

Joondalup Performing Arts and Cultural Facility Business Case

October 2016



A Global City: Bold | Creative | Prosperous

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Executive Summary

Background

The need for a performing arts and cultural facility for the Joondalup region was first identified and defined in the 1992 Joondalup Cultural Plan. Throughout the period 1996 – 2006 significant progress was made towards achieving this ambition including the purchase of a site for the facility. During this time a number of studies and reports clearly identified the need for a cultural facility in Joondalup and indicated strong support from community and other stakeholders for the concept of a centrally-located performing arts centre containing a range of venues and facilities.

The Project Philosophy and Parameters as adopted by Council in 2011 are summarised below:

- Partnerships
- World Class, state of the art facility
- Imagination and Creativity
- Inclusive Environment
- Viability and Attraction
- Financial Sustainability

A vast amount of research has been commissioned by the City of Joondalup (the City) for this project with three separate feasibility studies being undertaken since 2001. The most recent feasibility study from 2012 has further supported the development of a performing arts and cultural facility in Joondalup.

The City commenced an international architectural design competition in April 2013, receiving 21 submissions. In April 2014 Council endorsed ARM Architecture as the winner of the architectural design competition for their Art Box concept. A People's Choice vote was also undertaken and was awarded to ARM Architecture

The numerous studies and reports have laid the foundations for this business case.

Context – City of Joondalup

The City of Joondalup is the thriving centre of the Perth North West Sub Region, with significant economic growth forecast in the next 20 years, including an additional 20,000 jobs.

Perth's North West Sub Region is experiencing rapid population growth which makes the catchment area of the proposed Joondalup Performing Arts and Cultural Facility (JPACF) one of the largest of its type in Australia.

The City:

- Aspires to be a global City, the Strategic Community Plan (Joondalup 2022) sets out the path to achieve this
- is projected to continue to enjoy large economic development
- is on track to becoming formally recognised as a Strategic Metropolitan Centre.

Needs Analysis

In 2012 the City undertook a comprehensive market analysis and feasibility study for the development of a performing arts and cultural facility in the City. This study reinforced the notion that there is currently a significant under provision of performing arts and cultural facilities within the northern corridor of Perth.

The need is confirmed by the following:

- The catchment area has a population of over 300,000 people and will grow to over 500,000 within 20 years.
- The catchment area is already much larger than that of most other comparable facilities in Australia.
- Australian Bureau of Statistics (ABS) data indicates a high level of demand for cultural participation.
- The JPACF will address the lack of existing facilities in the region.

Location, Options and Features

The location for the facility was evaluated and selected several years ago, and is in an ideal location, adjacent to the Joondalup Learning Precinct with excellent access by public transport and roads.

Facility model options have been thoroughly evaluated. The preferred option is an Art Box Model which will provide multiple community and commercial spaces ensuring continuous activation of the facility.

The design is iconic and will contribute significantly to the urban and cultural fabric of the City and broader region.

The program model for events has been researched and will be developed to deliver a diverse range of events that will appeal to all sectors of the community.

The project plan will ensure the facility is constructed and ready for operation by July 2019 (subject to funding approvals). The Facility will feature:

- An 850 seat main auditorium of international standard, including a fly tower, with lighting and acoustic specifications of a high standard
- A 200 seat black box theatre to accommodate a variety of non-traditional theatre stagings and performances
- A range of rehearsal spaces that could also serve as places for small performances and general community activities
- Theatre support spaces such as a box office, green room, make up and change areas, backstage workshops and storage
- A dedicated art gallery
- Jinan Chinese Cultural Garden
- Conferencing and exhibition spaces
- Spaces for the practice of fine arts and crafts
- Curatorial space
- Bar and catering facilities
- Office and managerial spaces
- Multi-storey car parking to cater for staff and patrons of the facility and day-time public parking.

Financial Projections

- The project is estimated to cost \$99.7 million to plan, design and construct.
- The City has implemented strategies to fund the costs, and is projected to have \$37 million in dedicated reserves to help fund the project. The remaining costs will be funded by a \$10 million grant and by borrowings of \$58 million.
- The JPACF will require an ongoing annual contribution by the City, estimated to be

\$863,000 per year. The estimated annual subsidy is 21% of income, which compares favourably to other similar facilities in Australia.

- Cost per Ratepayer for the annual subsidy is \$13.64 per year
- Depreciation expense of \$1.5m per year is estimated
- Total costs up to 2058-59 is estimated to be \$217 million, with a net present cost of \$94 million.
- All whole-of-life impacts are included in the City's Draft 20 Year Strategic Financial Plan.
- Detailed analysis has been prepared and reviewed on several occasions during the past few years.
- There is opportunity for improvement to financial assumptions and projections as the project progresses.

Project Benefits

Delivering positive economic and social value

An estimated 609 jobs will be supported (directly and indirectly) due to the construction of JPACF. The operation of JPACF is expected to create 47 jobs (directly and indirectly) through the operations of the facility and supplies purchased. In addition, 91 jobs are expected to be created across the retail, food and beverage and tourism industries as a result of increased visitation and tourism in the region.

The analysis calculates a Present Value for the project benefits of \$328.5 million, a Net Present Value of \$182.4 million and BCR of 2.34. This indicates that the project delivers significant social and economic return on investment.

The arts foster a culture of inclusion and civic participation, facilitate the development of cognitive skills and self-confidence and support mental and physical health and wellbeing – all of which have direct and indirect impacts on disadvantaged sectors of the community. Increased access to art and cultural experiences and provision of enabling infrastructure to support art and cultural production is therefore likely to provide improvements in relative disadvantage.

Supporting the growth of the creative economy

JPACF will catalyze creative industry growth in the North-West sub region which will increase economic diversity and support the knowledge-driven, strategic employment crucial to driving economic resilience.

JPACF will provide a facility to connect audiences and artists so as to increase creative output in the region and the pool of creative individuals. This translates into growth of related creative industries such as advertising, software programming, publishing and architecture.

It will in doing this, expand the pool of ideas and creativity accelerating the overall rate of innovation and economic success in the North-West.

Summary

- Construct the JPACF at a cost of \$99.7 million, which will become an iconic part of the Joondalup City Centre.
- Utilise the facility for more than half of the year equating to 186 days per year for the primary theatre, engaging the community and building local cohesion and identity.
- Ongoing annual operating subsidy estimated to be \$863,000 (excluding Interest and depreciation).
- Develop a diverse program that caters for the needs of the community.

1 Introduction and Background

1.1 Background

The City of Joondalup (the City) is the northern regional centre of Perth, located 30 kilometres north of the CBD, abutting the Indian Ocean to the west, City of Wanneroo to the north and east, and City of Stirling to the south.

The City provides many of the key services for the region (health, education, retail) with a catchment area that extends as far north as Geraldton. Its location, relative to Perth Central area, and access to high-order public transport infrastructure has positioned the City as an ideal location for investment in regional-level infrastructure including the Joondalup Health Campus, the Arena, Council Chambers and Library and Edith Cowan University.

The City is a key activity centre and employment node for the northern corridor and rapid population increases across the region will place added pressure on the City to provide additional employment, health, entertainment and educational opportunities to support the needs of a growing region.

The maturity of the City into a resilient, adaptable, and diverse strategic centre is essential in order to ensure the significant populations of the northern corridor are not disadvantaged, forced to travel to other centres to access amenity and employment, adding to existing congestion, limiting productivity and impacting on quality of life.

The Joondalup Performing Arts and Cultural Facility (JPACF) will be a catalyst project which acts as a key piece of enabling infrastructure as the City grows into a principle centre of activity within Perth's urban network. It will play a significant role in the development of an adaptable and robust regional economy and a population of resilient individuals and communities.

The purpose of this report is to set out the current challenges facing the catchment and the opportunities that this project will provide to the region. The business case will also provide a holistic analysis of the benefits of investment in the JPACF.

1.2 History of Project

The need for a performing arts and cultural facility for the Joondalup region was first identified and defined in the 1992 Joondalup Cultural Plan. Throughout the period 1996 – 2006 significant progress was made towards achieving this ambition including the purchase of a site for the facility. During this time, a number of studies and reports clearly identified the need for a cultural facility in Joondalup and indicated strong support from community and other stakeholders for the concept of a centrally-located performing arts centre containing a range of venues and facilities.

In 2010 the Joondalup Performing Arts and Cultural Facility Steering Committee was formed and the Project Philosophy and Parameters were adopted. The Steering Committee included City of Joondalup Elected Members, specialist members, representatives from community arts groups and representatives from the Joondalup Learning Precinct (Edith Cowan University, West Coast Institute and Western Australian Police Academy). The Steering Committee was disbanded in 2015 and the City of Joondalup Major Projects Committee of Council now oversees the progress of the project.

A vast amount of research has been commissioned by the City for this project with three separate feasibility studies being undertaken since 2001. In 2012 a Market Analysis and Feasibility Study (MAFS) was prepared by Pracsys and is a comprehensive report that will be referred to throughout the document. The MAFS incorporates demand and supply analysis, accommodation schedule and concept design description, operations management, business

framework and financial analysis. This study reinforced the notion that there is currently a significant under provision of performing arts and cultural facilities within the northern corridor of Perth.

The need is confirmed by:

- The catchment area is over 300,000 people and will grow to over 500,000 within 20 years
- The catchment area is already much larger than that of most other equivalent facilities in Australia
- ABS Data indicates a high level of demand for cultural participation
- A lack of facilities of the type and size of the proposed JPACF within the greater metropolitan area.

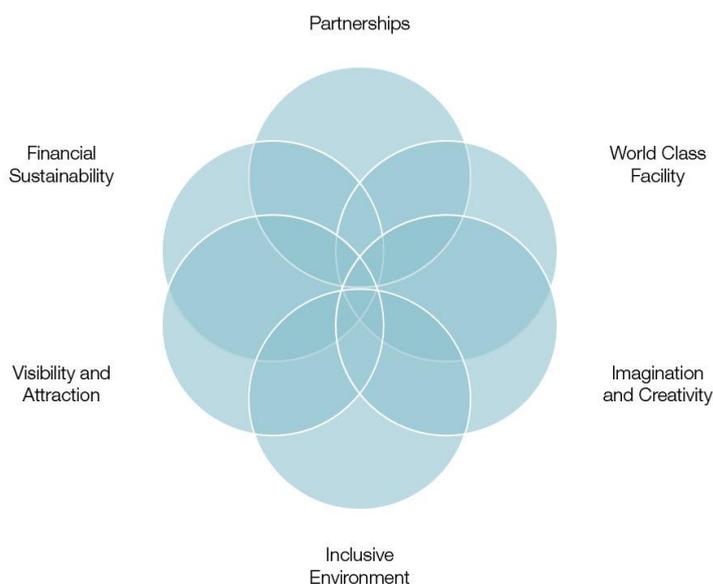
The City commenced an architectural design competition in April 2013 receiving 21 submissions from local and international architects. In April 2014 Council endorsed ARM Architecture as the winner of the architectural design competition for their Art Box concept. As part of the design competition, a community survey was also completed, which indicated large community support for the project.

During 2014 and 2015 the financial projections have been reviewed in detail, ensuring that the business case provides a thorough assessment of the implications. Additionally, several aspects of the concept design have been reviewed.

The numerous studies and reports have laid the foundations for this report.

1.3 Project Objectives

The project objectives are reflected in the Project Philosophy and Parameters, which were adopted by Council in 2010. Additionally, the City's Strategic Community Plan also includes objectives that apply to the project. The objectives are summarised as follows:



Joondalup Performing Arts and Cultural Facility project objectives

Table 1: Joondalup Performing Arts and Cultural Facility project objectives

No.	Objective	Details
1	Partnerships	Create synergies with the existing educational institutions and reinforce the Joondalup City Centre as the creative and educational centre of the northern corridor.
2	World Class Facility	Provide a world class, state of the art centre incorporating innovative and sustainable design that is architecturally symbiotic with the existing natural and built environment.
3	Imagination and Creativity	Project an ambience of cultural significance, providing an easily recognised entry statement to the City that creates strong visual and physical linkages to existing and future civic buildings, educational precinct, green areas and transport hub.
4	Inclusive environment	Become a place to celebrate imagination and creativity, inspiring individuals and the community to take part in the arts and raise the aspirations of all users.
5	Viability and Attraction	Create an inclusive environment where people of all ages and levels of cultural awareness can develop and nurture a strong sense of the possibilities that the arts can provide.
6	Financially Sustainability	Provide a facility that can host a mixture of commercial and community activities that supports the viability and attraction of the venue.

1.4 Location, Options and Features

The location for the facility was evaluated and selected several years ago, and is in an ideal location, adjacent to the Joondalup Learning Precinct with excellent access by public transport and roads.

Facility model options have been thoroughly evaluated. The preferred option is an Art Box Model which will provide multiple community and commercial spaces ensuring continuous activation of the facility.

The design is iconic and will contribute significantly to the urban and cultural fabric of the City and broader region.

The program model for events has been researched and will be developed and deliver a diverse range of events that will appeal to all sectors of the community.

The project plan will ensure the facility is constructed and ready for operation by July 2019(subject to funding approvals). The Facility will feature:

- An 850 seat main auditorium of international standard, including a fly tower, with lighting and acoustic specifications of a high standard
- A 200 seat black box theatre to accommodate a variety of non-traditional theatre stagings and performances
- A range of rehearsal spaces that could also serve as places for small performances and general community activities
- Theatre support spaces such as a box office, green room, make up and change areas, backstage workshops and storage
- A dedicated art gallery
- Jinan Chinese Cultural Garden
- Conferencing and exhibition spaces

- Spaces for the practice of fine arts and crafts
- Curatorial space
- Bar and catering facilities
- Office and managerial spaces
- Multi-storey car parking to cater for staff and patrons of the facility and day-time public parking.

1.5 Jinan Garden

The Jinan Chinese Cultural Garden is an important component of the overall development of the Joondalup Performing Arts and Cultural Facility. The City of Joondalup is engaged in an ongoing Sister City Relationship with Jinan Municipal People's Parliament in China. The Sister City Relationship began in 2000 with the signing of a Memorandum of Understanding and in 2006 the two Cities agreed to a long term Relationship Plan to assist in guiding the growth and continuity of the Jinan-Joondalup Sister City Relationship.

In 2009 the Jinan Municipal People's Parliament constructed a 'Joondalup Garden' in Jinan at the 7th China International Garden and Flower Expo and the City agreed to incorporate the Jinan Chinese Garden into the design of the JPACF.

Occupying approximately 1100m² the Jinan Garden will be reminiscent of the Baotou Spring located in the City of Jinan in China. The garden will feature ponds, water fountains, a small water fall, a bridge, a rock garden, trees and flowers and an assortment of open and covered walkways that meander through the garden. The focal point in the garden will be the traditional lotus pavilion.

It is intended that the Jinan Garden is constructed at the same time as the JPACF adjacent to the facility in Central Park. The cost of the Jinan Garden has been incorporated into the financial modelling for the JPACF.



Image: Jinan Garden Concept Plan

2 Context

2.1 City of Joondalup – Current

The City of Joondalup is located 30 kilometres north of the Perth CBD, abutting the Indian Ocean to the west, City of Wanneroo to the north and east, and City of Stirling to the south.



Image: Joondalup context

After experiencing significant residential growth throughout the 1980s and 1990s, the City’s population has since stabilised as areas have become developed. Table 3 summarises some of the key statistics for the City:

Table 2: Key statistics – City of Joondalup

Joondalup Headline Statistics:	
Population – 2016 (Estimated Resident Population)	164,942 ¹
Distance between Perth and the Joondalup City Centre	30 kilometres
Number of businesses – Business Register 2014	13,061
Headline Gross Regional Product (NEIR 2014)	\$5.88 billion
Public Open Spaces	369

Current services located in the City include Joondalup Health Campus, Edith Cowan University, Joondalup Arena and North Metropolitan TAFE. Additionally, the City hosts the largest shopping/retail centre in Western Australia, the Lakeside Shopping Centre. Despite the diversity of facilities already provided in the area, there is a growing demand for improved services including a performing arts facility.

The City of Joondalup provides an extensive range of services to the community, including but not limited to:

- Community development, education and youth services
- Library, festivals, concerts and other cultural events
- Infrastructure including roads, footpaths and street lighting
- Leisure and recreation services and facilities
- Building, planning and health regulatory services
- Waste Management
- Building and planning approvals
- Environmental health services
- Rangers and community safety
- Parking facilities
- Parks and natural areas and management of the environment
- Economic development.

2.2 City of Joondalup – Future

The City has embarked on a bold and ambitious plan for the improvement of the City, the Strategic Community Plan Joondalup 2022 which was adopted by the City of Joondalup in 2012, and sets out a series of bold and creative strategies to develop the city as a global city. The development of the JPACF is one of the core initiatives identified in the Strategic Community Plan.

¹ Forecast id. provides a 2016 estimated resident population for the City of Joondalup of 164,942 (See: <http://forecast.id.com.au/joondalup>).

The City has an exciting future with extensive opportunities for economic development:

- **Population Growth:** An increase of approximately 9% over the next 20 years.
- **Housing Growth:** 5,326 additional dwellings in the next 20 years, comprising of 1,626 new dwellings and 3,700 'in-fill' higher density dwellings, where existing lots are subdivided. The higher density will be achieved as a result of Housing Opportunity Areas; these areas are concentrated within high quality public transport and will have the zoning restrictions relaxed to encourage higher density development.
- **Economic Development:** The City adopted an Economic Development Strategy in 2014, which aims to improve the self-sufficiency of employment within the City. It is estimated that the number of jobs in the City will need to increase by 20,000 (from 50,000 to 70,000) by 2031.
- **Digital Strategy:** The City has also adopted a Digital Strategy encouraging economic development in this area. The City set up free wifi throughout the City Centre in 2012.

Joondalup Learning Precinct is the only known educational precinct in the world incorporating a university, police academy and technical and further education college. The Precinct is made up of the three co-located education campuses of Edith Cowan University, North Metropolitan TAFE and the Western Australia Police Academy. As these education and training facilities develop, the precinct provides enormous potential for social, cultural and economic growth over the next 20 years.

2.3 Perth North West Sub Region

Joondalup currently provides many of the key services for the region (health, education, shopping). Regional population increases will place added pressure on the City to provide additional employment, health, entertainment and educational opportunities to support the needs of a growing region.

Whilst the City itself will have moderate increases in population, the wider region is enjoying large growth, in particular the neighbouring City of Wanneroo. The City of Wanneroo has over 8,000 additional residents each year, and over the next 20 years will have an estimated 89% increase in population.

2.4 Joondalup – Strategic Metropolitan Centre for Perth North West Sub Region

The Western Australia State Government has identified the need for Strategic Metropolitan Centres in Western Australia, and Joondalup is identified as the centre for the North West Sub Region. This need was first identified in the North West Corridor Structure Plan (1992) and updated more recently in the 2010 report, "Activity Centres for Perth and Peel". The State Government is in the process of updating the reviews with the draft release of "Perth and Peel @ 3.5 million".

Joondalup is identified as a Strategic Centre due to its central location, relative to Perth Central area, and access to high-order public transport infrastructure. The planning framework further states that a Strategic Centre, "must build on their existing assets and invest in the attributes that influence the location decision of these businesses, including accessibility, land availability, local amenity, communications and technology and the availability of skilled labour".

Joondalup is on track to becoming a Strategic Centre. In a very short period Joondalup has developed from being undeveloped bush (1970s), to the thriving centre of the North West Sub Region. Joondalup Strategic Metropolitan Centre is the only current centre in the North West Sub region.

2.5 Context in Summary

- The City of Joondalup is the thriving centre of the Perth North West Sub Region, with significant economic growth forecast in the next 20 years, including an additional 20,000 jobs.
- Perth's North West Sub Region is experiencing rapid population growth which makes the catchment area of the proposed JPACF once of the largest of its type in Australia.
- Joondalup's neighbouring City of Wanneroo grows by over 8,000 additional residents each year, and over the next 20 years will have an 89% increase in population.

The City of Joondalup:

- Aspires to be a global City, the Strategic Community Plan (Joondalup '2022') sets out the path to achieve this
- Will continue to enjoy large economic development
- Is on track to becoming formally recognised as the Strategic Metropolitan Centre, as per State Planning Policy.



3 Strategic Context

3.1 State Policy Alignment

A Culturally Ambitious Nation – Strategic Plan 2014-2019²

A Culturally Ambitious Nation is the strategic plan of the Australian Council for the Arts – the Australian Government’s arts funding and advisory body. The Plan sets out a vision for the arts in Australia and defines the following four key goals:

Australian arts are without borders

- Enable Australian Art to travel across the globe and access new markets
- Maximise impact of National Regional Touring Programs to increase access across regional communities
- Australia is known for its great art and artists
- Support a more diverse range of artists, ensuring that all artists are able to express their art no matter from where they come

Build the capacity of artists to make excellent work

- The arts enrich daily life for all
- Ensure more Australians have greater access to and engage with arts regardless of where they live, what language they speak or how much they earn
- Partner with governments (State, Territory and Local) on targeted arts development in regional and urban areas

Increase public and private investment in the arts

- Australians cherish Aboriginal and Torres Strait Islander arts and cultures
- Support young Aboriginal and Torres Strait Islander people to practice and experience their culture by supporting an intergenerational transfer of Indigenous arts and culture knowledge

The JPACF will increase access to art and cultural experiences and provide key enabling infrastructure for artists to practice and develop their skills. The JPACF will support in the achievement of a wide range of the abovementioned national goals for art in Australia and is therefore supportive of the Plan.

Towards a Strategic Directions Framework 2015 – 2030³

This document is a discussion paper produced by the Western Australian Arts Leadership Group for the Department of Arts and Culture WA which sets a strategic direction for the culture and arts sector for 2015–2030. Themes outlined in the document include: valuing and sustaining Aboriginal arts and cultures, increasing community access and participation, technological innovation, enhancing access to collections, greater internationalisation, infrastructure, education, and arts funding and philanthropy.

The framework identifies a broad range of opportunities under each of these themes, with many exhibiting direct linkages with the JPACF including:

- Strengthen local government capacity to foster participation in culture and arts at the local community level and promote the value of community arts programs and strategies

² Australia Council for the Arts (2014). *A culturally ambitious nation: Strategic Plan 2014 to 2019*

³ Arts Leadership Group (2015). *Towards a strategic directions framework 2015 – 2030*

- Promote volunteering in support of cultural and arts organisations and activities
- Engage with the ageing population and loyal customers, don't alienate them
- Utilise new technologies to create new forms of work and to engage new audiences
- Promote participation between artists, cultural organisations and audiences to increase interest and participation in new works and practices.
- Touring exhibitions and loans from WA State Collections
- Promote national and international collaborations to develop new markets and raise standards
- Promote the success of social responsibility initiatives such as those undertaken in the Pilbara to increase the engagement of vulnerable people in the arts
- Replicate the success of the disability arts sector model to engage other marginalised groups in arts practice and participation.

Under the theme of cultural infrastructure, the plan specifically references the proposed JPACF as a key opportunity. The JPACF provides a vehicle for harnessing a great range of these opportunities in particular, supporting the City of Joondalup to foster participation in culture and arts not only in their local government area but also in the broader north-west corridor. The JPACF will reach out to a significant catchment, connecting artists and cultural organisations with audiences and volunteers. There are also opportunities for JPACF to directly engage with marginalised and disadvantaged groups.

3.2 Regional Significance

Perth & Peel@3.5million⁴

Perth and Peel @3.5Million is the strategic planning document by the Department of Planning, envisioning the Perth metropolitan and Peel Region with a population of 3.5 million in 2050. The document builds on previous spatial planning documents, principally *Directions 2031 and beyond*, to develop a robust strategic direction for region.

