's hit "reset" instead.

An argument can certainly be made that it is important for Halifax to have a convention centre capacity. There are, however, much better ways to do it. The 2007 WHW Architects study of the issue recommended moving the Metro Centre to the Cogswell Interchange site and expanding the current World Trade and Convention Centre into the Metro Centre site. It's a better location, the proposed design was much better, and the

land is all publicly owned. What's the problem? Private developers don't get to make a bundle on the project.

A public project could save large amounts by borrowing money at lower interest rates. How about integrating a convention centre project with a performing arts centre that could play a significant role in enticing high-spending national and international delegates to extend their stay in Halifax (and return again)? This is the entire basis for the economic spin-off argument, and there's nothing in the present plans to help it succeed.

The federal election provides an opportunity for HRM and the province to re-examine how we could make investments in developing Halifax's convention centre capacity that are actually economically sound. The demonstrably erroneous forecasts of the 2010 Trade Centre Limited report, which arbitrarily inflated attendance statistics, should be discounted and discarded (even with these, the project would still lose over \$100 million over 25 years). The provincial and municipal governments have to stop pretending a new convention centre is some kind of symbol of Halifax's position and prowess as a regional centre, and realize that doing things well is much better than simply doing them.

Polish aphorist Stanislaw Lec wrote, "It's true we're on the wrong track, but we're compensating for this shortcoming by accelerating." Nova Scotia should not become an example of this wrong-headed approach to economic development and social policy.

Christopher Majka lives in Halifax. The CCPA report on the convention centre is available at www.policyalternatives.ca.

<http://www.policyalternatives.ca/publications/reports/convention-centre-nova-scotia>