Perth and Peel@3.5Million establishes seven key objectives to be achieved by 2050, three of which exhibit direct linkages to JPACF, namely:

- **Economy and Employment** – Promoting employment opportunities and increasing the number of people that live and work in the sub – regions (self sufficiency).
- **Community and Social Infrastructure** – Provide a wide range of community and social infrastructure to enhance health and wellbeing in the community while promoting the use of existing facilities and infrastructure to reduce traffic movement and establish a sense of social cohesion.
- **Environment and Landscape** – Preserve and enhance exciting environmental and landscape values for the current and future generations to enjoy

The document supports the preferred future growth pattern established in *Directions 2031 and beyond* for a 'connected city' which provides a balance between urban infill and fringe development. The high level spatial framework identifies three integrated networks, the most important of which is the activity centre network. This is an integrated system of activity centres that deliver employment, entertainment and higher-density lifestyle choices. Joondalup is identified in the framework as a Strategic Metropolitan Centre, that is, a centre that provides the main regional activity, servicing populations of up to 300,000.

The JPACF will support the ongoing development of Joondalup as a Strategic Metropolitan

⁴ Department of Planning (2015). *Draft Perth and Peel@3.5million*

Centre and be a piece of key enabling infrastructure as the City matures into a principle centre of activity within Perth's urban network. It will therefore support the connected city growth pattern and aligns with *Perth and Peel @3.5million*.

Draft North West Sub-Regional Planning Framework⁵

The *Draft North West Sub Regional Planning Framework* builds on the framework in *Perth and Peel @3.5Million* focusing on the North-West Sub-Region which comprises the City of Joondalup and City of Wanneroo. The framework acknowledges that as a Strategic Metropolitan Centre, Joondalup contains a number of regional-level services and facilities including Joondalup Hospital, Edith Cowan University, a major sporting and events arena, a basketball stadium and a district court.

The sub-regional framework encourages a focus on:

- employment opportunities that can complement and support existing regional-level facilities to support an agglomeration of uses;
- making the most efficient use of transport networks, service infrastructure, employment and key community/social infrastructure facilities; and
- opportunities that build on existing and proposed infrastructure within these centres can provide a catalyst for a mix of land uses, employment opportunities and housing choice.

The JPACF will complement and exhibit synergies with existing regional-level education, health and recreation facilities to support the development of a regional hub with the capability to service the rapidly growing population of the Northwest corridor. The JPACF therefore aligns with the draft framework.

Public Transport for Perth in 2031⁶

The Plan seeks to address congestion and accessibility issues Perth faces as the population rises to an expected 2.7 million by 2031. The Plan identifies principles to support integration of public transport and land use planning including:

1. Concentrate development in particularly designated strategic centres within an acceptable walking distance (400 – 1,000 metres) from major public transport nodes.
2. Align centres with major public transport corridors.

The City of Joondalup has been identified as a Strategic Metropolitan Centre and is well serviced with easy access to transport infrastructure. The JPACF will support the objective to concentrate development in designated strategic centres in close proximity to transport nodes with the Joondalup Train/Bus terminal just a few hundred metres from the site. The project thus aligns with this strategy.

State Planning Policy Urban Growth and Settlements (SPP 3.0)⁷

This policy sets out the principles and considerations which apply to planning for urban growth and settlements in Western Australia. The objectives of this policy include promoting the development of sustainable communities for which the key requirements include:

- directing urban expansion into designated growth areas which are, or will be, well serviced by employment and public transport
- clustering retail, employment, recreational and other activities which attract large numbers of people in existing and proposed activity centres at major public transport nodes so as to reduce the need to travel, encourage non-car modes and create attractive, high amenity mixed use urban centres;
- access for all to employment, health, education, shops, leisure and community facilities

⁵ Department of Planning (2015). *Draft North-West Sub-regional Planning Framework*

⁶ Department of Transport (2011). *Public Transport for Perth in 2031*

⁷ WAPC (2006). *Statement of Planning Policy No. 3 Urban Growth and Settlement*

by locating new development so as to be accessible by foot, bicycle or public transport rather than having to depend on access by car (whilst recognising the convenience of car travel for some trips and the limited potential to provide alternatives in rural and remote locations);

- good urban design which creates and enhances community identity, sense of place, liveability and social interaction in new and existing neighbourhoods;

The City of Joondalup has been identified as a designated growth centre. The JPACF will support a cluster of regional level services with a range of health, education and retail services already located within the City of Joondalup in close proximity the JPACF site and the Joondalup Train/Bus terminal. This will support easy access to a range of services and amenities in one location. The JPACF will be a feature in the City that enhances pride and identity. The project thus aligns with this strategy.

Examining Perth's Performing Arts Infrastructure⁸

"The Committee for Perth is a member funded think tank focused on maintaining and improving the liveability of the Perth metropolitan region by ensuring its vibrancy, economic prosperity, cultural diversity and sustainability". In 2013 the Committee issued a report, *Examining Perth's Performing Arts Infrastructure*, which summarised research of infrastructure in the Perth and Peel region in comparison to other capital cities. The research evaluated facilities in the wider region, including the catchment area of the JPACF, and the following observations are worth noting:

- Perth will need adequate performing arts infrastructure to meet the demand of an estimated population of four million people, indicating that Perth will need infrastructure that is of comparable size and quality to that of metropolitan Melbourne today. This means that the number of performing arts venues in Perth will need to approximately double.
- There is a need for more theatres with a capacity of 800 to 1000 seats.
- There is a shortage of affordable, appropriately sized rehearsal space in the region.
- There is significant evidence that Perth's people not only have a growing appetite for arts and culture but that there remains untapped potential for audience growth.

3.3 Local Objectives

Joondalup 2022: Strategic Community Plan 2012-2022⁹

Joondalup 2022 is the City of Joondalup's long-term strategic planning document that sets out a number of key objectives for the City. Objectives in the area of 'Economic prosperity, vibrancy and growth' include those on activity centre development and the growth of Joondalup into a Destination City, capable of attracting and providing a high level amenity for residents. Objectives in the area of 'Community wellbeing' include those focused on cultural development, namely:

- Establish a significant cultural facility with the capacity to attract world-class visual and performing arts events.
- Invest in publicly accessible visual art that will present a culturally-enriched environment.
- Promote local opportunities for arts development.

The development of the JPACF is one of the core initiatives identified in the Strategic Community Plan, described in the Plan as a transformational project critical to achieving the

⁸ Committee for Perth (2013). *Examining Perth's Performing Arts Infrastructure*

⁹ City of Joondalup (2012). *Joondalup 2022: Strategic Community plan 2012-2022*

City's aspirations of establishing a thriving cultural scene within the City.

Joondalup: Digital City¹⁰

This strategy identifies various digital technology strategies which could support the City to take advantage of the opportunities of digital technologies and broadband services. It identifies various strengths and challenges of Joondalup, one challenge being the lack of a strong cultural centre or unique identity. It also notes that Joondalup needs to build economic and employment diversity.

Actions recommended by the strategy include promoting digital arts activity in the City, in conjunction with the JPACF.

The support to be considered should include:

- Competitions
- Festivals
- Seed funding
- Shared facilities
- "smart art" installations throughout the City

The JPACF therefore aligns with the City's strategy for a 'Digital City'.

Expanding Horizons: An Economic Development Strategy for a Global City¹¹

Expanding Horizons is the City's Economic Development Strategy. The document builds on the 'Destination City' objective within the Strategic Community Plan taking a perspective that recognises the 'visitor economy' to include retail and arts and recreation services identifying that a wide range of people visit Joondalup for a variety of reasons.

The strategy states that development of major strategic projects including the JPACF will enhance Joondalup as a major destination location and provide greater recognition of the City as meeting the requirements of a Primary Centre as defined by State Government.

The strategy also highlights the City's current dependence on population driven employment and the imperative to support the growth of strategic employment in order to ensure long term economic prosperity, competitiveness and resilience. The strategy includes a goal to support and encourage the growth of more sustainable, innovative and productive businesses to enhance local strategic employment.

The JPACF will not only support the City's aspiration to become a 'Destination City' but will also be a key driver of strategic employment creation and is therefore supportive of the City's Economic Development Strategy.

¹⁰ City of Joondalup (2013) *Digital City*

¹¹ City of Joondalup (2014). *Expanding Horizons*

4 Need for the Facility

4.1 2012 Market Analysis and Feasibility Study

Pracsys Consulting Firm was employed by the City to prepare a Market Analysis and Feasibility Study (MAFS) commencing in 2011. This resulted in a comprehensive analysis that has been used by the City as a guiding platform for the project. The key outcomes from the study were:

Table 3: JPACF Market Analysis and Feasibility Study Key findings

Demand and Supply	Operational Analysis	Financials
<ul style="list-style-type: none"> Demand and Market for facility was clearly established, using ABS data Availability of existing facilities and opportunities for groups to supply market are inadequate 	<ul style="list-style-type: none"> Program model developed Design initial scope Operational analysis 	<ul style="list-style-type: none"> Initial Financial projections Benchmark to other Performing Arts Centres

4.2 Catchment Area

The catchment area of the proposed JPACF is one of the largest of its type in Australia. The MAFS identified the primary catchment area as the City of Joondalup and the City of Wanneroo, which comprises of a population of over 360,000 and is forecast to grow to over 500,000 in 20 years. A secondary catchment takes in most of the northern metropolitan area, stretching south to the City of Stirling and east to the City of Swan. A further area of influence stretches out north into the Wheatbelt, including towns on the way north from Perth, such as Cervantes, Jurien, Dongara, and as far as Geraldton.

People living in towns in the northern Wheatbelt already travel to Joondalup for major shopping trips and popular shows that do not tour north of Perth. It is expected that the JPACF is likely to draw some audience members from these areas. This has been facilitated by the completion of the Indian Ocean Drive, allowing easy access to Joondalup for communities to the north of the metro area, who would previously have had to use Brand Highway and then cut across to Wanneroo Road. See the below image for an illustration of the proposed catchment area.

Joondalup is more accessible to the majority of residents in the City of Wanneroo than the Perth CBD. The primary growth areas of the City of Wanneroo (largely in the north) are approximately a 15 – 30 minute journey by car from the City of Joondalup but 50 minutes from Perth CBD. It is therefore reasonable to assume that the vast majority of City of Wanneroo residents can be considered as part of the primary catchment area.

The 2016 estimated resident population of the Primary Catchment area is 363,631 comprising of:

- 164,942 within the City of Joondalup¹²
- 198,689 within the City of Wanneroo¹³

¹² Forecast.id (2016) Available at: <http://forecast.id.com.au/joondalup>

¹³ Forecast.id (2016) Available at: <http://forecast.id.com.au/wanneroo>

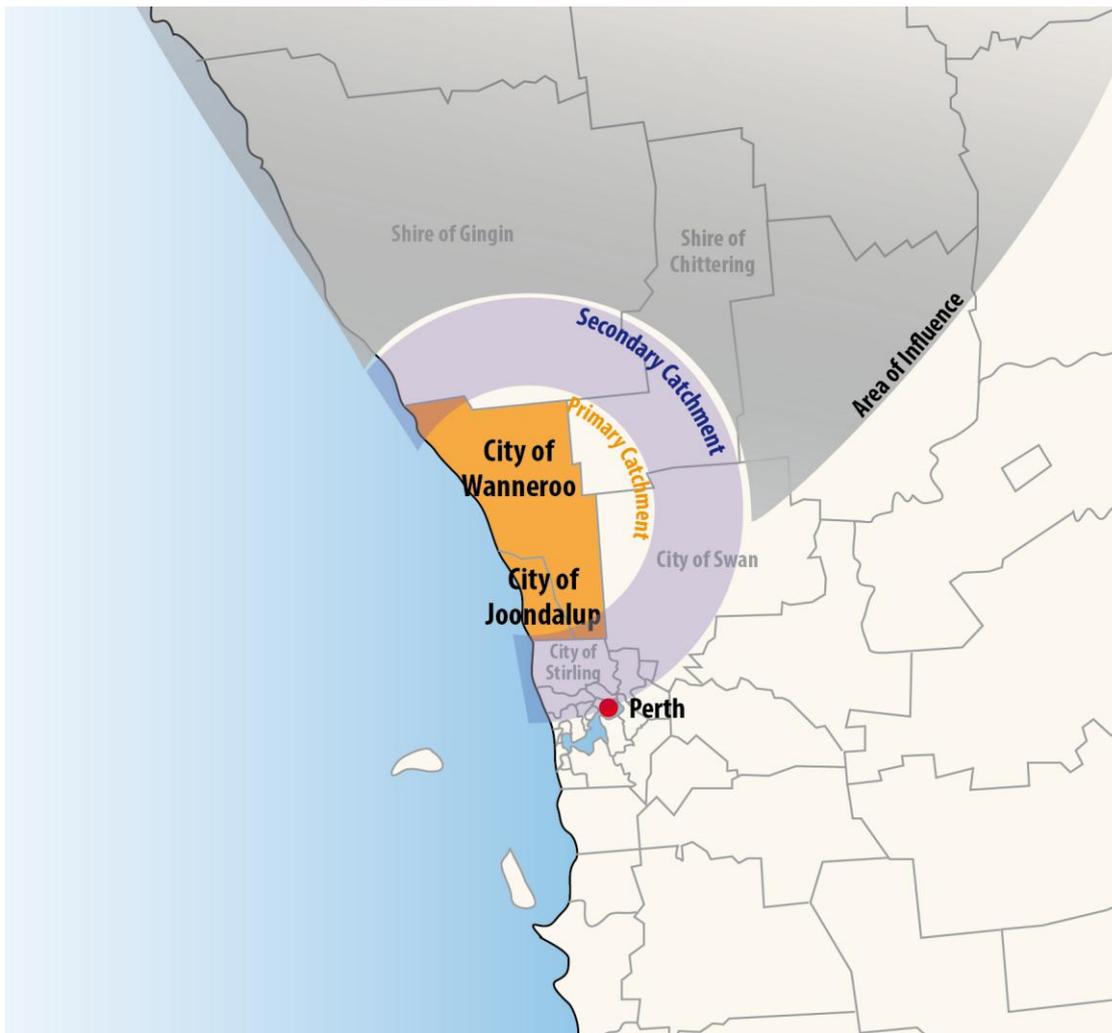


Image: Joondalup Performing Arts and Cultural Facility catchment areas. Source: Pracsys Market Analysis and Feasibility Study 2012

4.3 Population Growth

Whilst the City of Joondalup is forecast to have moderate increases in population, the catchment overall is enjoying large growth driven predominantly by the City of Wanneroo, which is forecast to grow by 81.2% between 2016 and 2036.

The City of Wanneroo stretches from Girrawheen and Koondoola in the south to Yanchep and Two Rocks in the north and the majority of population growth expected to occur in the Northern Coastal Growth Corridor (Alkimos, Eglinton, Yanchep and Two Rocks) and East Wanneroo (Gnangara, Jandalup and Mariginiup). The North West Sub Region is expected to grow by over 180,000 people during the next 20 years to 534,854 people. See Table 5 and Figure 1 for headline statistics on the primary catchment's expected population growth.

Table 4: Primary Catchment Population Growth

Measure	City of Joondalup	City of Wanneroo	Primary Catchment
Estimated Resident Population – 2016 ¹⁴	164, 942	195,369	360,311
Population 2036	180, 812	354, 042	534, 854
Population change 2016 – 36	9.62%	81.22%	48.4%

Source: Forecast id. (2014)

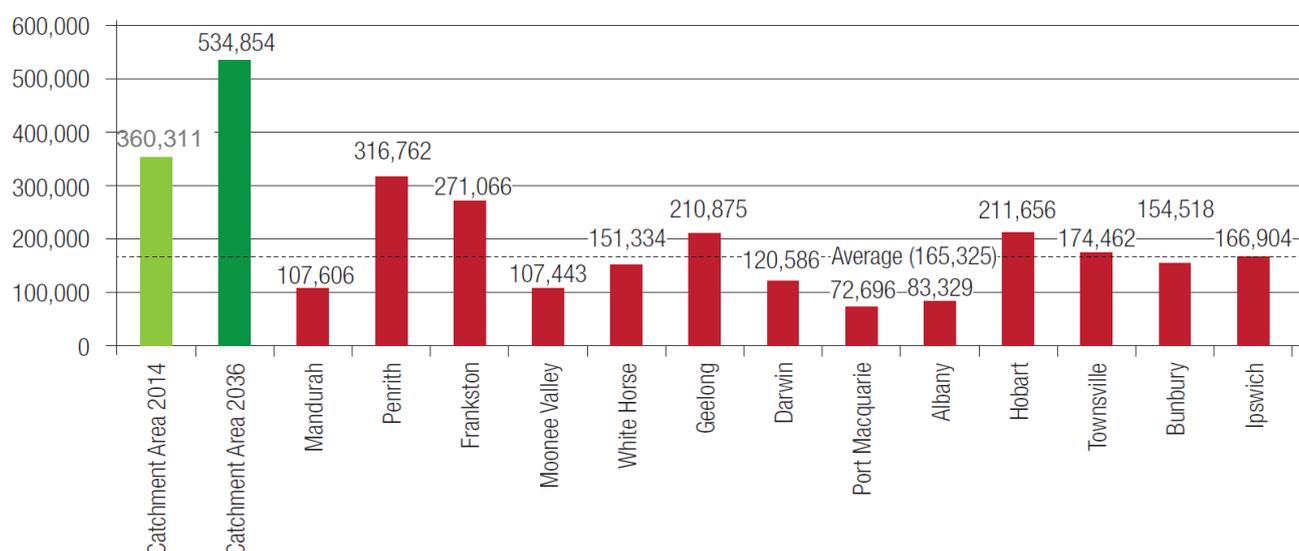
4.4 Comparison of Catchment Population

The chart below compares the catchment population of the JPACF to other comparable areas. The other areas selected were those identified in the 2012 Feasibility Study. This chart shows that the JPACF catchment is larger than any of the other regions and twice the size of the average of the other 13 areas, and by 2036 would be more than three times the size of the average.

This comparison is vital for two key reasons:

- The need for the facility in the North West Sub Region
- Confidence that the JPACF will be highly utilised

Figure 1: Joondalup Performing Arts and Cultural Facility – Comparison catchment area populations



4.5 ABS Data – Participation in Cultural Activities

The Australian Bureau of Statistics (ABS) collects data on attendance at cultural venues and events as well as participation in selected arts and cultural activities¹⁵. The ABS data analyses participation and attendance for a range of event/activity types with children analysed separately to adults. Data is available at both a state and national level and also looks at the frequency and of engagement.

¹⁴ These population estimates were obtained from Forecast.id in 2016. Forecast.id. provided the same numbers in 2014 (See: <http://forecast.id.com.au/joondalup>).

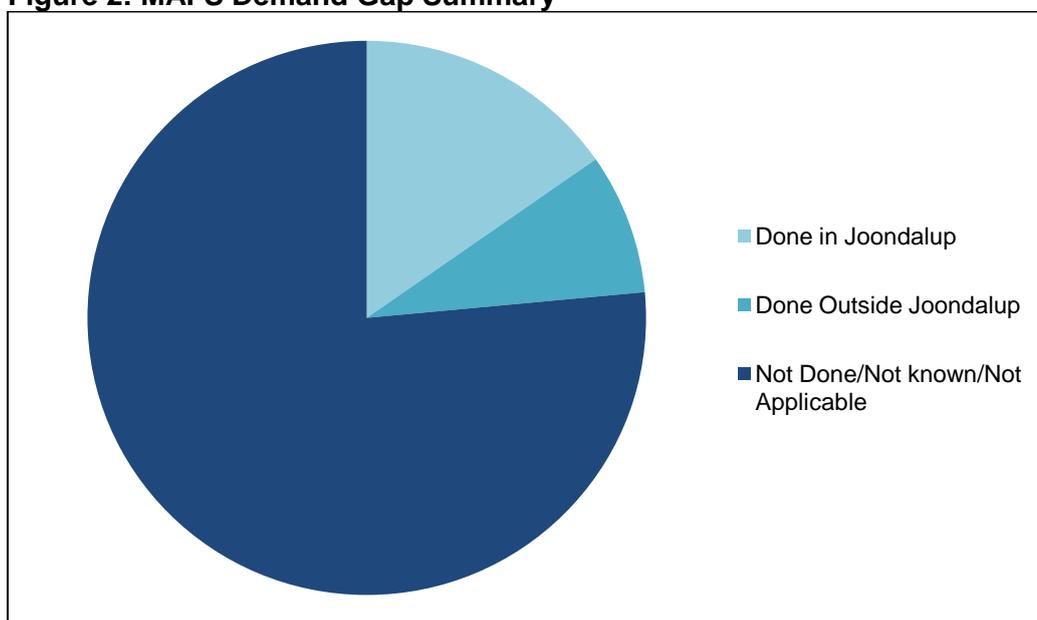
¹⁵ ABS (2009) Cat No. 4114.0 *Attendance at Selected Cultural Venues and Events, Australia, 2009-10*

Demand modelling was completed within the MAFS and was used to develop an estimate of the level of cultural activity that could be expected of a Western Australian population of the size and demographic profile of the primary catchment area.

Data from the 2009-10 *Attendance at Selected Cultural Venues and Events Survey* was used comprehensively in the preparation of the MAFS. This survey showed that 86% of the Australian population aged 15 years and over attended at least one of the selected cultural venues or events in the year prior to the survey, with the rate for Western Australia equal to the national rate. Earlier releases (1999 and 2005-06) and the latest release (2013-14) indicate similar national attendance rates with results ranging between 85% and 86%. For this reason, results from demand modelling based on the 2009 data are still deemed to be relevant.

Modelling indicated that approximately 15% of attendances were being met locally and a further 10% were being met outside of Joondalup. This means that 85% of potential attendances are either occurring outside of Joondalup or not occurring at all.

Figure 2: MAFS Demand Gap Summary



Source: Pracsys (2012) JPACF Market Analysis and Feasibility Study

4.6 Industry Consultation

The City has also consulted with various parts of the Arts and Culture Industry, including:

- Australian Performing Arts Centres Association (APACA). APACA represents organisations throughout Australia and prepare reports of operating activities:
- Economic Activity Report (2013) included data from 88 respondents
- Venues Charges and Salaries Report (2013) had 66 respondents.
- WA Department of Culture and Arts
- General Managers of other facilities in Western Australia have been consulted on a regular basis.
- AEG Ogden, are commercial operator of Arts Centres.

The consultation has allowed the City to test the need for the facility and refine the operating assumptions.

4.7 Need for the Facility in Summary

A vast amount of research and industry consultation has occurred to date. In 2012 the City engaged consultants Pracsys to undertake a comprehensive market analysis and feasibility study for the development of a performing arts and cultural facility in the City. This study reinforced the notion that there is currently a significant under provision of performing arts and cultural facilities within the northern corridor of Perth.

The need is confirmed by:

- The catchment area is over 300,000 people and will grow to over 500,000 within 20 years
- The catchment area is already much larger than that of most other equivalent facilities in Australia
- ABS Data indicates a high level of demand for cultural attendance currently not being met within the local catchment
- A lack of facilities of the type and size of the proposed JPACF within the greater metropolitan area

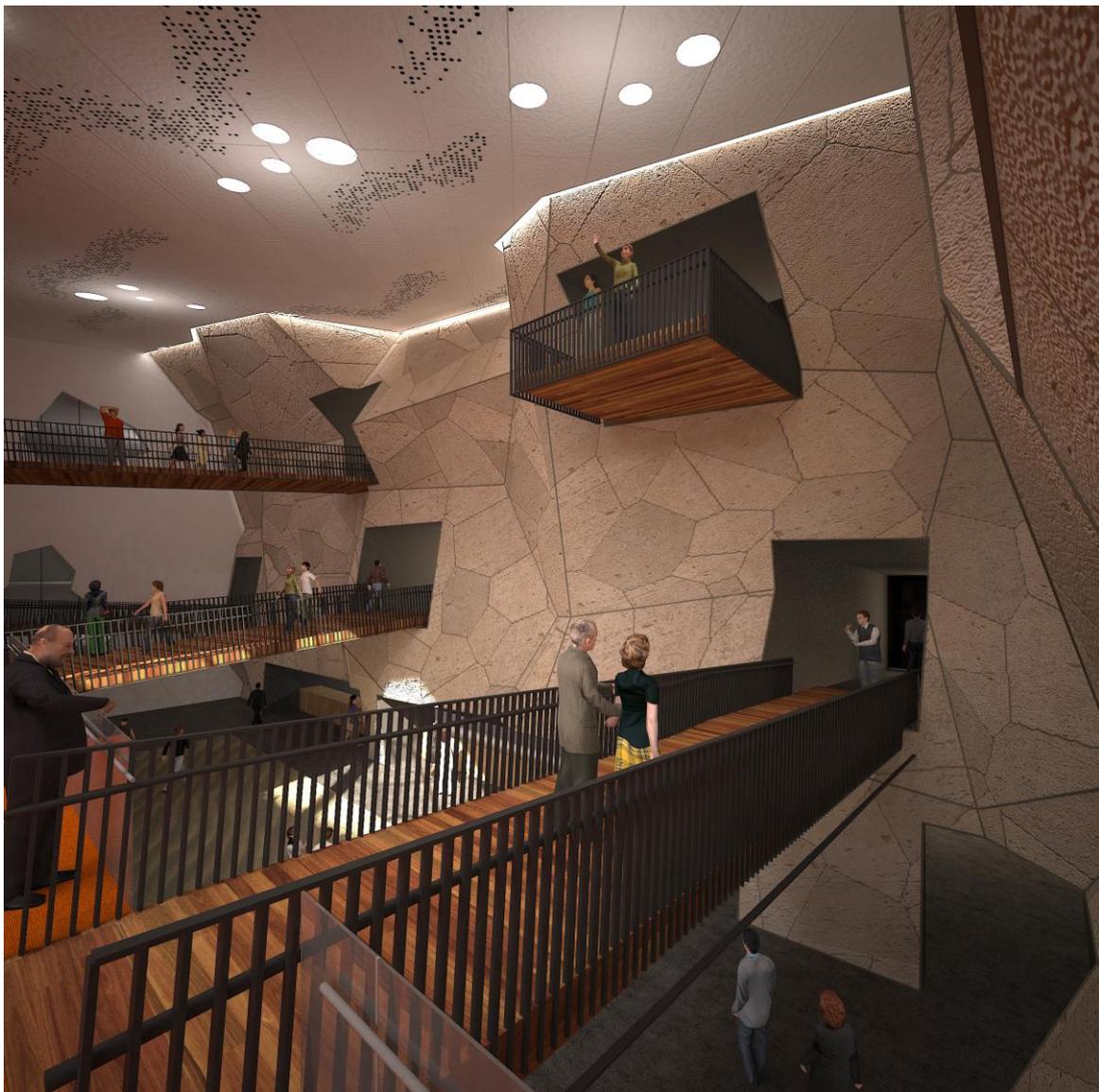


Image: Joondalup Performing Arts and Cultural Facility: ARM Architecture

5 Location, Options and Proposal

5.1 Location – Lot 1001, Kendrew Crescent, Joondalup

In 2004, the City purchased Lot 1001 from the Department of Education and Training (now the Department of Training and Workforce Development), for the sole purpose of developing the arts facility. The contract of sale for the land included special conditions limiting the use of the land to the provision of a cultural facility and associated activities. If the City proposes development on the site, that is inconsistent with this use, then the Department of Training and Workforce Development reserves the right to repurchase the land. Additionally, the City is required to advise the Department of any proposed development on the site prior to seeking development approval outlining the connection between the proposed development and the cultural facility.

In deciding to purchase the land for the construction of the JPACF the City considered the following factors:

Table 5: Site identification matrix

Location	✓	Prominent location within the City Centre
Entry Statement	✓	JPACF will provide an easily recognisable entry statement to the City
Existing Civic Buildings	✓	Creates strong and physical linkages to existing buildings
Public Transport	✓	Accessible to public transport with the Joondalup Train/Bus terminal just a few hundred metres from the site
Roads	✓	Accessible to road users, just 2 kilometres from the freeway
Education Precinct	✓	Adjacent to Education Precinct, providing synergies and opportunities for the growing precinct

5.2 Traditional Performing Arts Centre versus Art Box Model

The 2012 Market Analysis and Feasibility Study considered three options for the detailed design description being:

- A cultural campus, spread over a larger area.
- A traditional performing arts centre.
- An “Art Box” design, reflecting a contemporary architectural engagement with the environment, and that includes facilities for both visual and performing arts.

The cultural campus was immediately excluded as it relies on far greater land resources than is available. The Traditional Performing Arts Centre would include a primary theatre, secondary theatre and rehearsal space however this design has major shortcomings when considered against the project objectives.

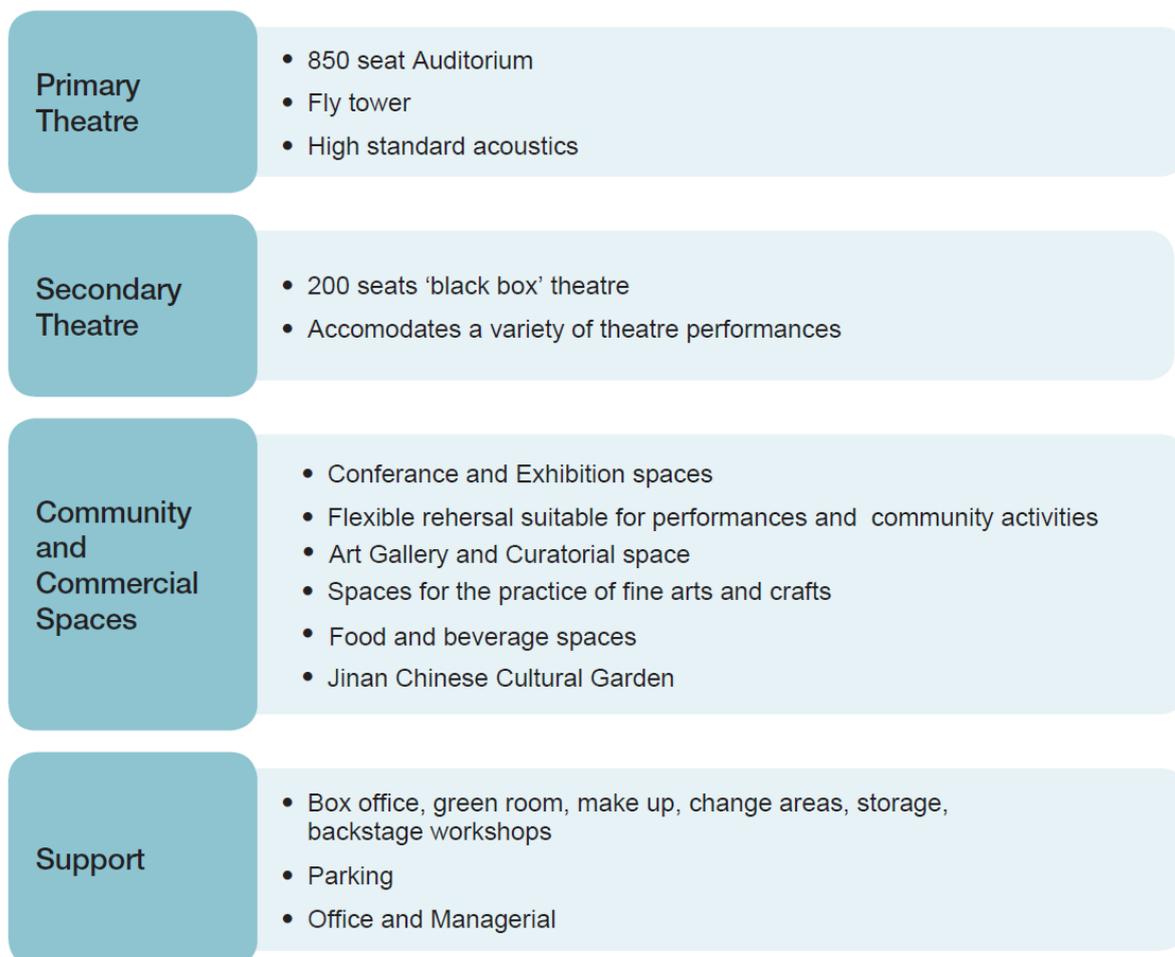
Therefore, the study focused on the ‘Art Box Model’ as a representation of a complete cultural community arts centre. The Art Box Model has the same spaces as the traditional performing

arts centre but also has additional multi-purpose spaces so that the facility becomes more activated (during the day, not just in the evening) and is therefore a more inclusive environment for the community.

5.3 Art Box Model Proposal

The proposal for the Community Art Box Model will include:

Figure 3: Joondalup Performing Arts and Cultural Facility features.



5.4 Design Options

The City has evaluated a wide number of alternative options in the design and operation of the facility, including:

- 1,000 seats within the primary theatre
- Condensed model
- Two Stage Construction
- Traditional performing arts centre.

These options were assessed in detail during the concept design stage of the project and discussed in previous versions of the Business Case. This Business Case focuses on the Art Box Model as described above.

5.5 JPACF Design Solution

The City conducted an architectural design competition in April 2013 receiving 21 submissions from local and international architects. In April 2014 Council endorsed ARM Architecture as the winner of the architectural design competition for their Art Box concept.

The submission by ARM Architecture is an exciting design that will capture the imagination of the users/patrons and reflects the aspirations of the City. The design delivers a built form of significant aesthetic merit that will greatly enhance the streetscape and fits seamlessly with both Central Park and Jinan Gardens.

The design concept is highly functional with scope for flexible use of spaces. The design demonstrates a good balance between innovation, contextual variation and the efficient use of space.

The key design features are:

- The building form springs from the natural traits of the Joondalup region i.e. Large eroded block: the building is rendered as an abstracted block. Using a process of erosion, the outer perimeter is opened up, perforated with gaps and caverns throughout the building. It appears as both natural and manmade, with rough stone formations, contrasting with the smooth water-like theatre space. From the outside, the erosion generates window openings, cloisters, garden balconies and entry spaces.
- Context / Presence: the JPACF sits within the central activity zone of Joondalup, adjacent to the major shopping centre, to the rail station and the Joondalup Learning Precinct. It is adjacent to the Central Park land and green spine that links through to the lake. The design is of a scale that can generate a civic identity.
- Activated edges: a primary rule of new public buildings is that they are not built like fortresses, contemporary buildings need to operate at least 12 hours a day, 7 days a week and be open/ integrated to surroundings. The JPACF design locates active uses (such as foyers, studios and food & beverage) to the edges of the site overlooking Central Park.
- Human scale: the large eroded mass creates a presence along Grand Boulevard, but is also broken down into smaller elements.
- Landscape Master Plan and Jinan Gardens: design accommodates a building forecourt with secondary 'spill-over' and event spaces in addition to external dining and cafe zones. Leafy green planting zones are used to separate areas. Nearby existing parklands are retained for visual and contextual reasons.
- Functionality: three zones which have discrete entries, allowing the truly multifunctional uses of the facility to function independently from each other, whilst still belonging together in a simple building.
- Theatre Design: a place that everyone wants to return to: Artists, because it supports their art well; and the community, because it gives them a sense of belonging as audience members and active participants.
- Acoustic Design: caters for all genres (music, dance, theatre, comedy, spoken word).
- Environmentally sustainable design.
- Building management considerations – e.g. air conditioning levels adjusts to ticket sales.

5.6 Program Model

The program model is the most important aspect of operating the facility, and requires dedicated expertise from the management team to drive the program model. The program

model has to consider the demographics, diversity of program, activation of the facility during the day and evening, long-term bookings, and commercial imperatives.

A potential program model was initially prepared as part of the 2012 Feasibility Study, and has since been reviewed with reference to more recent Australian Performing Arts Centres Association (APACA) data and consultation with performing arts management consultants.

Table 7 provides an outline of the potential program model for the primary theatre and secondary theatre by Year 5 (2023-24). This indicates that the primary theatre should be utilised for 186 days per year, and the secondary theatre used for 163 days a year.

Table 6: Joondalup Performing Arts and Cultural Facility potential program

Potential Program Model – Year 5	Primary	Secondary	Total	% of Total
Comedy	12	10	22	6%
Theatre	38	39	77	22%
Dance and Ballet	24	11	35	10%
Music	39	23	62	18%
Festivals	16	15	31	9%
Schools	16	11	27	8%
Film	6	19	25	7%
Joondalup Eisteddfod	12	11	23	7%
Special Events	23	24	47	13%
Total	186	163	349	100%

The JPACF management team is planned to be recruited at least one year before construction is completed: so that the program model can be developed in advance of the opening (the financial projections have included provision for this).

It will take some years before the program model is fully developed, perhaps as many as five years.

There are a range of opportunities that the management team can consider to develop the program model, particularly in the early years:

- In-house theatre/Dance Company: Develop a relationship with a client company who use the facility for creative development/rehearsal and to premiere their works. This option would see the City of Joondalup offering complimentary venue hire and other services for one or two years to support both activation of the JPACF and the company. This could provide long-term benefits by improving the status, activation and commercial viability of the JPACF
- City of Joondalup Cultural Program: The City should develop a community festival development strategy that supports and integrates the JPACF program plan. This doesn't necessarily mean that the cultural program should be completely focused on the JPACF, nor should the cultural program be expanded just so it uses the JPACF (which may be to the detriment of other potential users).
- Music Workshop Plan: Host music workshops, encourage musical development and long term utilisation.

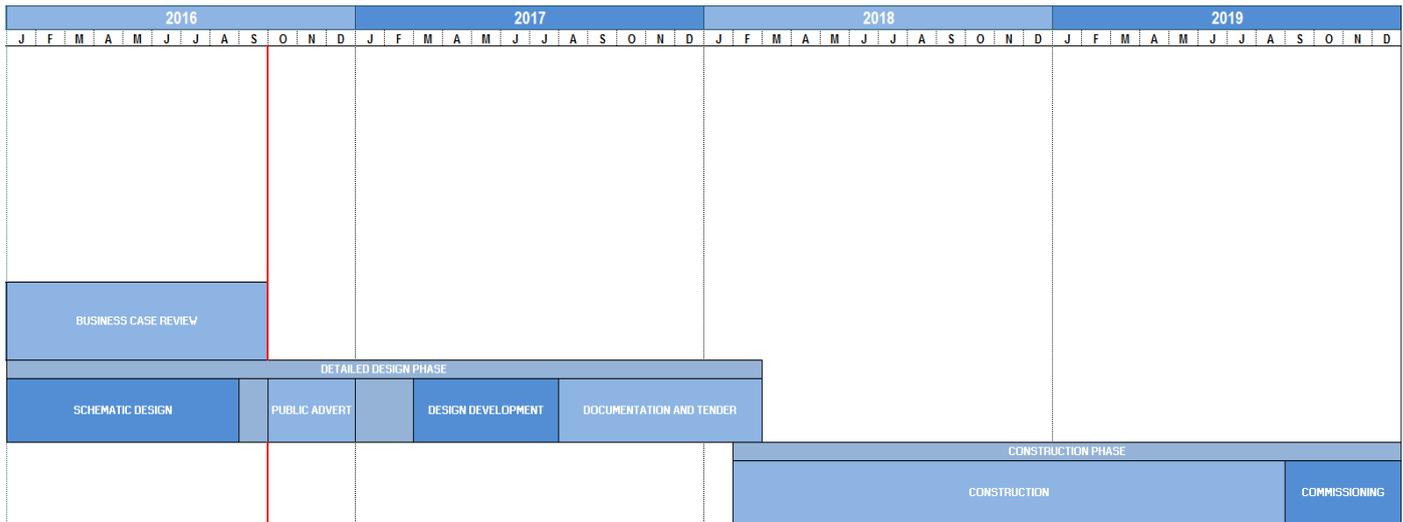
5.7 Project Plan and Key Milestones

Two scenarios outlining the proposed key milestones to deliver the JPACF development are shown in Figure 4.

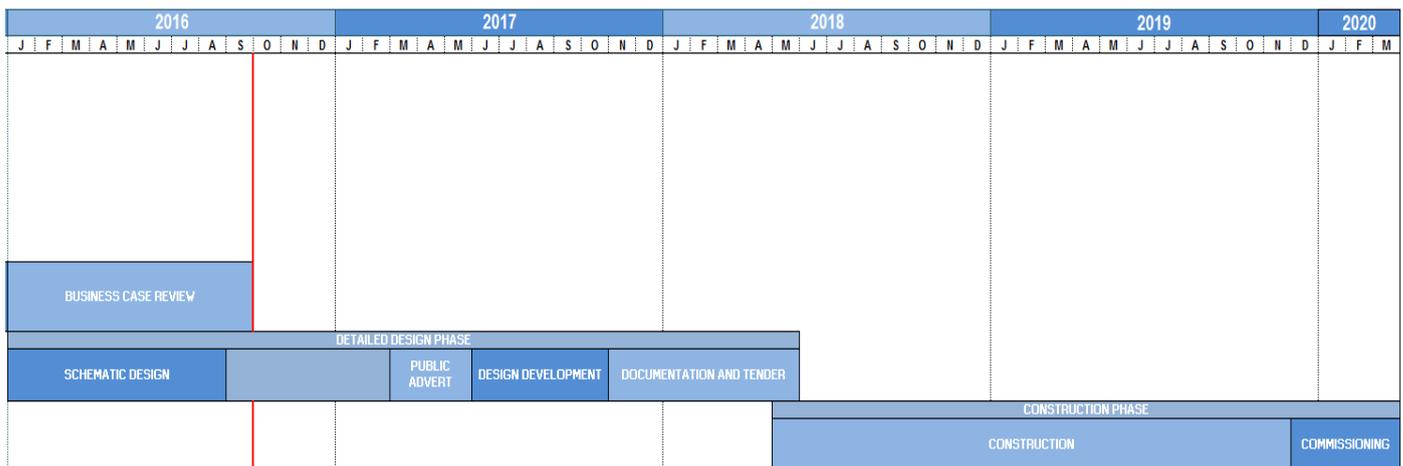
Figure 4: Proposed Timelines

N.B. The project timeline scenarios as outlined below are indicative only.

Scenario Two – Public advertising commences after October Council meeting with results to be presented to February 2017 Council meeting.



Scenario One – Public advertising commences after February 2017 Council meeting. It should be noted that this scenario pushes back completion of project to 2020.



5.8 Location, Options and Proposal in Summary

- The Location for the Facility was evaluated and arranged several years ago, and is in an ideal location, adjacent to the Joondalup Learning Precinct with excellent access to public transport and with linkages to main roads.
- Options have been continually evaluated; the preferred option is an Art Box Model which will provide multiple spaces with activation throughout the day and evening.
- Design has several key features, which will make it an iconic part of the City.
- Program Model for events has been researched with a diverse program that will appeal to all sectors of the Community.
- Project plan will ensure the facility is constructed and ready for operation in 2019.

Image: Joondalup Performing Arts and Cultural Facility : ARM Architecture.



6 Financial Projections

6.1 Establishment Phase

It is estimated that the project will cost \$99.7 million and includes the following:

- \$96.5 million Design and Construction
- \$ 2.1 million Jinan Gardens
- \$ 1.1 million Project Management

The above values are current as at 2016. The project is subject to detailed design, and therefore the costs will vary. A contingency of \$5.25 million is included in the costs. An indicative phasing of the \$99.7 million is as follows:

Phasing of Project Costs	2014-15	2015-16	2016-17	2017-18	2018-19	Total
Estimated Cost (\$m)	\$0.2	\$1.7	\$11.3	\$53.6	\$32.9	\$99.7
% of Total	0%	2%	11%	54%	34%	100%

Table 7: Indicative costs phasing. (N.B. The phasing of costs as outlined above is indicative only and is subject to project program and funding approvals. The phasing represents an idealistic scenario where the project continues to proceed without delay. It should be noted that the project program and associated phasing of costs is continually being reviewed and amended accordingly. The abovementioned figure of \$11.3 million for the 2016-17 financial year represents the current budget amount for the JPACF project. At the time the budget was approved it was anticipated that construction would commence in the latter part of the 2016-17 financial year however this scenario is now highly unlikely).

The City has planned for the project for a number of years and implemented strategies (e.g. sale of vacant surplus land) to contribute to the cost of the JPACF. At present there is \$21 million in reserves specifically for the project, and It is estimated that there will be \$37 million in total available at the point of construction, this has reduced by \$8m since the previous update due to revised forecast of proceeds from Tamala Park Regional Council. The financial projections currently assume a \$10 million grant being received from the National Stronger Regions Fund, subject to a successful grant application.

The remainder of the funding would derive from borrowings from Western Australia Treasury Corporation. It is estimated that \$58 million borrowings would be required during the construction period, repaid over a 15 year term at fixed interest rate of approximately 3.81%. The total repayments, including principal and interest, are estimated at \$80 million. It is estimated that approximately 60% of the repayments will be repaid using future proceeds from the sale of surplus land, with the remaining 40% being funded from general municipal funds. If the City's application for a \$10 million Federal Grant is unsuccessful this would result in additional borrowings and total repayments of \$14 million resulting in overall borrowings of \$94 million.

The City has begun a detailed evaluation of alternative forms of financing, including variable rate loans and interest only loans. A separate report is available which indicates that an alternative interest-only arrangement rather than traditional fixed interest fixed term arrangements may be beneficial. The financing review is subject to validation and until the review is complete the JPACF business case will continue to assume the traditional method of financing, which is a Fixed Rate Fixed Term (15 years).

6.2 Operating Phase

The operating assumptions have been reviewed on several occasions during the past four years, and will continue to be reviewed on an ongoing basis. Comparisons to other facilities and information available from APACA have been used to inform the reviews. It is assumed that it will take five years to build up the program. The financial projections have therefore assumed that year 5 becomes the 'steady state' and from years 6 to 40 the same operating assumptions are used in the financial model. The key assumptions that are assumed from Year 5 in the operating model are:

- Utilisation: 186 days usage of the Primary Theatre and 163 days in the Secondary Theatre
- 50% Average Occupancy (% of seats filled): With the large catchment area of the JPACF it would be hoped that the occupancy could be higher than the APACA average, but this is deemed a prudent assumption at this stage
- Community User Groups: Reduced fees may be provided to Community user groups for hire of spaces
- Parking: 50% occupancy during the day and 85% during the 186 days of events at the Primary Theatre
- Marketing Expenses: 8% of Expenses
- Staff: 20 Full Time Equivalent Staff employed. This would include management, administrative, technicians, ushers, box office staff, cleaners and parking attendant.
- No assumption is made within the financial projections regarding the management model, irrespective of the type of model used the City would be responsible for the subsidy.

It is acknowledged that a facility of this nature will require an ongoing subsidy, the average subsidy of facilities within the APACA analysis is 37% of income. The projections for the JPACF from Year 5 onwards are a subsidy of 21% of income (\$863,000); this is lower than the industry average predominantly due to the surpluses generated from the facility's 374 parking bays. The estimated annual subsidy from Year 5 (in today's dollars) of \$863,000 is summarised in the graph below.

Income & Expenses by Activity - (Year 5 \$000s)

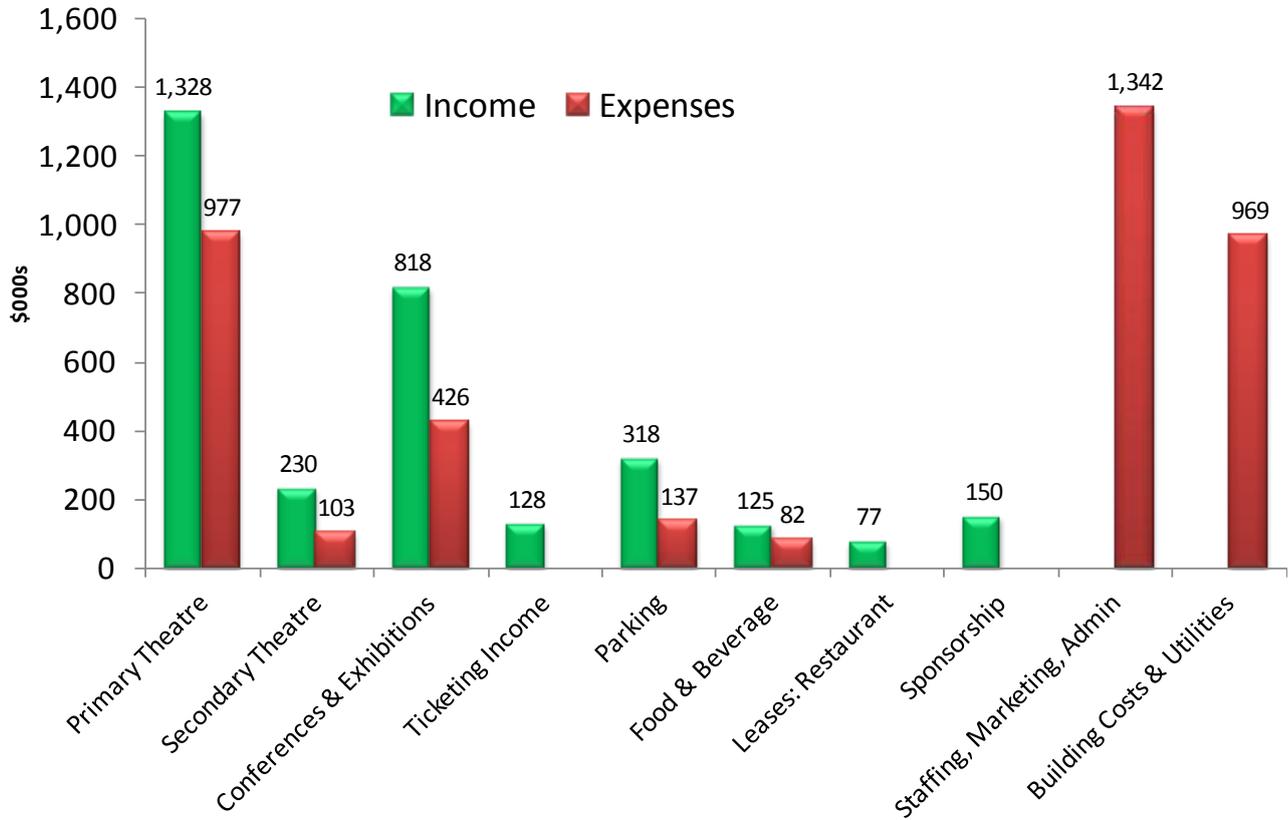


Table 8: Income and Expense by Activity - Year 5 \$000s. (N.B. The expenses exclude the interest expense on the borrowings of approx \$1.45 million per year, payable for 15 years).

The operating subsidy of \$0.9 million has been compared to other regional facilities in Australia, as summarised in the graph below. This shows that the average subsidy is \$1.1 million and therefore the JPACF projections can be considered to be optimistic by comparison.

The annual subsidy of \$863,000 per year equates to \$13.64 per Ratepayer per year.

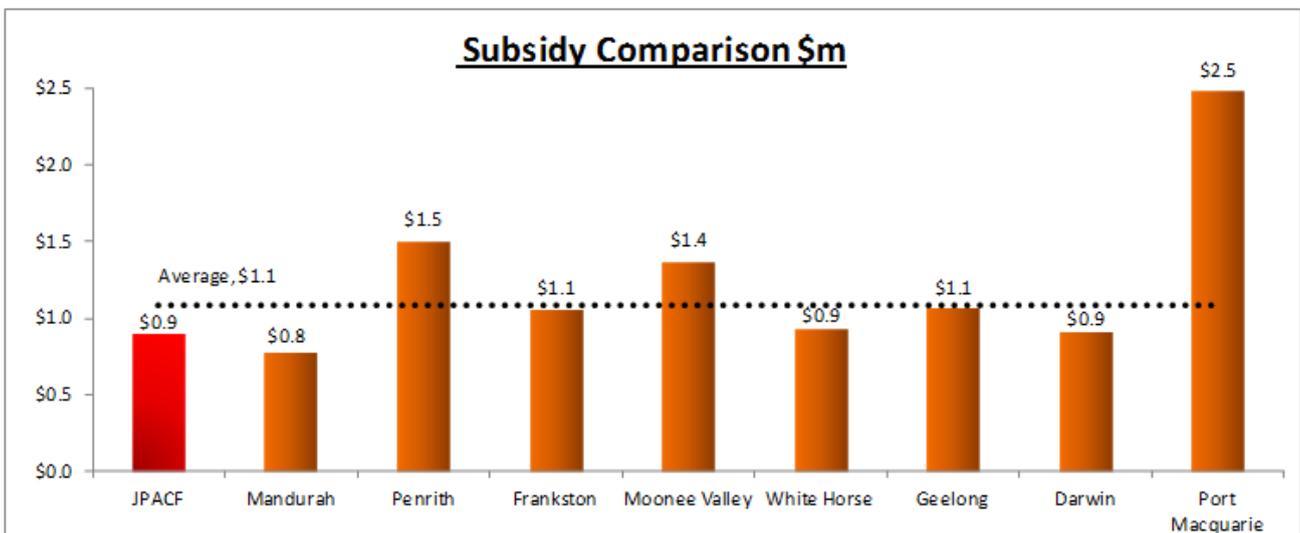


Table 9: The operating subsidy of comparable facility in Australia.

6.3 Operating Expenditure

In addition to the \$863,000 operating subsidy, there would be additional operating expenditure:

- Interest expense on the borrowings of approx \$1,506,000.
- Depreciation \$1,527,000.

The total operating losses per year whilst the borrowings are being repaid is estimated at \$3,896,000. This has the impact of depressing the Operating Surplus Ratio for the overall City by 2.8%.

6.4 Summary Cash Flows

The financials have been projected up to 2058-59, including inflation. This covers the period of construction and 40 years of operation. By evaluating over such a long period ensures that the long-term impacts including capital renewals can be evaluated. The graphs below summarises the overall cash flow impacts and net present cost. This includes all costs and income for the facility, establishment costs, funding costs, capital renewals, operating costs, and escalation. The projections indicate that the total cost to the City is estimated to be \$217 million by 2058-59, with a net present cost of \$94 million.

The reductions in the first 15 years are steeper than the remaining years, due to the repayment of the borrowings. The spikes in (2034-35, 2042-43, 2050- 51 and 2058-59) relate to estimated capital renewals.

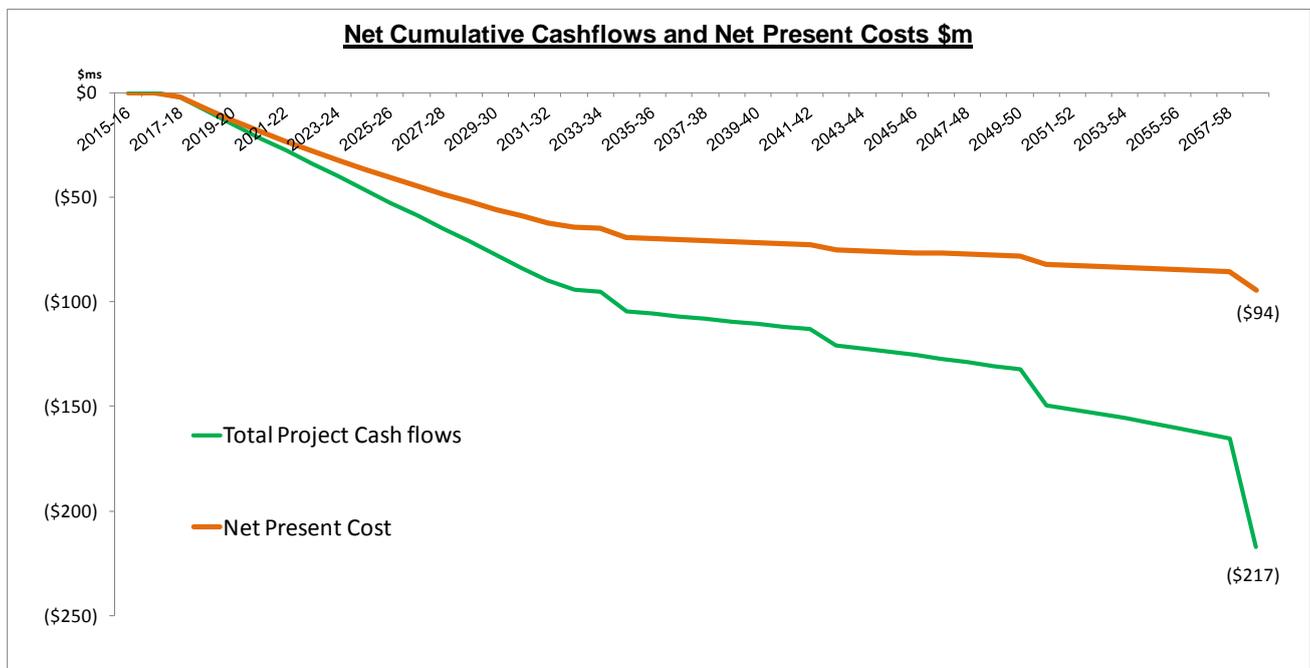


Table 10: Net Cumulative Cash flows and Net Present Cost (\$m)

6.5 Risk & Sensitivity

It should be noted that while the projected cash flows indicate a potential overall cost by 2058-59 of \$217 million, it is vital to emphasise that there a large number of risks with the financial estimates, both in terms of the initial establishment and the ongoing operation. In reality the total cash flows could be a lot worse than the \$217 million, while there is also a lesser possibility that the cash flows could be better. The likelihood of worse cash flows is considered to be greater than the likelihood of better cash flows as there are several key risks in the establishment phase whilst the Operating Subsidy projection is optimistic when compared to other facilities.

The table below summarises the sensitivity of the overall cash flows i.e. how much higher or lower than the \$217 million the outcome may be by 2058-59. The parameters used for the analysis are:

- Establishment Costs being higher or lower than the \$99.7m currently estimated. It is more likely that the establishment costs could be higher than the \$99.7m than lower, and therefore the analysis evaluates the impacts of a 30% increase to capital costs but only considers a reduction of 10%.
- Operating Subsidy being \$400,000 less than the \$863,000 estimated or \$400,000 more.

The results of the sensitivity analysis indicate that the overall cost by 2058-59:

- Best case could be \$165 million which would arise if the capital costs were 10% lower and the Operating Subsidy was \$400,000 less
- Worst Case could be \$318 million which would arise if capital costs were 30% higher and the Operating Subsidy was \$400,000 more.

		Cost of Facility Different to \$99.7m								
		-10%	-5%	0%	5%	10%	15%	20%	25%	30%
Operating Subsidy per year	(\$463)	(\$165)	(\$173)	(\$180)	(\$188)	(\$195)	(\$203)	(\$211)	(\$218)	(\$244)
	(\$563)	(\$174)	(\$182)	(\$190)	(\$197)	(\$205)	(\$212)	(\$220)	(\$227)	(\$253)
	(\$663)	(\$184)	(\$191)	(\$199)	(\$206)	(\$214)	(\$222)	(\$229)	(\$237)	(\$262)
	(\$763)	(\$193)	(\$201)	(\$208)	(\$216)	(\$223)	(\$231)	(\$238)	(\$246)	(\$272)
	(\$863)	(\$202)	(\$210)	(\$217)	(\$225)	(\$233)	(\$240)	(\$248)	(\$255)	(\$281)
	(\$963)	(\$212)	(\$219)	(\$227)	(\$234)	(\$242)	(\$249)	(\$257)	(\$265)	(\$290)
	(\$1,063)	(\$221)	(\$228)	(\$236)	(\$244)	(\$251)	(\$259)	(\$266)	(\$274)	(\$299)
	(\$1,163)	(\$230)	(\$238)	(\$245)	(\$253)	(\$260)	(\$268)	(\$276)	(\$283)	(\$309)
	(\$1,263)	(\$239)	(\$247)	(\$255)	(\$262)	(\$270)	(\$277)	(\$285)	(\$292)	(\$318)

Table 11: Sensitivity analysis

Some of the major risks are as follows:

- One-off capital costs higher than projected – unforeseen costs with construction (e.g. ground work), changes to specification, final costs per square metre could be higher than estimated. Indeed the project is still subject to detailed design and tender and there are a wide number of issues that can arise during these phases.
- Funding risks – NSRF grant not approved, proceeds from land sales (e.g. Tamala Park) do not materialise, interest costs increase.
- Operating assumptions – failing to meet the program envisaged in the evaluation, adverse variation to the occupancy levels and number of attendees, parking surpluses do not materialise. The project cash flows of \$217 million assume that the escalation of fees each year is broadly in line with the increase in expenditure but it is possible that expenses (e.g. employment expenses) increase by more than income as patrons become less able/willing

to accept fee increases.

The previous Business Case (December 2015) indicated an overall cost to establish the project of \$97.6m. The \$97.6m estimate was used to update the recently adopted 20 Year Strategic Financial Plan. The revised estimates for the favoured Option are \$2.1m higher, with a total revised cost of \$99.7m. However the \$99.7m includes a contingency for Design and Construction of \$5.2m. It may be worth capping the costs to \$97.6m, by reducing the contingency to \$3.1m.

The contingency costs of \$5.2m are prepared by ARM and supporting sub-contractors based on Industry Standard practice. If the City reduced the contingency to \$3.1m this would present additional risks to the project.

6.6 Option Evaluation

The City has undertaken detailed financial evaluation of other options that were considered by the Steering Committee during the past few years. The results of the evaluation are summarised in the table below. The key issues to note are:

- First column of figures shows the December 2015 Business Case
- Scenario 1 – Worse Case. This includes some of the worse-case estimates for staff costs, utilities and repair/maintenance as provided by Consultants.
- Scenario 2 – Idealistic. The other end of the range of possibilities with best-case estimates for staff costs, utilities and repair/maintenance.
- Scenario 3 – Realistic. Amended set of assumptions, which represent a balance between Scenario 1 and Scenario 2.

Scenario 3 is used as the basis of the projections in the Business Case. The difference between the scenarios indicates the uncertainty with some of the assumptions and that there is further improvements that should continue to be made to the projections.

Option Summary Total Cash Flows up to 2058-59 including escalation			Concept Design	Scenario1	Scenario2	Scenario3
			Business Case (Dec 2015)	Worse Case	Idealistic	Realistic
Establishment Costs						
Capital & Other One-Off Costs	\$ms	(\$103.0)	(\$105.3)	(\$105.3)	(\$105.3)	(\$105.3)
Grants and Reserves	\$ms	\$55.2	\$47.5	\$47.5	\$47.5	\$47.5
Borrowings	\$ms	\$47.8	\$57.8	\$57.8	\$57.8	\$57.8
Repayments	\$ms	(\$47.8)	(\$57.8)	(\$57.8)	(\$57.8)	(\$57.8)
Establishment Costs	\$ms	(\$47.8)	(\$57.8)	(\$57.8)	(\$57.8)	(\$57.8)
Operating Impacts						
Operating Expenses incl. Interest	\$ms	(\$333.3)	(\$426.7)	(\$368.8)	(\$400.5)	(\$400.5)
Operating Income	\$ms	\$260.4	\$319.0	\$321.5	\$320.2	\$320.2
Operating Deficit incl. Interest	\$ms	(\$72.9)	(\$107.7)	(\$47.3)	(\$80.3)	(\$80.3)
Asset Replacement	\$ms	(\$79.4)	(\$79.4)	(\$79.4)	(\$79.4)	(\$79.4)
Total Project Cash flows	\$ms	(\$200.2)	(\$244.9)	(\$184.6)	(\$217.5)	(\$217.5)
Ranking	Rank		3	1	2	
Diff to Concept Design	\$000s	\$ms	(\$44.8)	\$15.6	(\$17.3)	
	%	%	22.4%	-7.8%	8.6%	
Net Present Cost	\$ms	(\$84.3)	(\$104.0)	(\$83.0)	(\$94.4)	

Table 15: Cash flow summary of various options

A separate report (Financial Options and Evaluation) provides more details on the assumptions for the cash flows above.

6.7 Comments / Affordability

The project cost is a significant outlay for the City and it is vital that the City understands the overall project costs (including ongoing operating subsidy) and plans accordingly. The City uses a variety of tools to ensure it is financially sustainable, including the 20 Year Strategic Financial Plan. At the heart of the City's 20 Year Strategic Financial Plan is a set of guiding principles, which includes five key ratios (e.g. avoiding rate increases above 5%), that the City uses to evaluate the long term plans. The impacts of the JPACF on the key ratios have been evaluated and the targets are still projected to be achieved by the City after construction of the JPACF.

The City has undertaken informal discussions with West Australia Treasury Corporation regarding the capacity of the City to borrow funds for the JPACF in 2017-18 and 2018-19, especially as the proposed borrowings would be much higher than any previous borrowings by the City – WATC evaluated the City's proposed borrowings and confirmed that the City would have capacity. However it should be emphasised that the evaluation was based on the projections within the Adopted 20 Year Strategic Financial Plan which includes high assumptions for Rates Increases in the next few years (between 4% to 5%). The City has recently (2016-17) implemented a 2.5% rate increase and if the increases for one or more of the next few years were less than 4% this would present a material risk of the City's capacity to borrow for the JPACF.

6.8 Financial Projections in Summary

- The project is estimated to cost \$99.7 million to plan, design and construct.
- The City has implemented strategies to fund the costs, and is projected to have \$37 million in dedicated reserves to help fund the project. The remaining costs will be funded by a \$10 million grant and by borrowings of \$58 million.
- The JPACF will require an ongoing annual contribution by the City, estimated to be \$863,000 per year. The estimated annual subsidy is 21% of income, which compares favourably to other similar facilities in Australia.
- Cost per Ratepayer for the annual subsidy is \$13.64 per year
- Depreciation expense of \$1.5m per year is estimated
- Total costs up to 2058-59 is estimated to be \$217 million, with a net present cost of \$94 million.
- All whole-of-life impacts are included in the City's Draft 20 Year Strategic Financial Plan.
- Detailed analysis has been prepared and reviewed on several occasions during the past few years.
- There are numerous financial risks within the projections

Image: Joondalup Performing Arts and Cultural Facility – Gallery Entrance, corner of Grand Boulevard and Teakle Court: ARM Architecture.



7 Economic Impact Assessment

There are local and regional economic benefits associated with the development of a facility such as the JPACF. Not only will the construction and operation of the JPACF generate direct and indirect employment opportunities but the cultural activities/events will attract consumers from throughout the catchment who spend money on a ticket, eating out, parking, accommodation and other activities. This supports local businesses and provides jobs in retail and consumer service businesses.

7.1 One-off Investment

The project is estimated to cost \$99.73 million (as at 2016). Considerable construction employment will be generated during the two-year construction period. Initial estimates of employment have been prepared using a regionalised input-output table.

The modelling was undertaken by by Pracsys using the latest cost figures. This has estimated that:

- Direct - Construction employment associated with the \$99.73 million development is estimated at 117 jobs over the lifetime of the project. As the project is spread mostly over two years, this can be equated to 59 full time employees (FTE) per year.
- Indirect - An estimated 492 jobs would be further supported indirectly in the wider economy through the multiplier effect.

In total an estimated 609 jobs will be supported through the direct and indirect construction activities associated with the JPACF construction over the lifetime of the project, which equates to 305 FTE per annum on average over the two years of the construction phase.

The total economic benefit of the one-off investment is \$274 million. A detailed review of the economic benefits of the one-off investment is provided in Table 16.

Table 16: Joondalup Performing Arts and Cultural Facility construction economic impacts

Modelling the effect of adding \$99.73m in Construction (\$ 2016)				
Summary	Output (\$m)	Value-added (\$m)	Wages and salaries (\$m)	Local jobs
Direct Impact	99.73	28.26	13.57	117
Total Input Effects	110.06	44.31	24.47	232
Consumption Effects	63.84	36.78	14.92	260
Total Impact on Australian economy	273.63	109.36	52.96	609

Source: Pracsys 2016, ABS National Accounts 2012/2013 (Catalogue 5206)

7.2 Direct and Indirect effect of Operating Expenses

The economic impact of the annual operations has been assessed by the City using the *National Institute of Economic and Industry Research (NIEIR)® 2015 Model*. This estimates that a total of 37 FTE jobs are created on a permanent ongoing basis including 20 direct FTE jobs and 17 indirect FTE jobs.

In addition, 10 jobs are created in relation to the operation, maintenance and servicing of the

facility's bar/restaurant, art gallery and other additional functions of the facility. This includes six FTE jobs generated directly and four FTE jobs generated indirectly.

7.3 Potential Expenditure on Arts and Culture in the Catchment

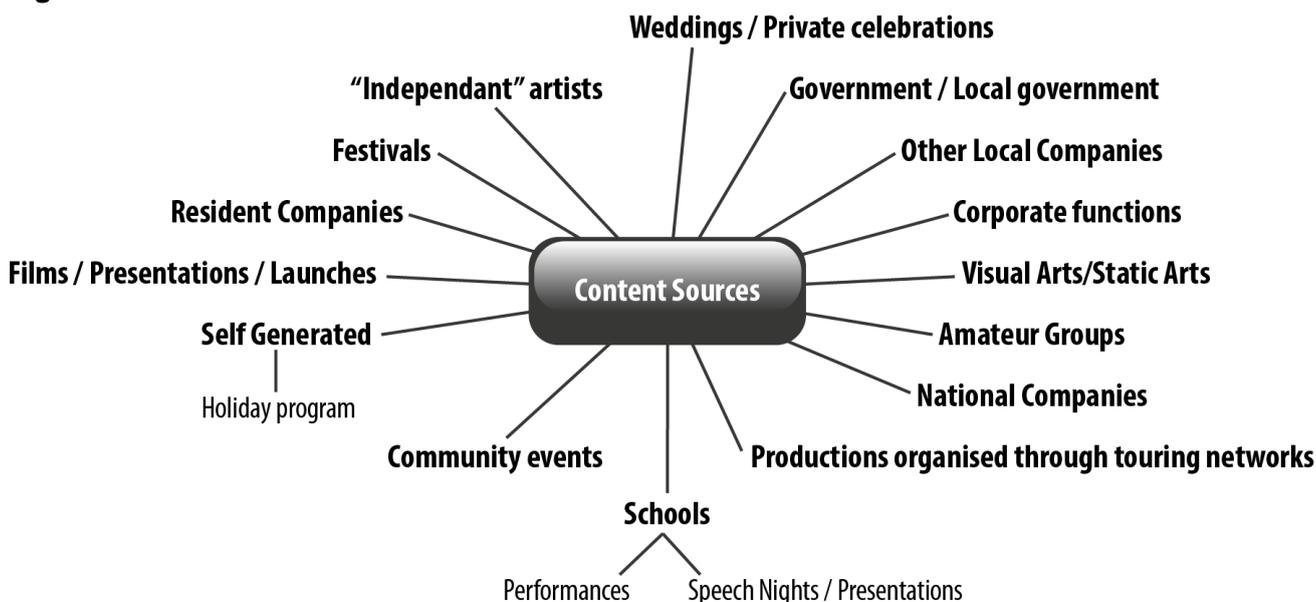
Revealed preference modelling conducted in production of the MAFS identified total potential demand for attendances within the catchment of approximately 810,000¹⁶ attendances. Based on an average expenditure of \$40 per visit, this represents potential total expenditure on arts and culture in the order of \$32.4 million.

Stakeholder consultation indicated that approximately 124,000 attendances (15%) currently occur in Joondalup and a further 66,500 (8%) occur outside of Joondalup, representing a capture of approximately \$5 million and leakage of approximately \$2.6 million respectively¹⁷.

An estimated 620,000 (76%) potential attendances do not occur at all and the value of this attendance could be in the order of \$24.8 million.

The ability to capture a portion of this expenditure is likely to be an attractive driver of investment in the JPACF. This expenditure pool will drive growth within industries related to a variety of different content sources. An example of these content sources are shown in Figure 5.

Figure 5: Arts Content Sources



Source: Pracsys (2016)

A growth in expenditure will also open up opportunities for other neighboring institutions and companies that will further drive growth and promote synergies. These partnerships could include:

- Intrastate programs
- Interstate programs
- Fringe festival
- Commercial presenters
- Fledgling industry

¹⁶ This excludes film, which it is understood is predominantly being met through existing commercial facilities.

¹⁷ Assuming expenditure of \$40 per visit.

- Perth International Art Festival (PIAF)

Linking with these institutions is likely to capture more expenditure through diversification of activity with the potential to attract a larger number of users into the future.

7.4 Secondary Visitation and Tourism Expenditure

Much like a major retailer such as Myer or David Jones acts as an anchor tenant for a shopping centre, the JPACF can act as a major destination for the Joondalup activity centre. In this way it supports the growth of the Joondalup Strategic Metropolitan Centre into a more liveable, attractive, vibrant, multi-purpose centre. The JPACF will therefore have significant flow on benefits to the local economy. It is anticipated that the JPACF will attract over 100,000 attendances per year, by visitors from both within and outside of Joondalup, with significant flow on benefits for the local economy.

If these visitors were to spend anywhere between \$20 and \$80 on retail and cafes in the surrounding activity centre per visit, this could result in increased expenditure of between \$2 and \$11 million per annum directly supporting jobs in these industries. The expenditure in the retail and food and beverage industries is expected to generate anywhere between 18 and 103 FTE jobs annually (see 17 and 18).

If the anticipated 100,000 attendances for JPACF supported a spend of \$40 per visit, this could represent the creation of 37 direct FTE jobs a further 49 indirect FTE jobs.

Applying a conservative assumption, if 1% of visitors were to stay overnight as part of their trip (1,000 per annum) and spend on average a further \$300 on tourism activities, this could result in an injection into the tourism industry of \$300,000 per annum. Based on National Accounts and Input-Output data this could directly support 2 FTE jobs in tourism and a further 3 indirect FTE jobs.

Table 17: Potential Secondary Expenditure – Retail, Food and Beverage

Visitors	Potential Spend			
	\$20	\$40	\$60	\$80
100,000	2,000,000	4,000,000	6,000,000	8,000,000
120,000	2,400,000	4,800,000	7,200,000	9,600,000
140,000	2,800,000	5,600,000	8,400,000	11,200,000

Source: Pracsys (2016).

Table 18: Potential Jobs Created

Visitors	Potential Spend			
	\$20	\$40	\$60	\$80
100,000	18	37	55	74
120,000	22	44	66	89
140,000	26	52	78	103

Source: Pracsys (2016) calculated using ABS (2014). 5204.0 - Australian System of National Accounts, 2013-14

7.5 Total Employment Generated by JPACF

It is a priority for the region to create more local jobs given the current unsustainable level of out commuting for employment. Employment opportunities generated by the construction and operation of the JPACF will support the creation of self-contained and vibrant communities with diverse employment and lifestyle choices.

Total ongoing employment generated by JPACF is estimated in the order of 138 FTE jobs based on those jobs directly supported by the facility and those supported by secondary expenditure associated with increased visitation and tourism (see Table 19).

Table 19: Total ongoing employment generated by the JPACF

	Direct Jobs	Indirect Jobs	Total Jobs
Directly supported by facility ^A			
JPACF	20	17	37
Suppliers	6	4	10
Secondary Expenditure ^B			
Visitation	37	49	86
Tourism	2	3	5
TOTAL	65	73	138

Sources:

^A National Institute of Economic and Industry Research (NIEIR) © 2015. Compiled and presented in economy.id.

^B Pracsys (2016) calculated using ABS (2014). 5204.0 - Australian System of National Accounts, 2013-14

7.6 Sponsorship

The JPACF would encourage sponsorship which would be expected to lead to improved activity for sponsors. A modest estimate of \$150,000 per year has been assumed for sponsorship.

Whilst it may be plausible to consider additional economic benefits arising from sponsorship (as attendees are influenced to use sponsor's products), no impact has been calculated as the benefits are already included in the Economic Impact Assessment Model.

7.7 Travel Time and Vehicle Operating Cost Savings

As established in the MAFS, there is a lack of arts and culture infrastructure in North West sub-region. This creates a situation in which constituents must drive further to access culture and arts infrastructure.

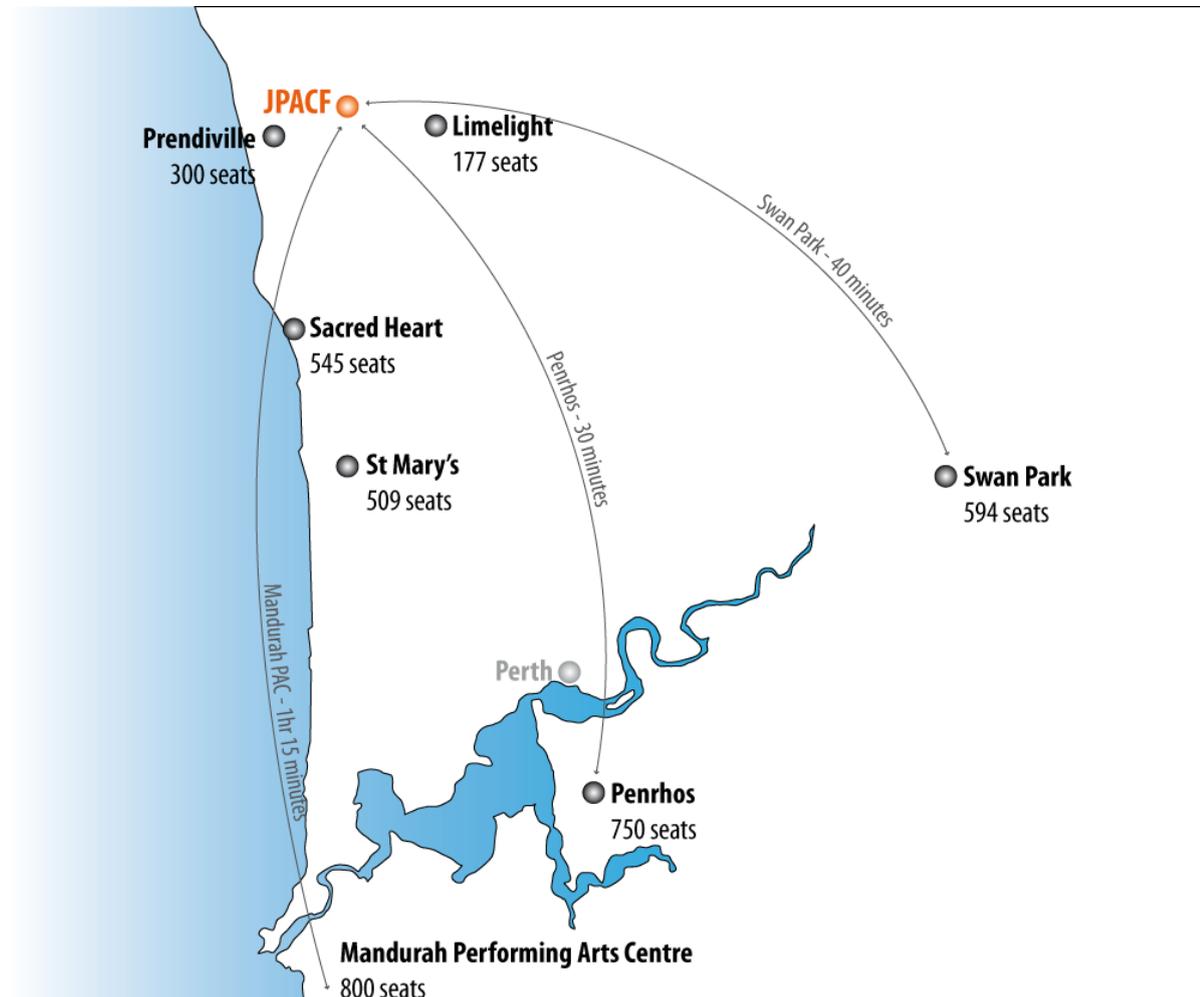
The distance required to travel to a facility represents a premium over and above other costs involved in attending and participating in arts and culture i.e. ticket costs and parking. For members of the community already disadvantaged by lower incomes this represents a cost barrier to participation and attendance.

If JPACF were to be built it would provide significant cost savings in terms of reduced travel time and vehicle operating costs for residents, through the provision of a facility in closer proximity. Doing so not only represents savings to residents currently travelling far distances but also encourage increased participation and attendance.

Figure 6 demonstrates the cultural and arts infrastructure currently being used by cultural groups within the JPACF catchment area as identified through consultation, despite being far away. Table 20 demonstrates the extent of the potential savings in vehicle travel time and operating costs that could be accrued by residents through the development of the JPACF. The

figures show that there are potential savings of \$12 million per annum in terms of vehicle operating costs and a further \$4 million per annum in vehicle travel time savings.

Figure 6: Performing Arts Facilities Servicing the Primary Catchment



Source: Pracsys (2012). JPACF Market Analysis and Feasibility Study

Table 20: Vehicle Cost Savings

Local Government Area	Capture Rate	Trips	Total Km's Saved	Vehicle Operating Costs Saved (pa)	Vehicle Travel Time Saved (pa)
Joondalup	50%	330,000	29km	\$7,410,000	\$2,289,000
Wanneroo	40%	263,000	20km	\$3,978,000	\$1,229,000
Chittering	40%	8,000	29km	\$173,000	\$53,000
Gingin	40%	8,000	29km	\$184,000	\$57,000
Total			N/A	\$11,745,000	\$3,627,000

Source: Pracsys (2016) based on vehicle operating costs in RAC (2015).

Vehicle Running Costs Guide [<https://rac.com.au/car-motoring/info/buying-a-car/running-costs>]

Notes: Assumes average occupancy of 1.6 persons per car and average speed of 60 km/hr. Vehicle operating costs assumed to be 62c/km based on RAC (2015), Vehicle Running Costs Guide [<https://rac.com.au/car-motoring/info/buying-a-car/running-costs>], vehicle travel time costs assumed to be \$11.49/person-hr based on Austroads (2008) Guide to Project Evaluation Part 4: Project Evaluation Data.

7.8 Economic Benefit Cost Ratio (BCR)

What is cost-benefit analysis?

The Federal Government's handbook on cost benefit analysis¹⁸ provides the following description of cost-benefit analysis:

Cost-benefit analysis is a method for organising information to aid decisions about the allocation of resources. Its power as an analytical tool rests in two main features:

- *costs and benefits are expressed as far as possible in money terms and hence are directly comparable with one another; and*
- *costs and benefits are valued in terms of the claims they make on and the gains they provide to the community as a whole, so the perspective is a 'global' one rather than that of any particular individual or interest group*

Cost-benefit analysis should be viewed as closely related to, yet distinct from financial evaluation. Whilst financial evaluation looks at the net benefit to the individual organisation (in this case the City of Joondalup) cost-benefit analysis considers the community as a whole. It provides a more holistic representation of the costs and benefits associated with a project. Whilst financial evaluation takes into account cash flows in and out of the organisation only, cost-benefit analysis considers benefits such as travel time savings and 'externalities' or other unmarketed spillover effects.

Costs and benefits occurring at different points in time have different values and future costs and benefits are discounted in order to determine their net present value (NPV).

The handbook states that:

"Subject to budget and other constraints and equity considerations, a project or policy is acceptable where net social benefit (total benefit less total cost), valued according to the opportunity cost and willingness to pay principles, is positive rather than negative".

What is a benefit-cost ratio (BCR)?

The BCR is calculated by dividing the present value of all benefits by the present value of all costs.

$$BCR = PV \text{ Benefits} / PV \text{ Costs}$$

For a project to be viable, the BCR must have a value greater than 1¹⁹. If the BCR is greater than 1, the net present value (NPV) is positive and vice versa. BCR's are used when choices have to be made between mutually exclusive viable projects.

The JPACF Benefit-Cost Ratio

Pracsys Economics have calculated a BCR and NPV for the JPACF taking into account vehicle travel time, vehicle operating cost and secondary expenditure within the region generated through visitation and tourism. The results of this analysis are shown in Table 21.

Considering economic benefits and costs only, the analysis calculates a NPV for the project of \$126.9 million and BCR of 1.902. This indicates that taking into account all economic benefits, the project is viable and delivers significant positive value to the community overall, taking into account all costs.

¹⁸ Commonwealth of Australia (2006), Handbook of Cost Benefit Analysis, January 2006
<https://www.finance.gov.au/sites/default/files/Handbook_of_CB_analysis.pdf>

¹⁹ Ibid.

Table 21: NPV and BCR

Category	Annual Income/Expense	\$ Total (2016 to 2059)
Income		
Primary Theatre	\$1,328,000*	\$52,766,739
Secondary Theatre	\$230,000*	\$9,163,000
Studios, Conferences and Exhibitions	\$818,000*	\$32,497,672
Ticket Income	\$128,000*	\$5,248,000
Parking (escalated real/above inf)	\$551,542*#	\$24,813,248
Food and Beverage	\$125,000*	\$4,965,812
Leases: Bar/restaurant	\$77,000	\$3,157,000
Sponsorship	\$150,000	\$6,150,000
Secondary Expenditure to the Region	\$4,000,000	\$164,000,000
Tourism Spend	\$300,000	\$12,300,000
Vehicle Travel Time Savings	\$3,627,417	\$148,724,089
Vehicle Operating Cost Savings	\$11,744,117	\$481,508,799
Expenses		
Primary Theatre	\$977,000*	\$38,820,548
Secondary Theatre	\$103,000*	\$4,092,206
Studios, Conferences and Exhibitions	\$426,000*	\$16,926,844
Parking	\$137,000	\$5,617,000
Food and Beverages	\$82,000*	\$3,257,636
Staff Costs	\$897,000*#	\$36,652,932
Marketing	\$323,000*	\$12,923,589
Admin and General	\$119,000*	\$4,726,573
Building Maintenance and Repair	\$676,000*	\$26,278,925
Utilities	\$313,000*#	\$14,371,806
Asset Renewal	\$792,000	\$23,760,000
Estimated Capital Cost Cost		\$99,700,000
Borrowings	-	\$50,255,000 ^A
Primary Theatre	- \$977,000*	\$38,820,548
Revenue PV		\$267,489,603
Cost PV		\$140,622,276
Economic NPV		\$126,867,327
Economic Benefit Cost Ratio (BCR)		1.902

Source: (Pracsys 2016)

*These annual figures represent the steady state, assumed to be achieved in 2023/24. Income and expenses in the first years of operations as per the Financial and Options Evaluation have been used in the NPV analysis.

Includes real cost escalation (over inflation)

^A 15-year payback period assumed

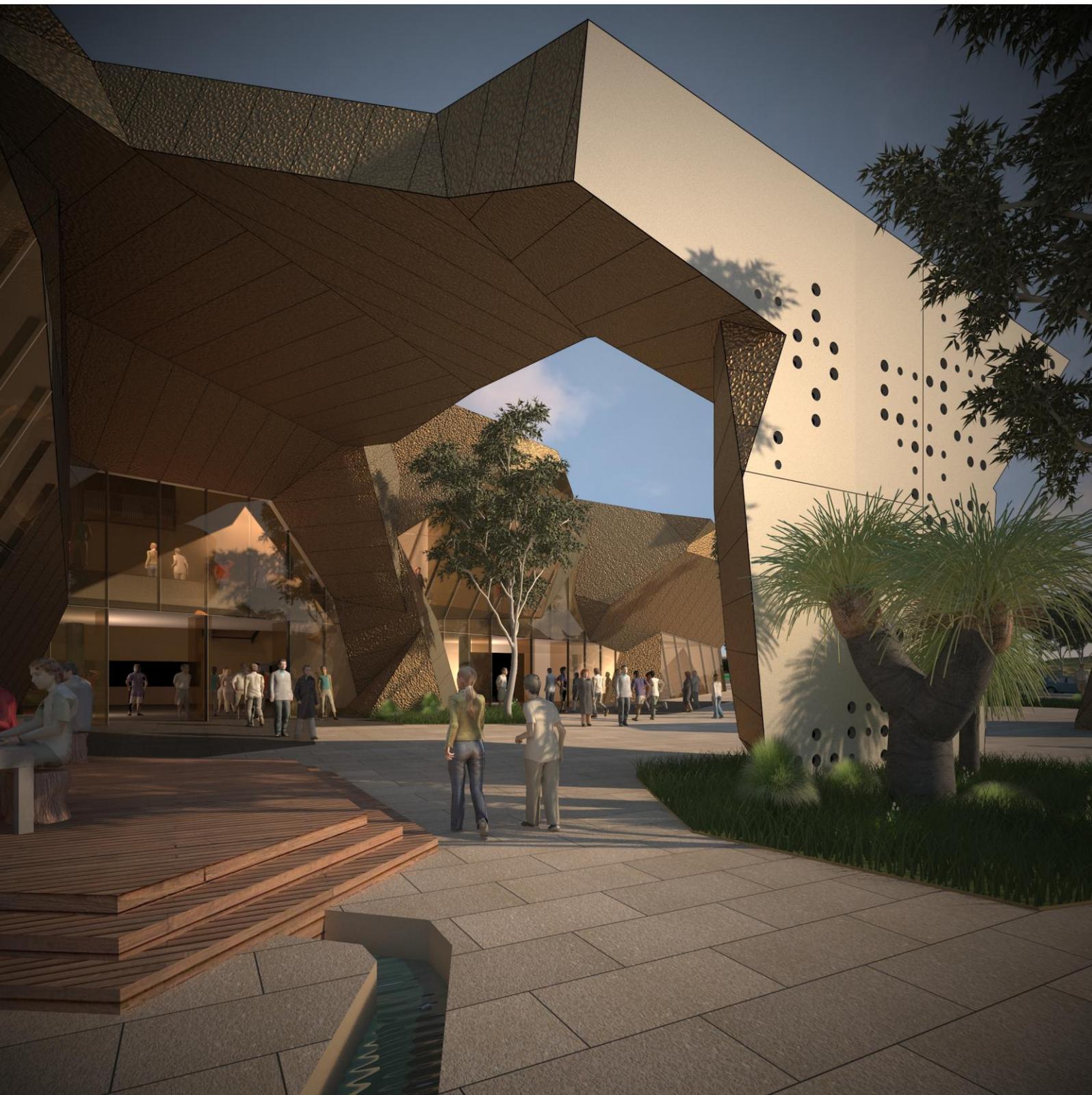
^B 7% discount rate has been used to calculate the Net Present Value. This is based on Treasury guidelines.

7.9 Economic Impact Assessment in Summary

The JPACF will provide major economic benefits for the region.

- One-off Investment creates 117 Direct Jobs and 469 Indirect Jobs
- Operating Activities create 37 FTE per year (20 Direct and 17 Indirect)
- Supplier Employment create 10 FTE (6 Direct FTE and 4 Indirect)
- Visitation and tourism could support the creation of an additional 39 direct jobs and 52 indirect jobs
- An economic benefit cost ratio of 1.902 indicates that taking into account economic benefits to the region the project provides positive value net of all costs.

Image: Joondalup Performing Arts and Cultural Facility – Main Entrance: ARM Architecture.



8 Creative Economy Growth

Supporting artistic and cultural attendance and participation drives economic growth in local and regional economies. Growth is supported through a three-phase system whereby:

1. The meeting of communities of interest and practice is facilitated so as to support the production and dissemination of cultural and artistic products and experiences
2. Creators and consumers of these experiences and products translate individual creativity into social and commercial outcomes through creative industries such as publishing, architecture, advertising and software IT etc.
3. Ideas and creativity are amplified, creative networks are established and a cluster of creative industries emerges. The creative industry cluster connects with the broader economy to accelerate the overall rate of innovation and commercialisation of ideas and creativity, driving economic success

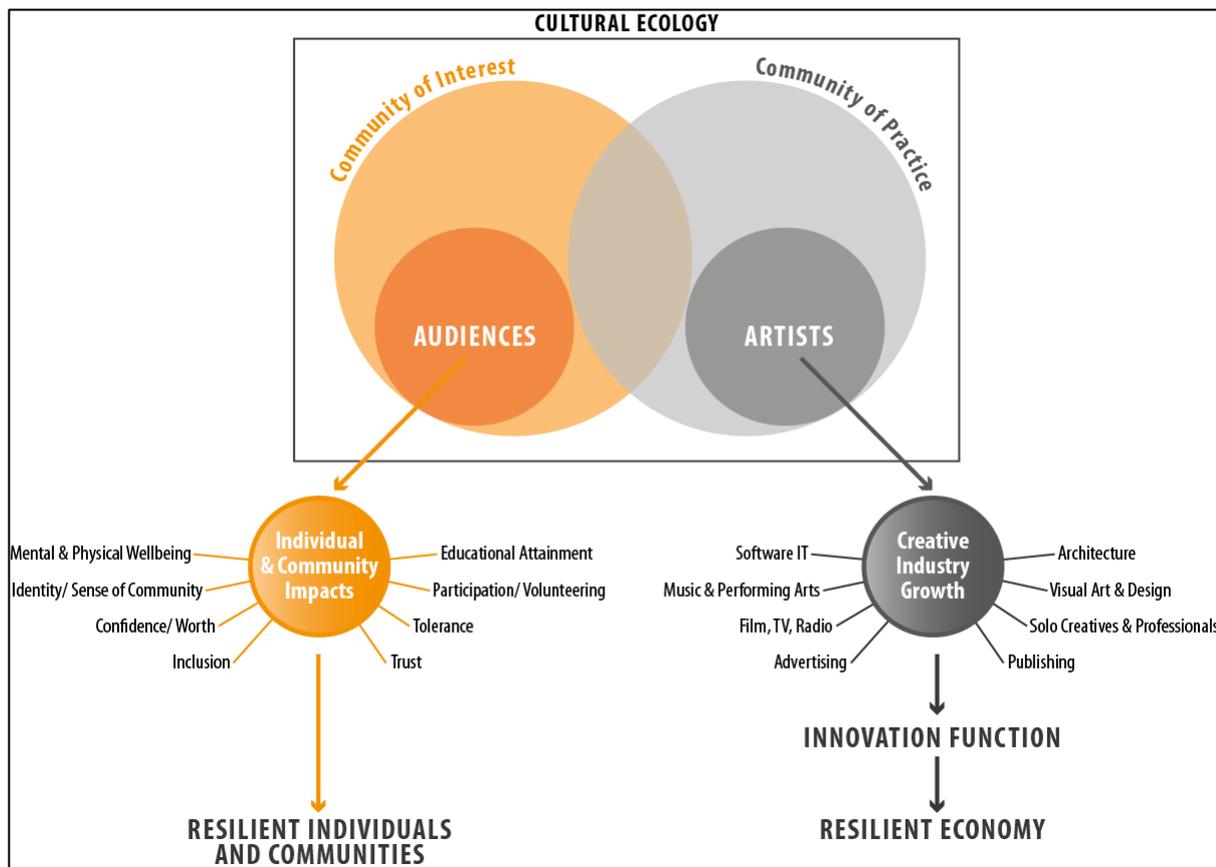
The JPACF will be the catalyst that galvanizes this process for the North-West sub region, facilitating cultural attendance and production, acting as an anchor cultural institution to facilitate the creation of a creative industry network and link with the broader economy (both public and private sector). It will in doing this, expand the pool of ideas and creativity to drive innovation and economic growth.

Exposure to and participation in such activities/events provide significant individual and community level social benefits. Research shows that they support sense of mental and physical wellbeing, which leads to positive personal attributes such as tolerance, trust, participation and even educational attainment.

Collectively these individual well-being characteristics aggregate to community cohesion, identity and pride, which are essential to well-functioning societies. These impacts are explored in more detail in the Social Impact Assessment (Section 10).

Figure 11 provides a representation of various the components of the process to realise both economic and social outcomes through arts and culture.

Figure 7: Cultural Ecology Model



Source: Pracsys (2016)

8.1 Uniting Communities of Interest and Practice

The JPACF will provide a facility to connect audiences and artists so as to support the production and dissemination of cultural and artistic products and experiences.

The JPACF will serve to enhance the cultural ecology of the North-West sub-region of Perth (the region) and the wider area of influence. The cultural ecology consists of the community of interest (audience and potential audience) and the community of practice (artists and associated service/equipment providers). The JPACF will be a key location where the communities of interest and practice meet for cultural exchange.

Demand modelling conducted in the preparation of the MAFS concluded that the level of formal cultural activity in the primary catchment is significantly less than could be expected of a Western Australian population of the size and demographic profile.

Modelling indicates that local residents are either travelling outside of the primary catchment area for their cultural pursuits (meaning that the cultural life of the City of Joondalup is being subsidised by other councils), or else this activity is not happening at all.

There are many producers of entertainment, culture and arts product who for many reasons, including the lack of suitable facilities, are unable to supply within the primary catchment.

The MAFS also examined barriers to participation in culture and the arts and production of artistic products. The most common barrier to increased participation was a lack of time, followed by expense/cost and lack of opportunities close to home/transport problems.

Developing the JPACF would allow those suppliers currently excluded from the market to enter, and address barriers currently being faced by potential attendees through improved access to opportunities for cultural attendance. The JPACF will therefore unite the existing and potential

communities of interest and practice in order to increase the overall cultural attendance and production in the City of Joondalup.

8.2 Supporting Creative Industry Growth

JPACF will catalyse creative industry growth in the region which will increase economic diversity and support the knowledge-driven, strategic employment crucial to driving economic resilience.

Increasing the pool of creative individuals producing art and cultural not only provides outputs for audiences to consume, but also translates into growth of related creative industries. Creative industries in turn support the growth of innovation-rich economies that are capable of adaptation and evolution to high productivity industries.

This is achieved through a process whereby artists, designers and academics translate their individual creativity into social and commercial outcomes. For example, a local artist may also be engaged within a creative institution such as an advertising agency or a publishing company. Increasing the pool of creative individuals can subsequently result in growth of creative industries which provide significant benefits to local and regional economies.

Analysis of existing creative industries within the North-West and the benefits associated with future growth of these industries has been conducted by Pracsys Economics. For the purpose of the analysis creative clusters we identified; these represent groupings of creative industries (at ANZSIC 4 Level) that share similar characteristics.

Based on 2011 ABS Census data²⁰ creative industries are underrepresented in the North-West. It is estimated that 1,235 people are employed in creative industries and this accounts for only 1.75% of total employment (see Table 22).

Table 22: North-West Creative Clusters

Cluster	No. Employed	Share of Creative Industries	Share of total Employment in the North West
Advertising and marketing	113	9%	0.16%
Music and performing arts	115	9%	0.16%
Design and visual artists	284	23%	0.40%
Film, television and radio	39	3%	0.06%
Writing, publishing and print media	159	13%	0.23%
Architecture	114	9%	0.16%
Software development and interactive content	411	33%	0.58%
Total	1,235	100%	1.75%

Source: Pracsys (2016), ABS Place of Work (2011)

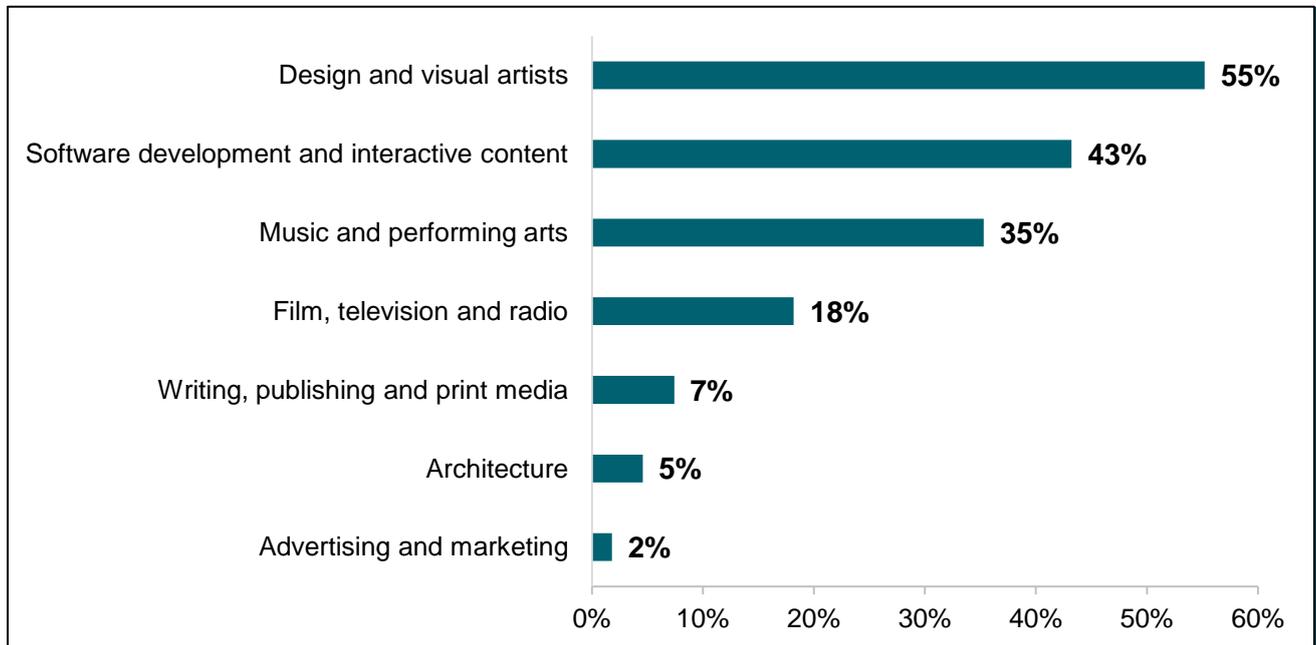
Software development and interactive content and design and visual art are the biggest industries of employment, accounting for 33% and 23% of creative employment respectively. These industries may be associated with the presence of Edith Cowen University (ECU) which caters for a range of creative productions as well as software engineering.

Between the 2006 and 2011 Census, total employment in the North-West grew by 14,099 jobs representing a 25% increase. Creative industries have experienced similar growth in employment (24%) over this period. Design and visual artists and Software development and

²⁰ As at 2016, the most recent data from ABS available is that of 2011. This analysis will be updatable with new statistics once the 2016 Census is released.

interactive content represented the creative clusters that experienced the most significant growth whilst Architecture and Advertising and marketing have remained relatively stable (see Figure 8).

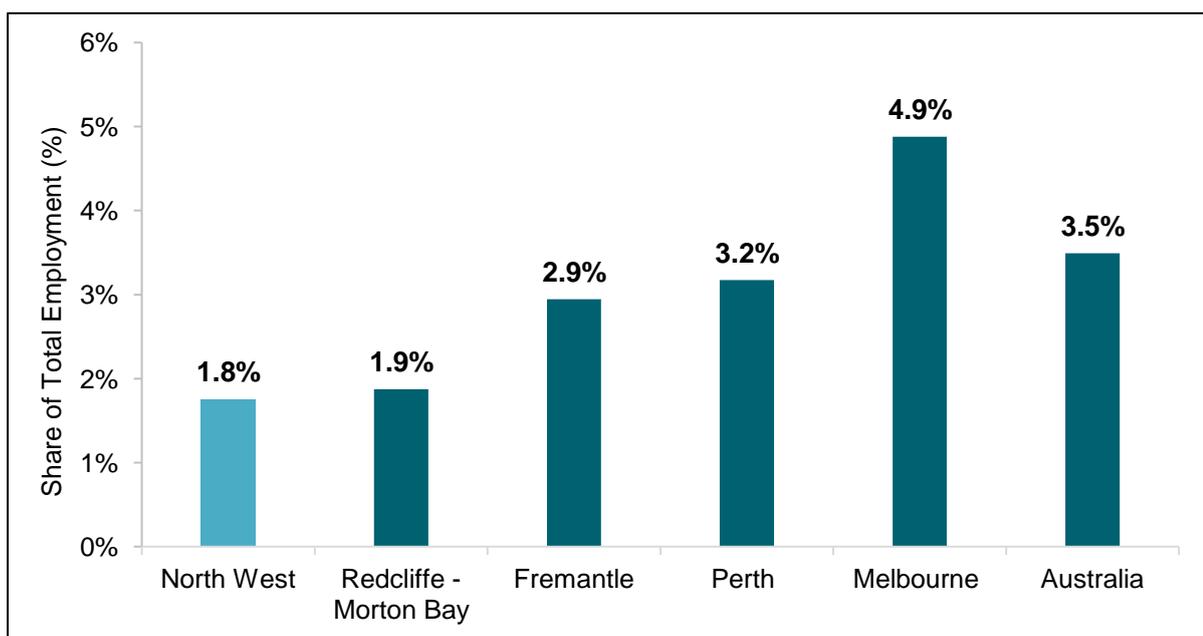
Figure 8. Creative Cluster Employment Growth (North West Sub-Region 2006 to 2011)



Source: Pracsys (2016), ABS Place of Work (2011), ABS Place of Work (2006)

For comparison, analysis of creative industry employment in benchmark locations identified in the MAFS has been conducted. The results highlights that the North-West has a significantly lower share of creative industry employment when compared to Perth, Australia and other creative cities such as Melbourne, Fremantle and Redcliffe-Morton Bay (see Figure 9).

Figure 9. Creative Industry Employment (% of total employment)



Source: Pracsys (2016), ABS Place of Work (2011)

This is indicative of a gap in the three-phase system. Although there is a pool of existing creative individuals, it is not significant enough to facilitate the growth of creative industries in line with the Nation, Greater Perth and other creative cities. This is due to the fact that many potential producers face barriers to producing creative output largely due to the lack of enabling infrastructure. The JPACF will provide the enabling infrastructure to expand the pool of creative individuals producing creative output which will support the growth of creative industries.

If the development of the JPACF facilitated growth in creative industries in line with benchmark locations, it would represent considerable growth in local jobs and associated reductions in unemployment levels.

Table 23 identifies the job creation resulting from creative industry employment in line with benchmark ratios. Employment Self Containment (ESC) was used to calculate the potential employment creation within Joondalup, accounting for the fact that a portion of newly created jobs will be filled by residents from outside of the region.

Some positions will be filled by currently unemployed persons and some will be filled by individuals that shift from employment in other jobs/industries. It is assumed that unemployed people will be able to take vacant jobs.

Analysis indicates that the growth of creative industries in line with benchmarks could reduce unemployment by 20 to 500 jobs in Joondalup (see table 23).

Table 23: Employment Growth in North-West and Joondalup to Meet Creative Industry Benchmarks

Location	Output of Creative Industries	Additional Jobs Required in the North West to meet Benchmark Ratio	Additional Job creation in Joondalup
Moreton Bay	\$404 million	86	22
Fremantle	\$668 million	863	222
Perth	\$984 million	1,032	265
Australia	\$1.6 billion	1,266	325
Melbourne	\$2.1 billion	2,312	594

Source: Pracsys (2016) based on ABS National Accounts

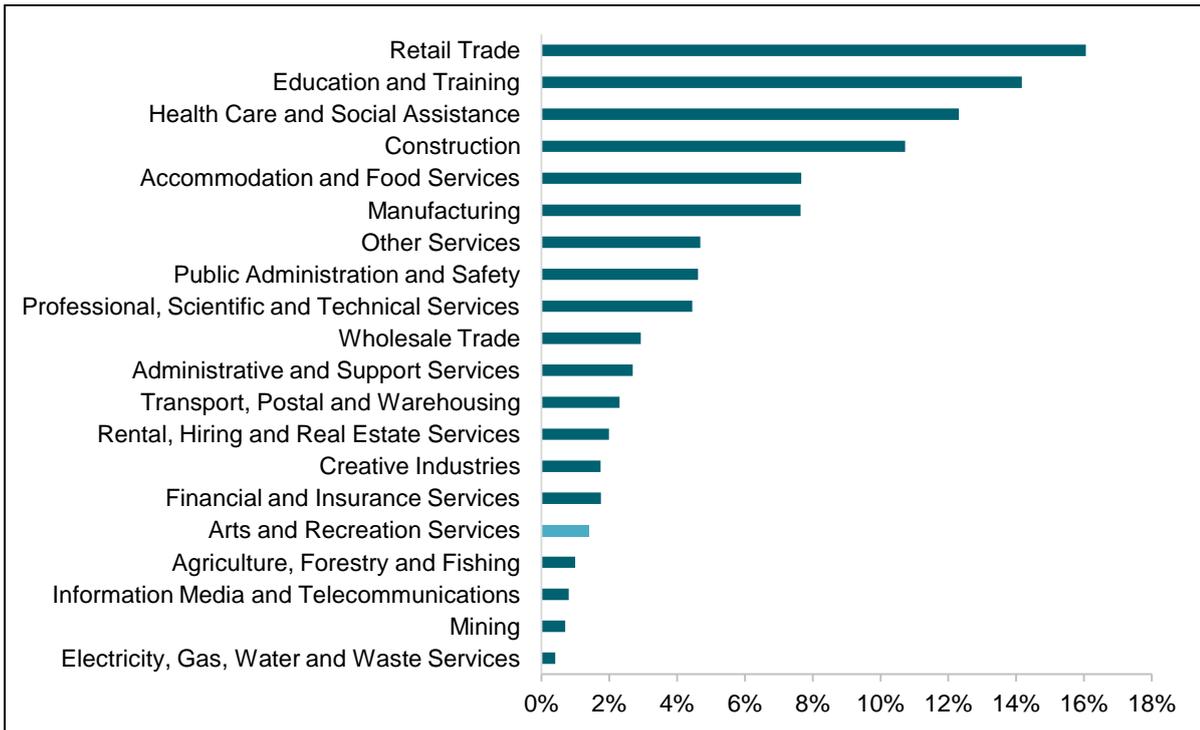
Strategic Employment and Employment Self Sufficiency²¹

Jobs can be broadly broken down into strategic and population driven in nature. Population driven jobs are largely consumption based and are built from population growth. Strategic jobs are export and knowledge-based, autonomous of population growth and thus act as natural catalysts for economic activity.

Perth currently sits at approximately 20% strategic employment while the North-West sits at approximately 18%. The low level of strategic employment in the North-West is not particularly surprising considering the major industries of employment are retail trade, education and training and healthcare and social assistance which are largely population driven (see Figure).

²¹ Employment can be broadly broken down into 5 categories: export oriented, consumer services, producer services, knowledge intensive consumer services (KICS) and knowledge intensive producer services (KIPS). Of these, export oriented and KIPS are classified as strategic employment.

Figure 10. North West Industries of Employment

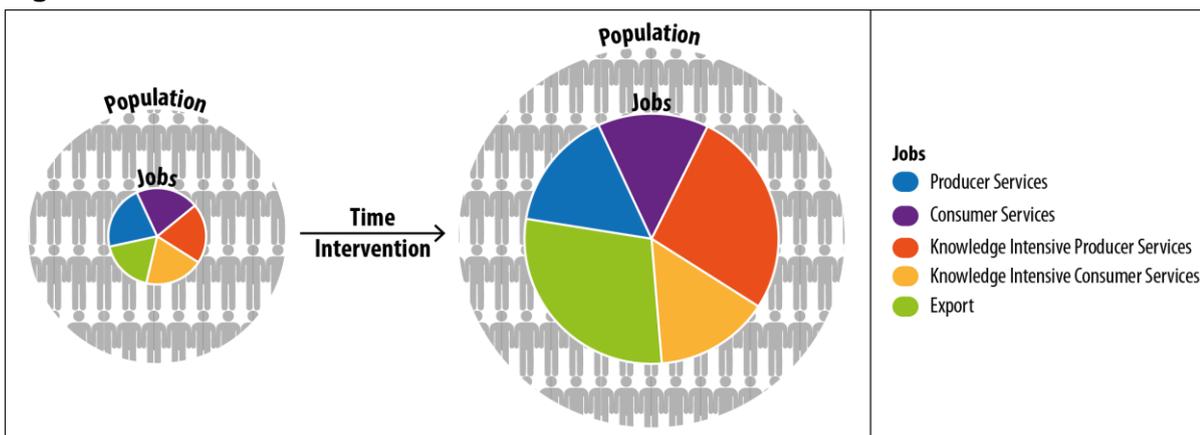


Source: Pracsys (2016)

According to data derived from national accounts and input-output data, creative industries are 49% export based. The growth in these creative industries will thus facilitate a transition into a more knowledge-based, strategic economy.

Strategic employment is also needed to maintain a region’s Employment Self-Sufficiency (ESS) in line with sustained population growth. Only jobs supported through means outside of local consumption can improve the ratio of jobs to population in order to support a higher ESS (see Figure 11).

Figure 10: Intervention Effects



Source: Pracsys (2016)

Identifying strategic industry, supporting them and building additional human, productive and natural capacity around them to facilitate the development of local supply chains is one way to increase the quantum of jobs offered and increase the share of strategic jobs. The construction of the JPACF fits these criteria by building the human and productive capacity necessary to support this growth.

Table 24 provides the ESS targets established by the Department of Planning in *Perth and Peel @ 3.5 million*. In order to achieve the increased job to population ratios required to support ESS targets, strategic jobs are required. With growth in population-driven employment only, the

job to population ratio will remain constant (25%) into the future and ESS targets will not be met. Specifically, for the 2021 target to be met 18,600 new strategic jobs will need to be created in the North-West.

Table 24: Perth and Peel@3.5million North West Employment Goals

	Current	Targets			Total Change	Total % Change
	2011	2021	2031	2050		
Population	322,486	429,954	546,423	740,319	417,833	129.6%
Labour Force	163,636	211,087	268,331	376,386	212,750	130.0%
Jobs	80,566	126,014	174,201	229,089	148,523	184.3%
Jobs to Population	25%	29%	32%	31%	6%	
Employment Self Sufficiency (ESS)	49.2%	59.7%	64.9%	60.9%	11.6%	

Source: Pracsys (2016), DoP (2015)

Considering that strategic employment accounts for almost half of employment in the creative clusters, if through the influence of JPACF, employment in creative industries increased to the same level as benchmark locations between 11 and 291 strategic jobs could be created in Joondalup alone. This is an important contribution to efforts made by other industry initiatives to boost the representation of strategic employment in the region and meet the established ESS goals.

Higher provision of strategic jobs will have other positive benefits for the economy and wider community. At present a significant proportion of high quality jobs are held in the central sub-region (including most of Perth’s cultural infrastructure). Given this, those that wish to have jobs in these industries yet live outside the central region are forced to commute in to satisfy this requirement.

By developing infrastructure that allows these industries to grow there is potential for employment opportunities to be created closer to a person’s place of residence. This can have significant flow on effects in reducing the burden on transportation networks (a significant portion of government spending) as well as other far reaching productivity and social benefits through travel time and road traffic accident savings.

8.3 Innovation and Economic Success

JPACF will become a powerful router and amplifier of ideas and creativity, accelerating the overall rate of innovation and economic success in the North-West.

An examination of the relative productivity of creative industries provides an indicator of the potential economic benefit derived from creative industry growth.

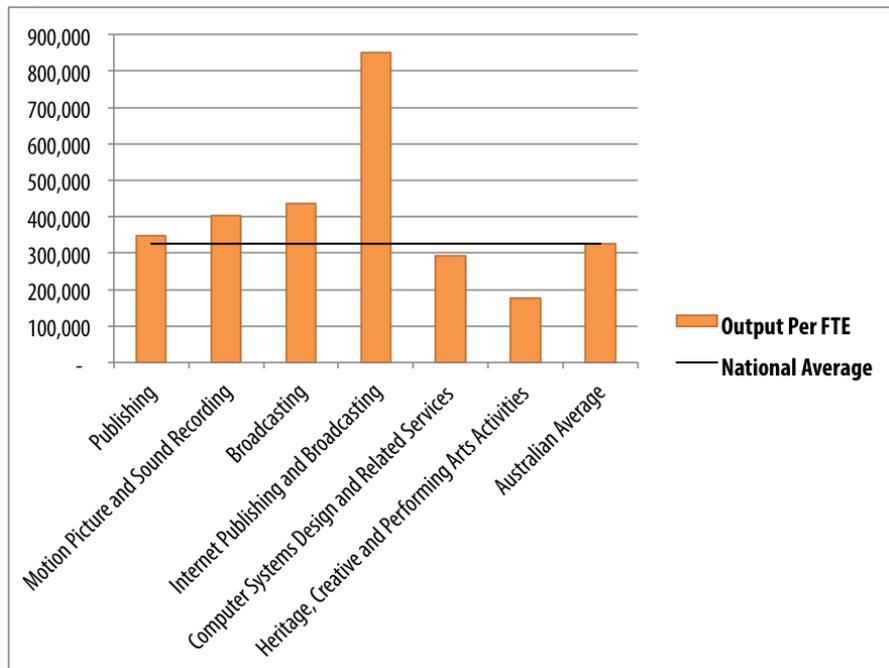
The creative industry boasts relatively high productivity levels per FTE in comparison to the rest of the economy. This is particularly apparent in those sectors of the economy that have a more developed and mature industry associated with them, such as:

- Broadcasting
- Publishing
- Motion Picture and Sound Recording
- Internet Publishing and Broadcasting

These industries have output per FTE that is well above the national average. Creative industry output per FTE as derived from national Input Output tables is shown in Figure 12. Growth in these high productivity creative industries will drive higher incomes and higher employment

levels beneficial to both national and local economies.

Figure 11: Output per FTE – Creative Industries



Source: Pracsys (2016)

In addition to the direct economic benefit of increased high productivity employment, the creative industries are built on core skills that act as a broad stimulant to innovation, which in turn drives growth, sustainability and prosperity. A defining feature of creative industries is the generation of creative ideas that have the potential to be commercialised and which once commercialised, underpin innovation and have a positive flow on impacts on the national economy.

Knowledge capital and ideas are the only infinitely reproducible economic resource with the potential to support exponential growth of worker productivity. Creative ideas work to facilitate the adoption and adaptation of new technologies – through design and advertising, for example – along with the embedding of new technologies raising the output per worker.

The collaborative partnerships, flexible business models, and digital technologies evident in creative industries feed innovation and offer new opportunities across all sectors leading to the development of new markets and products that create jobs. The arts overall are therefore not only for entertainment but are an essential service in the process of economic growth, development and evolution.

It is in this way that growth of the creative industry can support improved rates of employment self-sufficiency (ESS) in the North-West. The JPACF will be an amplifier of ideas and creativity, supporting the growth of creative talent and creative industries in order to bolster the pipeline of ideas for commercialisation. In addition, the JPACF will be an anchor institution that encourages the partnerships required to facilitate downstream commercialise ideas into private sector growth and public service innovation for the North-West. The JPACF will be a catalyst for the growth of this industry that would otherwise not have a chance to grow.

8.4 Building on Joondalup's Arts and Cultural Strengths

The City is well placed to build on existing strengths of being a cultural and artistic hub for the greater region. The JPACF will significantly increase the City's capacity to provide larger, higher profile art and cultural activities in addition to a more diverse and inclusive program. The potential for the JPACF to facilitate this growth is demonstrated by the following:

- **Joondalup Eisteddfod:** young people showcase their talents and gain recognition, with a financial incentive of \$6,000 in awards and prizes and a low entry cost of \$21 to \$35. With currently 900 young people registered the JPACF will provide capacity for more to participate and attend across the region.
- **Sunday Serenades:** Music concerts currently oversubscribed with 50% more interest than capacity. Popular with seniors at a low cost of \$12. The JPACF would allow the City to meet the current and future demand.
- **Visual arts community groups:** Currently several community groups do not have access to a venue. The JPACF would provide a cost effective option with the opportunity to exhibit artworks and encourage financial sustainability through increased exposure and artwork sales.
- **Joondalup Festival:** For two days each year, the Joondalup City Centre is transformed to host free activities and showcase world-class artistic and cultural performances. The 2015 Festival was a major cultural experience aimed at fostering community spirit and encouraging a sense of belonging. The Festival assists the City to provide members of the community with access to cultural, artistic and inclusive community events. The Festival achieves this by encouraging active community participation. The Community Choral project and the Twilight Lantern parade encouraged individuals, community groups, schools and emerging and established artists to come together to perform and celebrate their achievements with the wider community. A program feature in 2013 was Urban Couture, an important opportunity for emerging artists to gain recognition and entry into the fashion industry and showcases their talents to the wider community. Urban Couture featured artists, designers, illustrators and photographers participating in fashion pop-up shows. No entry fee provided further encouragement.

The City will develop a suite of arts and cultural strategies that intersect with the JPACF, such as a community festival development strategy and a visual art development strategy that support and integrate with the JPACF Program Plan.

While the City of Joondalup is intended to be a significant user of the Facility, this does not imply that the entire Cultural Program of the City will be focused on the JPACF, nor will the Cultural program be expanded just so it uses the JPACF (which may be to the detriment of the other potential users).

8.5 Local Identify and Place Making

The JPACF will add an exciting new dimension to the City Centre and is a key component in the development of the region's cultural identity.

Arts-based engagement can promote cooperation, awareness of local issues and the reduction of social isolation, all of which contributes to a shared sense of community pride and identity.²²

Arts initiatives and spaces can be transformative. The JPACF will be located within the

²² *Promoting Mental Health and Wellbeing Through Community and Cultural Development: A Review of Literature Focusing on Community Festivals and Celebrations*, McQueen-Thomson D, James P & Ziaguras C, VicHealth & RMIT University, 2004.

Strategic Regional Centre of Joondalup. It will be close to public transport networks and will link with existing regional education and health services as well as restaurant and retail opportunities within the City Centre.

The JPACF will be the most significant piece of arts and cultural infrastructure to be built outside of the Perth CBD in the last decade. On completion the JPACF will sit alongside the State Theatre Centre of WA, Mandurah Performing Arts Centre, Bunbury Regional Entertainment Centre and the Albany Entertainment Centre as like-sized and equipped performing arts centres able to tour top quality performance work from WA, Australia and the world.

It will reinforce the Joondalup City Centre as the creative and educational centre of the northern corridor and be an easily recognisable entry statement to the City.

The facility will become a vibrant hub of activity through the day through interactive installations, community classes, public interest talks, trade shows and conferences, seminars, displays, functions and café and restaurant trade. Similarly evening performances and exhibitions will draw patrons and heighten the sense of 'liveability' of the region.

As the JPACF is activated during the night and day and is increasing used and frequented by communities of the Perth North West Sub Region, it will become the iconic heart for the City. Similarly, it will draw visitors to the destination of Joondalup to experience its unique sense of place.

Image: Joondalup Performing Arts and Cultural Facility – 850 seat Theatre: ARM Architecture.



9 Social Impact Assessment

The economic value of the arts and cultural sector is only one part of its net worth to the community. The need to experience, understand and represent the world symbolically is in all of us. The intrinsic value of the arts is perhaps immeasurable.

The arts can transcend barriers of language, culture, ability, and socio-economic status and are therefore increasingly being used to connect and inspire communities, promote health and wellbeing and manifest a collective sense of place and identity.

Our ability to reflect, record, recall, express and exchange meaning through different art forms is what differentiates us as human beings. The arts have been critical to people understanding themselves and their place in the environment since the earliest known civilizations. Today, they are still fundamental to bond, enrich, inspire, enliven and create communities. It is no surprise then, that Western Australians highly value the role arts and culture play in their lives both at a personal and community level.²³

While the question of how personally experienced values can be translated to a broader social meaning is difficult, and finding empirically convincing evidence for this transfer is complex. Since the 1990s there has been a growing body of evidence²⁴ demonstrating the links between arts and culture and other socially desirable outcomes.

There is now a well-established empirical evidence base supporting the view that the arts can make a vital contribution to our wellbeing. This can occur across a range of dimensions at an individual, community and broader society level. The arts have the potential to bridge our worlds, harness the wisdom of our different views, engage our imagination to explore new ways of thinking, and create experiences that can be shared by all people in our community.²⁵

In 2015, a team of European sociologists and scholars exploring the “return on investment” of public funding in arts and culture concluded that “overall, the results of empirical research into the value of culture support the hypothesis that the experience of art, culture and heritage contributes to realising socially sought after effects such as cognitive development, health, social cohesion, technological and economic development”.²⁶

The justification of public funding lies in the concept of market failure, that is, that the market fails to account for the broader societal benefits of arts and culture - referred to as ‘externalities’ - thus resulting in underinvestment (from a societal point of view) in the industry. Evidence from national and international sources demonstrates that even a modest investment in the arts at a local level can deliver significant returns on investment when the value of all benefits are taken into account.

Pracsys Economics has identified how JPACF could address disadvantage within communities of interest and in addition, conducted social return on investment (SROI) analysis in order to quantify the value of social benefits that could be realised by JPACF. The following sections of the Business Case provide the results of this analysis and culminate in the calculation of a BCR that in addition to economic variables of time travel savings, vehicle operating cost savings and visitation expenditure takes into account the broader value of social benefits.

²³ Western Australian Department of Culture and the Arts Culture monitor 2015 fact sheet. Available at http://www.dca.wa.gov.au/Documents/New%20Research%20Hub/Research%20Documents/Arts%20Monitor%20Fact%20Sheets/Arts_Monitor_2015_fact_sheet.pdf

²⁴ See *Social Impacts of Participation in the Arts and Cultural Activities*, Cultural Ministers Council, Statistics Working Group and Cultural Activities, Sydney 2004. Available at http://culturaldata.arts.gov.au/sites/www.culturaldata.gov.au/files/Social_Impacts_of_Participation_in_the_Arts_and_Cultural_Activities.pdf

²⁵ *The Arts Ripple Effect: Valuing the Arts in Communities, Castanet with the support of Arts Victoria and the Australia Council for the Arts*. Available at http://creative.vic.gov.au/Research_Resources/Resources/The_Arts_Ripple_Effect

²⁶ *Culture: The Substructure for a European Common*, A research Report, Flanders Arts Institute, Brussels, February 2015, Pg. 63

9.1 Addressing Disadvantage

The 2015 study *Dropping off the Edge*²⁷ explores the geographic distribution of disadvantage across Australian states and territories, communicating the current imperative to address persistent and entrenched locational disadvantage across the country. The study looks at a range of indicators of socio-economic problems that impact on people's life opportunities and which create demand upon societal resources. This study highlights the need to when targeting services to communities, explore particular characteristics and factors that contribute to an disadvantage the type of disadvantage being experienced.

With respect to the JPACF, relative disadvantage has been identified in alignment with the SEIFA Index of Relative Socio-economic Disadvantage (IRSD). The SEIFA IRSD comprises a range of component variables, including:

- Income variables
- Education variables
- Employment variables
- Occupation variables
- Transport variables
- Other indicators of relative advantage or disadvantage

The SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics. SEIFA provides a general view of the relative level of disadvantage in one area compared to others and is used to advocate for an area based on its level of disadvantage.

The index is derived from attributes that reflect disadvantage such as low income, low educational attainment and high unemployment. The findings of the SEIFA analysis show that the JPACF will directly and indirectly address current and future problems arising in the primary catchment area, that is, the rapidly growing North-West Sub Region.

SEIFA Analysis

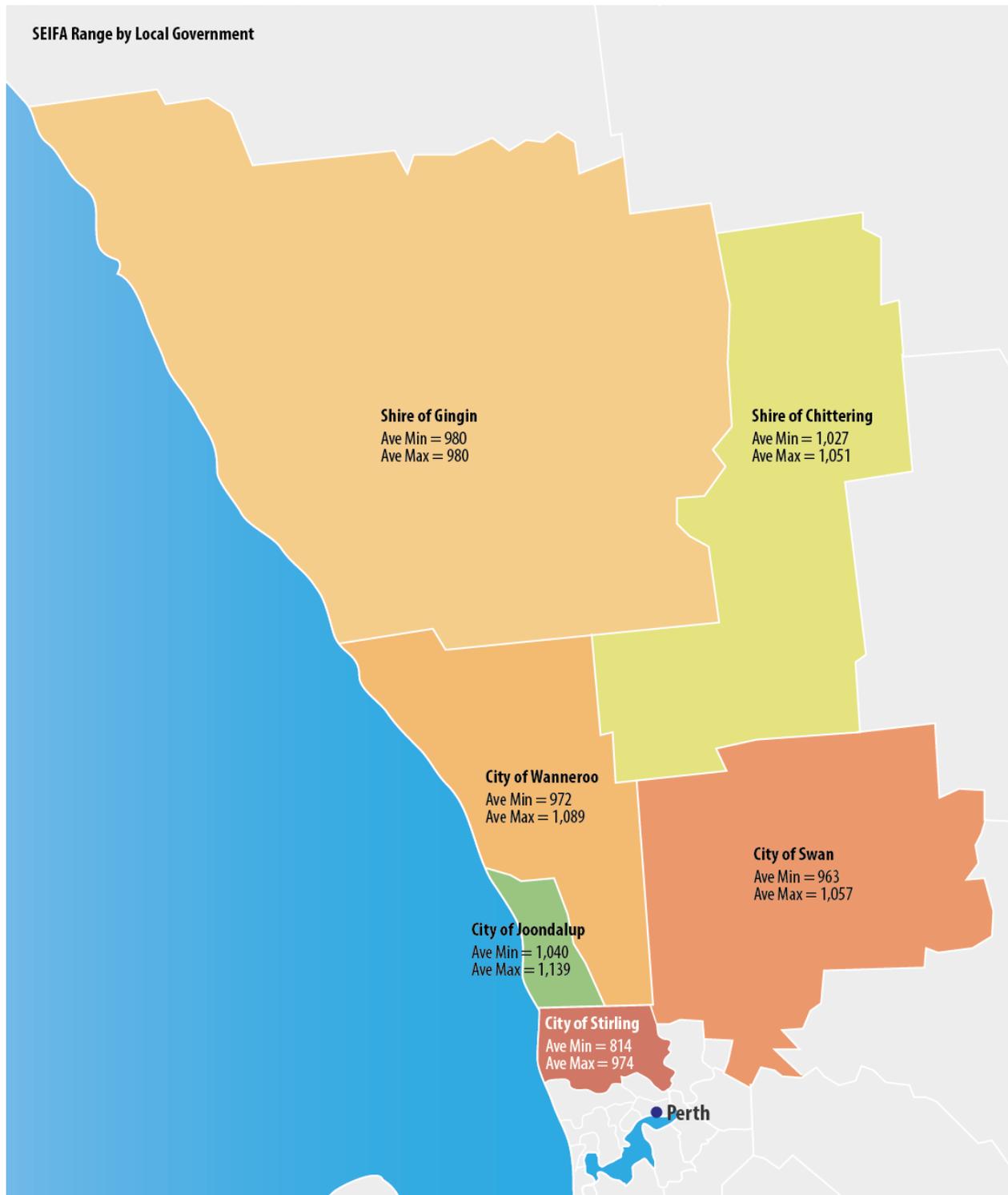
The analysis was undertaken at Local Government Area level as well as at Statistical Level 1 (SA1), in order to more precisely identify areas with low SEIFA scores within suburbs. Areas which include average minimum scores lower than 1,000 provide evidence of relative disadvantage.

Key Areas of Disadvantage

Whilst the City of Joondalup itself is relatively advantaged the catchment area that applies to the project and the broader area of influence extends to include areas with evidence of disadvantage. The City of Wanneroo (within the Primary Catchment) as well as the Cities of Stirling, Swan, Gingin and Chittering (within the area of influence) all have suburbs with average scores below 1,000 (See Figure 13).

²⁷ T. Vinson and M. Rawsthorne (2015). *Dropping off the Edge 2015: Persistent communal disadvantage in Australia* (pages 100 – 105)

Figure 12: SEIFA Range by Local Government Area



Source: Pracsys (2016) using (ABS, 2011). Socio-Economic Indexes for Areas (SEIFA), Statistical Area Level 1

Table 25 identifies suburbs within the primary catchment and their relative scores. Social indicators have been sourced to explain the type of disadvantage with indicators selected in alignment with those utilised in the 2015 study *Dropping off the Edge*.

Table 25: Suburbs with Disadvantage

Suburb	Average SEIFA Score ^A	Type of disadvantage (LGA Level Data)
--------	----------------------------------	---------------------------------------

Suburb	Average SEIFA Score ^A	Type of disadvantage (LGA Level Data)
Primary Catchment: Wanneroo (LGA)		
Koondoola	869	Individual Income Higher proportion of people earning low income (33.1% compared to 32.5%) and lower proportion of people earning high income (14.2% compared to 17.1%)
Merriwa	928	Unemployment Similar proportion in employment, as well as a similar proportion unemployed. Overall, 95.1% of the labour force was employed (63.8% of the population aged 15+), and 4.9% unemployed (3.3% of the population aged 15+), compared with 95.3% and 4.7% respectively for Western Australia.
Wanneroo	981	
Girrawheen	897	Volunteering Lower proportion of population performing voluntary work (11.9% compared with 16.9%)
Ashby	994	Occupation Larger percentage of persons employed as Technicians and Trade Workers (19.9%) or Labourers (10.9%) compared to WA (16.7% and 9.7% respectively)
Two Rocks	973	Post-School Qualifications Lower proportion of persons with bachelor degree or higher (15.2% compared to 23.4%). Higher percentage of persons with no qualification (46.4% compared to 38.7%).
Clarkson	995	Self Assessed Health Higher proportion of the people with fair or poor self-assessed health (14.0% compared to 13.7%).
Woodvale	994	Rent Assist Higher percentage of households receiving rent assist (17.2% compared to 13.6%) Cultural Acceptance Higher percentage of population who disagree/strongly disagree with acceptance of other cultures (7.6% compared to 6.6%)
Secondary Catchment: Swan (LGA)		
Cullacabardee	695	Individual Income Lower proportion of people earning a high income (13.0% compared to 17.1%)
Midvale	813	Volunteering Lower proportion of people who performed voluntary work (12.9% compared to 16.9%)
Swan View	942	
Midland	868	Occupation Larger percentage of persons employed as Machinery Operators And Drivers (9.6%) and Clerical and Administrative Workers (16.3%) compared to WA (7.6% and 14.4% respectively)
Lockridge	879	
Bullsbrook	983	Post-School Qualifications Lower proportion of persons with bachelor degree or higher (10.8% compared to 17.5%). Higher percentage of persons with no qualification (49.0% compared to 43%).
Stratton	927	
Koongamia	909	Self Assessed Health Higher proportion of the people with fair or poor self-assessed health (14.9% compared to 13.7%).
Hazelmere	975	Rent Assist Higher percentage of households receiving rent assist (14.3% compared to 13.6%)
Middle Swan	980	
Beechboro	995	

Suburb	Average SEIFA Score ^A	Type of disadvantage (LGA Level Data)
Herne Hill	996	
Secondary Catchment: Stirling (LGA)		
Balga	913	Unemployment At LGA level there is a lower level of unemployment (4.5% compared to 4.7%) however there is a higher rate of unemployment in certain localities compared to the state Balga (11.0%), Mirrabooka (8.3%), Westminster (13.5%) and Girrawheen (8.2%).
Westminster	901	
Mirrabooka	900	Volunteering Lower proportion of people who performed voluntary work (15.9% compared to 16.9%)
Glendalough	945	Occupation At LGA level there is a higher proportion of Professionals (25.6% compared to 19.9%) however in certain localities there is a significantly higher proportion of labourers Mirrabooka (19.8%), Balga (17.2%), Girrawheen (16.9%) and Westminster (13.5%) compared to 9.7% across the state).
Balcatta	960	
Nollamara	964	Cultural Acceptance Higher percentage of population who disagree/strongly disagree with acceptance of other cultures (7.6% compared to 6.6%)
Osborne Park	994	Psychological Distress Higher percentage of the population with high or very high psychological distress (10.6% compared to 10.5%)

Source: Pracsys (2016) utilising:

- PHIDU (2015) *Social Atlas of Australia – Cultural Acceptance, Psychological Distress, Rent Assist, Self-Assessed Health*
- Population id (2016). *City of Swan, Wanneroo and Joondalup*
- ABS (2011). *Census of Population and Housing*

^A Average of all SA1 level scores within the SSC

The Link Between the Arts and Disadvantage

There is a body of evidence to support arguments that many of the intangible social impacts of the arts are connected to tangible impacts such as education, employment and income that contribute to disadvantage.

Whilst some of the social or intangible impacts such as mental health and wellbeing are intuitively directly connected to a desirable social outcome there are other connections that rely on achieving an intermediate outcome. For example, people may learn new skills and feel more confident as the result of participating in community arts activity, and this in turn may increase their employability²⁸.

Increased access to art and cultural experiences and provision of enabling infrastructure to support art and cultural production is therefore likely to provide improvements in relative disadvantage, as measured by the SEIFA Index.

Social Inclusion and Civic Participation

The arts foster a culture of inclusion within communities, which has direct and indirect impacts on disadvantage. Being socially included means that people have the resources, opportunities

²⁸ Jermyn, Helen (2001). *Arts and Social Exclusion: a Review Prepared for the Arts Council of England (Page 14)*

and capabilities they need to²⁹:

- Learn (participate in education and training);
- Work (participate in employment, unpaid or voluntary work including family and carer responsibilities);
- Engage (connect with people, use local services and participate in local, cultural, civic and recreational activities); and
- Have a voice (influence decisions that affect them)

Those that are socially excluded can be prevented from participating in education or training, and gaining access to services and citizenship activities therefore the outcomes of social inclusion include highly tangible indicators such as increased employment rates and improved educational performance³⁰.

Whilst the causes of social exclusion are diverse and complex it has been shown that the arts can be a significant part of the solution because they transcend barriers of language, culture, ability, and socio-economic status³¹. Acceptance of cultural diversity is important for building inclusive local communities and various studies point to the impacts of participation in arts and cultural activity including: building cultural bridges, building better understanding of different cultures, fostering tolerance and understanding and directly decreasing social isolation and fostering social inclusion³².

There is evidence of the significant contribution of nonprofit art and culture organisations as a result of volunteerism with many art businesses operating within a model of social enterprise, providing opportunities for volunteering. An example includes the Wangaratta Performing Art Centre in Victoria, which was constructed in 2009 to replace the Wangaratta Memorial Town Hall which had very limited facilities for presenting professional performing arts. An economic impact assessment revealed a significant increase in volunteer levels (in comparison with the old venue) with volunteer hours increasing over tenfold³³.

The City of Joondalup's Community Development Plan identifies geographical and socio-economic factors as limiting civic and cultural participation. The JPACF will provide access to art and cultural experiences that reflect and celebrate diversity fostering social inclusion.

It will also provide numerous opportunities for increased engagement through volunteering. The Joondalup Volunteer Resource Centre (JVRC) in 2013-14, linked 1,904 volunteers to opportunities and the JPACF will provide the JVRC with a new range of volunteering opportunities where volunteers will enhance their sense of belonging providing them with the tools to learn, work, engage and have a voice.

Importantly, the JPACF will also help develop the community and provide increased access to arts and cultural facilities for residents within the broader North-West Metropolitan region. This will be achieved through:

- **Joondalup's existing arts and cultural program:** The City has one of the region's largest cultural programs with festivals, active visual arts programs and exhibitions, concerts, children's events, cultural celebrations, grants and funding schemes. The City currently supports residents to participate in art and cultural activities at low or no cost. The JPACF will greatly enhance the City's ability to deliver a more diverse and larger scale program of arts and cultural projects, events and activities.
- **Diverse programming:** The JPACF will provide a multitude of accessible opportunities for residents and patrons in the broader catchment area. The program will provide a balance of popular arts and cultural events and work targeted towards audience

²⁹ Department of Premier and Cabinet, Australian Social Inclusion Board (2010). *Social Inclusion in Australia: How Australia is faring*

³⁰ Castanet (2003). *The Arts Ripple Effect: Valuing the Arts in Communities* (Page 11)

³¹ Ibid.

³² Cultural Ministers Council Statistics Working Group (2004). *Social Impacts of Participation in the Arts and Cultural Activities: Stage Two Report Evidence, Issues and Recommendations* (Pages 21 and 25)

³³ Castanet (2003). *The Arts Ripple Effect: Valuing the Arts in Communities* (Page 14)

development and meeting community engagement needs. The program will be outlined through the Program Policy and annual Program Plan;

- **Strategic long term partnerships:** The JPACF will seek long term partnerships with a range of local, WA and national artists and arts organisations. Programming will take place over a one to three year time frame with an aim to develop ongoing relationships between local patrons and artists and arts organisations.

Cognitive Skills and Self-Confidence

Additional individual impacts of arts participations such as increased self-confidence and the development of creative as well as non-creative skills, such as communication or organisational skills have been shown to present progress towards the harder social inclusion outcomes such as employment or education³⁴.

Involvement in arts-based activities has been shown to create pathways for personal and social development which increase prospects for employability, particularly for young people and those from culturally diverse or disadvantaged backgrounds.

In addition, there is an understanding that the skills associated with artistic practices— creative thinking, self-discipline, collaboration, risk taking, and innovation – are skills that are in great demand in our contemporary knowledge economy³⁵ and that the skills taught by the arts will contribute to success. Arts education teaches children creativity, special thinking and abstract reasoning, all critical skill sets for tomorrow’s software designers, scientists entrepreneurs and engineers³⁶.

The site for the proposed JPACF is in close proximity to the Joondalup Learning Precinct which comprises of the three co-located education campuses of Edith Cowan University, West Coast Institute of Training and the Western Australia Police Academy. The JPACF would provide opportunities for partnerships with these institutions, with opportunities to implement best-practice art education programs as a means of developing a workforce capable of great success in the knowledge-based economy.

Mental and Physical Health and Wellbeing

There is a growing body of evidence that participation in arts-based activity – such as visual art, music-making or writing – can have a measurable impact on physical health and wellbeing. As a result, the practice of applying arts initiatives to health problems and health promoting settings is becoming increasingly common.

In 2013, the Standing Council on Health and the Meeting of Cultural Ministers endorsed the National Arts and Health Framework³⁷, which recognises and promotes greater integration of arts and health practice. The framework acknowledges the value and benefits of arts and health practice and outcomes and endorses collaborative relationships between arts and health sectors at all levels of government and with the non-government sector.

In addition to the benefits of active participation, epidemiological research suggests that promoting general cultural attendance – such as attending a cultural institution such as an art centre - also makes a difference to mental and physical wellbeing. This can be through a variety of channels, for example through improvements the social relationships and networks³⁸ and reductions in stress levels³⁹ which, in turn, increase the likelihood of good mental and physical health and wellbeing. There is now considerable evidence that the stronger a sense of

³⁴ Jermyn, Helen (2001). *Arts and Social Exclusion: a Review Prepared for the Arts Council of England (Page 20)*

³⁵ Castanet (2003). *The Arts Ripple Effect: Valuing the Arts in Communities (Page 14)*

³⁶ Robert L. Lynch (2006) *Creating a Brighter Workforce with the Arts (Page 1)*

³⁷ Meeting of Cultural Ministers and the Standing Council on Health (2014). *National Arts and Health Framework*

³⁸ Castanet (2003). *The Arts Ripple Effect: Valuing the Arts in Communities (Page 14)*

³⁹ Mark O’Niell (2010). *Cultural attendance and public mental health – from research to practice*

belonging that people feel, the healthier they are⁴⁰.

Mark O'Neill's article in the Journal of Public Mental Health *Cultural attendance and public mental health – from research to practice*⁴¹ explores the implications of this research. The article argues that if general cultural attendance, as evidence suggests, contributes to healthier lives, the issue of democratic access is critical and that cultural organisations need not only meet the demand of existing audiences but address the inequalities in cultural capital and engage non-users. The article suggests that increasing general, non-intensive attendance at cultural organisations among vulnerable communities may be able to achieve a health impact at a population level.

Currently, people living in Perth's North-West have no easy access to a local performing arts and cultural facility, creating a barrier to general cultural attendance and the benefits to mental health and wellbeing that exposure to the arts provides.

The JPACF will provide an important venue to reach out to audiences and creatives with existing demand for a venue and those non-users that have, without access to a facility, been discouraged from engaging with arts and culture. In addition, the close proximity of the JPACF to the Joondalup Health Campus, the largest healthcare facility in the northern suburbs, offers exciting synergies and opportunities for enhancing the arts and health connection.

9.2 Social Return on Investment (SROI)

A number of tools have been developed in order to articulate and measure the economic impact of arts and cultural institutions. The most commonly used method, economic impact assessment (EIA), examines the monetary flows through the economy and looks at the direct, indirect and induced effects of spending associated with arts and culture. This approach relies on estimates of employment and visitation as well as industrial economic data on the relationships between arts and culture and other sectors of the economy in order to determine flow on impacts. This analysis for JPACF was conducted by Pracsys Economics and included in Section 8 of this Business Case.

Whilst this approach communicates the economic impact of an institution to a defined economy, the approach focuses on traditionally 'measurable' economic impacts without considering the value of social or intrinsic benefits. SROI provides an alternative valuation approach for projects. The City of Joondalup commissioned Pracsys Economics to undertake an analysis of the Social Return on Investment (SROI) of the proposed JPACF.

Over the last decade, SROI has attracted a growing level of interest and support due to an intensified focus on impact and value for money by governments and the not for profit sector. SROI is recognised as an appropriate method to prove value by government and not-for profit organisations such as:

- Australian Government Department of the Prime Minister and Cabinet
- Australian Sports Commission (ASC)
- UK Department for Culture, Media and Arts
- Salamanca Art Centre (Hobart, Tasmania)
- Auckland Museum
- Community Arts Network WA

About SROI

SROI can be defined as: "a framework for understanding, measuring and accounting for the

⁴⁰ Castanet (2003). *The Arts Ripple Effect: Valuing the Arts in Communities* (Page 17)

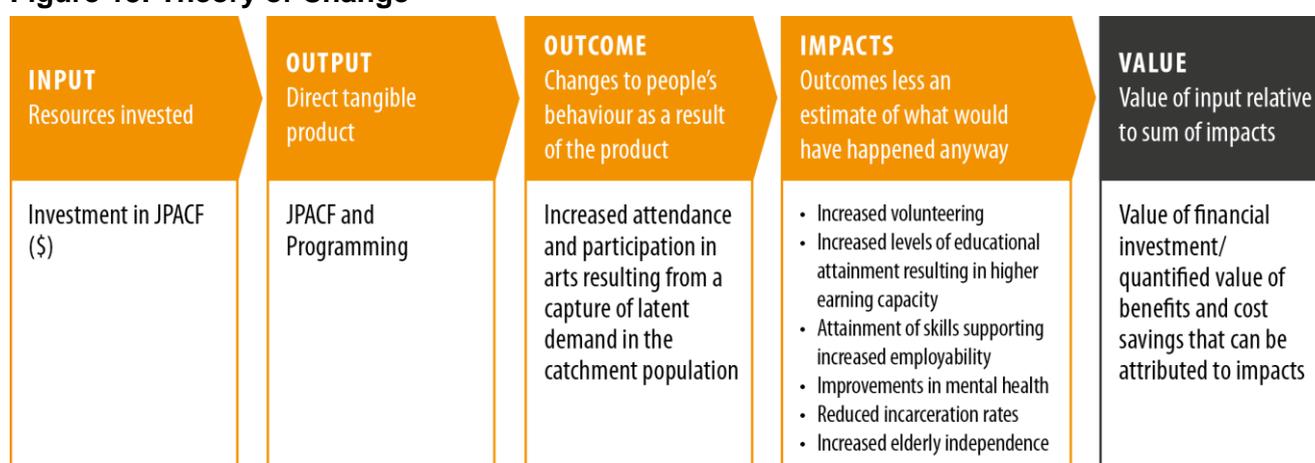
⁴¹ Mark O'Neill (2010). *Cultural attendance and public mental health – from research to practice*

social value of projects, programs, organisations, businesses and policies”⁴². SROI analysis places a monetary value on the social impact (the benefit) of an activity and compares this with the cost incurred in creating that benefit. Specifically, SROI:

- Identifies the various cost savings, reductions in spending and related benefits that accrue
- Monetises those cost savings and related benefits through use of financial proxies
- Projects those savings over an investment timeframe and discounts those back in order to determine a net present value in the same way as cost-benefit analysis (described in Section 8.8)

SROI is based on ‘theory of change’ which distinguishes between outcomes achieved and impact. Figure 18 provides an overview of the way in which the theory of change model has been applied by Pracsys to the JPACF project.

Figure 13: Theory of Change



Source: Pracsys (2016)

Methodology

Pracsys has applied a commonly used SROI valuation methodology in order to provide a measure of the financial value of social benefits that may be accrued as a result of JPACF.

The methodology involved an extensive literature review to link exposure to, and participation in arts and culture with tangible and intangible social benefits at the individual and community level. Financial proxies have been calculated and applied to the catchment population in order to provide an estimate of the monetary value of social benefits. The proxy attempts to quantify outcomes or consequences that could arise if there is no change in current behavior. The financial proxies have calculated based on desktop research and a comprehensive literature review (See *SROI Technical Appendices* for more information on the calculation of financial proxies).

The SROI valuation methodology applied by Pracsys included the following stages of work:

- A literature review in order to define links between arts and culture, social impact and the produce theory of change logic model
- Selection of six tangible impacts to form the focus of the SROI analysis
- Identification of appropriate financial proxies for tangible impacts
- Estimation of the scale of impact that JPACF could have on new participants

⁴² Social Ventures Australia (2012) *Social Return on Investment: Lessons learned in Australia* <<http://socialventures.com.au/assets/SROI-Lessons-learned-in-Australia.pdf>>

- Application of financial proxies to affected individuals in order to monetise the value of the social impacts
- Application of an additional attribution to take into account intangible impacts

It is assumed that catchment residents currently engaging in arts and culture within and outside of the catchment already enjoy the benefits of their engagement and financial proxies are therefore only applied to the people that are newly involved in arts and culture as a result of JPACF. These individuals are assumed to be those that represent latent demand, as established in the MAFS.

Revealed preference modelling conducted in production of the MAFS identified total potential demand for attendances within the catchment of approximately 810,000⁴³. Stakeholder consultation indicated that approximately 620,000 of these attendances (76%) do not occur at all. Based on an average frequency of attendance of six artistic or cultural events per year⁴⁴, total latent demand is estimated in the order of 98,300 persons. The latent demand is not specific to JPACF, rather it is pool of demand for any art or cultural event available in the catchment.

The annual social benefit is then derived from the following formula:

$$\text{Financial Benefit Per Annum (\$)} =$$

$$\text{Affected Population (no.)} \times \text{Estimated effect of JPACF (\%)} \times \text{Financial Proxy (\$)}$$

An annual value of potential benefits has been estimated and projected over an investment timeframe (2016 to 2059). This has been discounted back to provide a net present value (NPV).

Limitations

There are limitations to SROI which should be acknowledged and care should be taken in interpreting the findings. Assumptions made about the size of the population exposed to the benefit and the impact JPACF could have on these individuals' behaviour should be taken into account (see *SROI Technical Appendices* for more information).

In addition, significant dimensions of a creator or audience's experience are therefore not captured in an SROI valuation and accounting for the pure cultural values of the arts distinct from economic contributions remains critical⁴⁵. For this reason, the analysis conducted by Pracsys has included an additional 10% (of the total SROI value calculated) to capture these benefits.

Social Benefits Considered in the Analysis

Table 26 provides an overview of the measures and impacts considered in the SROI analysis conducted by Pracsys (See *SROI Technical Appendices* for more information).

Table 26: Social Benefits Considered

Impact and (Measure)	Financial Proxy	Party to which benefit accrues	Rate of Incidence (%)	Population Exposed to Benefit	Description
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⁴³ This excludes film, which it is understood is predominantly being met through existing commercial facilities.

⁴⁴ Australian Council of the Arts, 2015, *Artfacts: Visual Arts*

⁴⁵ Nesta (2010) *Culture of Innovation: An economic analysis of innovation in arts and culture organisations*

Impact and (Measure)	Financial Proxy	Party to which benefit accrues	Rate of Incidence (%)	Population Exposed to Benefit	Description
Increased employment (reduced welfare expenditure)	\$13,718	Federal Gov.	4.4%	2,310	<p>Unemployed people who engage in arts as an audience member were 12% more likely to look for a job in the last four weeks when compared to unemployed people who had not engaged in the arts⁴⁶.</p> <p>The Federal Government spends at least \$13,718 per annum in unemployment benefits for eligible individuals aged 22-60.</p> <p>Based on 2011 ABS Place of Residence, the catchment has an unemployment rate of 4.4%.</p>
Increased educational attainment (greater taxable income)	\$3,219	Federal Gov.	67.3%	12,716	<p>Within a sub-sample of 16-18 year olds, participants in the arts were 1% more likely on average to go onto further education in later years⁴⁷.</p> <p>Based on the Smart Australians – Education and Innovation in Australia report by AMP it is estimated that individuals with Year 12 or equivalent will contribute at least \$3,219 per annum in tax than less educated residents.</p> <p>Based on 2011 Census data, 67.3% of catchment residents aged 20-34 have attained a year 12 or equivalent education.</p>
Increased social participation (increased volunteering)	\$3,957	Local Gov.	14.3%	10,920	<p>People who engage in arts as an audience member are 6% more likely to have volunteered frequently (once a fortnight or more)⁴⁸.</p> <p>Based on the 2011 ABS data it is estimated that 14.3% of residents within the catchment volunteer.</p> <p>Applying an average hourly wage to the average hours per Australian volunteer it is estimated that each individual contributes \$3,957 per annum in output.</p>
Reduced mental health (reduced health expenditure)	\$891	State Gov.	13.3%	7,198	<p>Participants in the arts were 1.37% less likely to frequently visit GPs and 0.45% to have used psychotherapy services⁴⁹.</p> <p>The Public Health Information Development Unit (PHIDU) estimates that 10.0% of the catchment population experience mental health issues.</p> <p>Approximately \$891 is spent per affected individual per annum.</p>

⁴⁶ UK Department of Culture, Media and Sport (2014) Quantifying the Social Impacts of Culture and Sport https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/304896/Quantifying_the_Social_Impacts_of_Culture_and_Sport.pdf

⁴⁷ Ibid.

⁴⁸ Ibid.

⁴⁹ Ibid.

Impact and (Measure)	Financial Proxy	Party to which benefit accrues	Rate of Incidence (%)	Population Exposed to Benefit	Description
Reduced incarceration (reduced incarceration expenditure)	\$134,601	State Gov.	0.2%	108	Specific programs have been successful at both diverting and rehabilitating people from criminal conduct ⁵⁰ . The ABS estimates that 0.2% of Australian's are incarcerated. On average, the Federal and State Governments spend \$134,601 per incarcerated individual per annum.
Increased elderly independence (reduced aged care expenditure)	\$43,351	Federal and State Gov.	19.8%	2,011	People aged 65 and older who participated in community- based cultural programs used less medication and visited the doctor less often than those who did not, and that they also had better physical health ⁵¹ . Approximately 19.8% of individuals aged 85+ across the State live in aged care homes. Aged cared subsidisations and other benefits cost the Federal Government \$43,351 per person in an aged care home per annum.

Source: Pracsys (2016) utilising various sources. See *SROI Technical Appendices* for more information.

Calculating SROI

A value was assigned to reflect the scale of impact that JPACF could have on the population exposed to benefit. There are a range of factors that influence social measures considered and for this reason conservative estimates of impact have been attributed ranging from 0.01% to 6%. These have been estimated with reference to literature provided in the above table (See *SROI Technical Appendices* for more information). Using the estimated effect of JPACF, and financial proxies the financial benefit per annum was calculated.

The analysis estimates that over 900 people could experience social benefits as a result of JPACF, and that, with an additional 10% included to account for intrinsic impacts, there is potential for up to \$5.2 million worth of social benefits to be accrued per annum. The present value of social benefits (SROI and intrinsic), when discounted to 2050, is over \$60 million (See Figure 19).

Table 27 Financial Benefit Per Annum

Measure	Estimated effect of JPACF	Benefiting Individuals	Financial Proxy (\$)	Financial Benefit (per annum)
Reduced welfare expenditure	5%	116	\$13,718	\$1,584,388
Greater taxable income	1%	127	\$3,219	\$409,375
Increased volunteering	6%	655	\$3,957	\$2,592,466

⁵⁰ Paul Muller, Neil Cameron, Lauren Jameson, Kristel Robertson, Robert Grafton (2012) The Economic, Social and Cultural Value of the Salamanca Arts Centre 2011-2012 http://www.parliament.act.gov.au/data/assets/pdf_file/0018/622701/Exhibit-No.3-Belconnen-Arts-Centre.pdf

⁵¹ UK Department of Culture, Media and Sport, (2015) Further analysis to value the health and educational benefits of sport and culture [www.sportsthinktank.com/uploads/dcms-and-case-further-analysis-to-value-the-health-and-educational-benefits-of-sport-and-culture-\(march-2015\).pdf](http://www.sportsthinktank.com/uploads/dcms-and-case-further-analysis-to-value-the-health-and-educational-benefits-of-sport-and-culture-(march-2015).pdf)

Measure	Estimated effect of JPACF	Benefiting Individuals	Financial Proxy (\$)	Financial Benefit (per annum)
Reduced health expenditure	1%	72	\$891	\$64,129
Reduced incarceration expenditure	0.01%	0.01	\$134,601	\$1,453
Reduced aged care expenditure	1%	2	\$43,351	\$91,646
<i>Additional Intrinsic benefit (10%)</i>				\$474,345
Total		972		\$5,217,803

Source: Pracsys (2016)

Social and Economic Benefit Cost Ratio

Based on the SROI analysis a BCR has been calculated to reflect the economic, social and intrinsic value of the JPACF. This BCR builds on that provided in Section 8.8 of the Business Case, that is, it includes all economic benefits as well as social benefits identified through the SROI analysis.

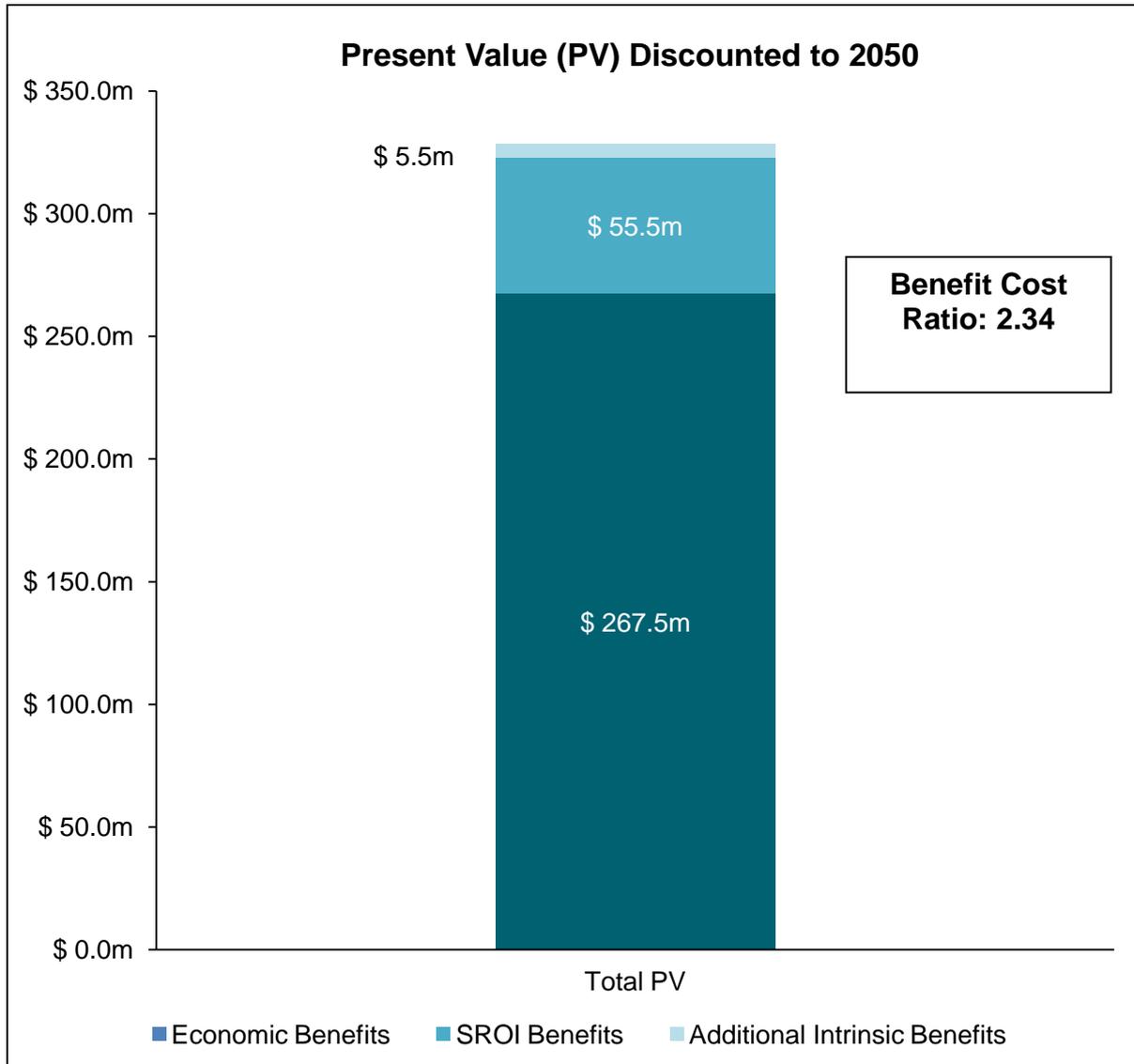
The results of this analysis indicate a BCR of 2.34 (see Figure 1).

A BCR between 2 and 3 positions projects favourably when they compete for funding within a limited pool. Given the JPACF represents a project whereby the vast majority of benefits are social in nature with many potential benefits difficult to quantify, the BCR of 2.34 positions the project well. It demonstrates that the project will deliver significant social and economic return on investment.



Image: Joondalup Performing Arts and Cultural Facility – Plaza Theatre: ARM Architecture.

Figure 15: JPACF Net Present Value (Economic, Social and Intrinsic)



Source: Pracsys (2016)

9.3 Social Impacts in Summary

It is estimated the JPACF will have the following social impact:

- strengthen local communities through the provision of accessible and inclusive arts and cultural experiences
- build on the City of Joondalup’s strong arts and cultural program to address unmet community needs and demands for arts and cultural experiences
- address regional disadvantage
- provide social benefits to up to 900 people with the value of benefits estimated to be in the order of \$5.2 million per annum. When projected over the life of the project (to 2050) and discounted to present value, social benefits are estimated to be in excess of \$60 million.

10 Summary

10.1 Project Benefits

- Provide enabling infrastructure, which addresses the current barriers facing audiences and artists so as to increase cultural attendance and output.
- Catalyse creative industry growth in the region which will increase economic diversity and support the knowledge-driven, strategic employment crucial to driving economic resilience.
- Support the generation of ideas and creativity, accelerating the overall rate of innovation and economic success in the North-West.
- Foster a culture of inclusion and civic participation, facilitate the development of cognitive skills and self-confidence and support mental and physical health and wellbeing – all of which have direct and indirect impacts on disadvantage.
- Add an exciting new dimension to the City Centre and is a key component in the development of the region's cultural identity.
- Deliver instrumental social benefits to up to 900 people with the value of benefits estimated to be in the order of \$5.2 million per annum. When projected over the life of the project (to 2050), the present value social benefits is estimated to be in excess of \$60 million.
- Establish an anchor institution that mobilises and connects creative industries into a network and links with the broader economy to deliver economic benefits through innovation.
- Create 609 jobs through the construction of JPACF, 47 jobs through the operations of the facility and 91 jobs through increased visitation and tourism.
- Deliver economic and social benefits with a Present Value (PV) of \$328.5 million, Net Present Value (NPV) of \$182.4 million and a Benefit Cost Ratio (BCR) of 2.34.

10.2 Proposal Details

- Construct the JPACF at a cost of \$99.7 million.
- Primary theatre utilisation of more than half of the year (186 days per year for the primary theatre).
- Operating subsidy estimated to be \$863,000 per year.
- Develop a diverse program that caters for the majority of the community.