



LATROBE CITY COUNCIL

**AGENDA FOR THE
SPECIAL COUNCIL MEETING**

**TO BE HELD IN NAMBUR WARIGA MEETING ROOM
CORPORATE HEADQUARTERS, MORWELL
AT 6:00PM ON
18 MAY 2015**

SM461



Latrobe Community **Vision**

"In 2026 the Latrobe Valley is a liveable and sustainable region with collaborative and inclusive community leadership."

Council **Mission**

Latrobe City continues to implement the values, corporate directions and partnerships necessary to bring reality to the Latrobe's 2026 community vision for a liveable and sustainable region with collaborative and inclusive community leadership.

Council **Values**

Latrobe City Council's values describe how it is committed to achieving the Latrobe 2026 community vision through:

- Providing responsive, sustainable and community focused services;
- Planning strategically and acting responsibly;
- Accountability, transparency and honesty;
- Listening to and working with the community; and
- Respect, fairness and equity.

**SPECIAL COUNCIL MEETING AGENDA
18 MAY 2015 (SM461)****TABLE OF CONTENTS**

1. OPENING PRAYER.....	2
2. ACKNOWLEDGEMENT OF THE TRADITIONAL OWNERS OF THE LAND	2
3. APOLOGIES AND LEAVE OF ABSENCE.....	2
4. DECLARATION OF CONFLICT OF INTEREST	2
5. HEARING OF SUBMITTERS	2
6. PLANNING & ECONOMIC SUSTAINABILITY.....	4
6.1 LATROBE PERFORMING ARTS AND CONVENTION CENTRE DRAFT REVIEW - SUBMISSIONS.....	4

**SPECIAL COUNCIL MEETING AGENDA
18 MAY 2015 (SM461)****1. OPENING PRAYER**

Our Father who art in Heaven, hallowed be thy name. Thy kingdom come, thy will be done on earth as it is in Heaven. Give us this day our daily bread, and forgive us our trespasses, as we forgive those who trespass against us, and lead us not into temptation but deliver us from evil. For the kingdom, the power, and the glory are yours now and forever. Amen

2. ACKNOWLEDGEMENT OF THE TRADITIONAL OWNERS OF THE LAND

We respectfully acknowledge that we are meeting here today on the traditional land of the Braiakaulung people of the Gunnai/Kurnai Clan and pay our respect to their past and present elders

3. APOLOGIES AND LEAVE OF ABSENCE**4. DECLARATION OF CONFLICT OF INTEREST****5. HEARING OF SUBMITTERS**

Submitters will be given an opportunity to speak on the Latrobe Performing Arts and Convention Centre Draft Review.

PLANNING & ECONOMIC SUSTAINABILITY

6. PLANNING & ECONOMIC SUSTAINABILITY
6.1 LATROBE PERFORMING ARTS AND CONVENTION CENTRE
DRAFT REVIEW - SUBMISSIONS
General Manager
**Planning & Economic
Sustainability**
For Information
PURPOSE

The purpose of this report is to present to Councillors submissions received in relation to the Latrobe Performing Arts and Convention Centre draft review that was recently released for community comment and to hear from submitters who have indicated they wish to be heard. At the time of preparing the report, 5 submitters have indicated they wish to be heard.

EXECUTIVE SUMMARY

Submissions in relation to the Latrobe Performing Arts and Convention Centre (LPACC) draft review (Attachment 1) are presented to Council following the submission period Tuesday 14 April 2015 to Tuesday 12 May 2015.

A report was presented to Council at the 15 December 2014 Council Meeting where advice provided stated that there is now an opportunity to apply for Federal Government funding towards the Latrobe Performing Arts and Convention Centre. As considerable time had elapsed since the production of the business case, Council adopted a critical review of the project feasibility to confirm where the LPACC should be located and its underlying capital costs and business case before applying for Federal Government funding.

The consulting firm, Geografia, was selected to undertake the Latrobe Performing Arts and Convention Centre review which has focussed on the following aspects: community sentiment for the project, location, capital costs of the proposed facility and the operational costings of the proposed facility.

A total of 1,011 submissions were received and this Special Council Meeting is to hear from those members of the public who have advised that they wish to speak to their submission.

It is recommended that Council note the submissions received and include them for consideration during the final stages of completing the Latrobe Performing Arts and Convention Centre review.

RECOMMENDATION

That Council;

- 1. Receives and notes the submissions regarding the Latrobe Performing Arts and Convention Centre review;**
- 2. Thanks the submitters for their consideration and input; and**
- 3. Indicates that the content of the submission will inform the Council when determining a final position.**

DECLARATION OF INTEREST

No officer declared a conflict of interest under the Local Government Act 1989 in the preparation of this report.

STRATEGIC FRAMEWORK

This report is consistent with Latrobe 2026: The Community Vision for Latrobe Valley and the Latrobe City Council Plan 2013-2017.

Latrobe 2026: The Community Vision for Latrobe Valley

Strategic Objectives – Built Environment

In 2026, Latrobe Valley benefits from a well-planned built environment that is complimentary to its surroundings and which provides for a connected and inclusive community.

Strategic Objectives – Culture

In 2026, Latrobe Valley celebrates the diversity of heritage and cultures that shape our community with activities and facilities that support the cultural vitality of the region.

Strategic Objectives – Community

In 2026, Latrobe valley is one of the most liveable regions in Victoria, known for its high quality health, education and community services, supporting communities that are safe, connected and proud.

Latrobe City Council Plan 2013 - 2017

Theme and Objectives

Theme 1: Job creation and economic sustainability

Actively pursue long term economic prosperity for Latrobe City, one of Victoria's four major regional cities

SPECIAL COUNCIL MEETING AGENDA 18 MAY 2015 (SM461)

Strategic Direction –

Work in partnership with business, industry and government to create new jobs and investment in Latrobe City.

Provide timely and targeted infrastructure to support economic growth and the marketability of Latrobe City to industry and investors.

Provide timely and targeted infrastructure to support economic growth and the marketability of Latrobe City to industry and investors.

Promote and support the development and economic return of the tourism and events sector.

Enhance community and business confidence in the future of the local economy.

Theme 2: Affordable and Sustainable facilities, services and recreation

To provide facilities and services that are accessible and meet the needs of our diverse community

To promote and support a healthy, active and connected community

Strategic Direction –

Develop and maintain community infrastructure that meets the needs of our community.

Promote and support opportunities for people to enhance their health and wellbeing.

Encourage and create opportunities for more community participation in sports, recreation, arts, culture and community activities.

Enhance and develop the physical amenity and visual appearance of Latrobe City.

BACKGROUND

In March 2008, Latrobe City Council considered a petition requesting that 'Council build a state of the art Performing Arts and Convention Centre'. This petition contained over 1,200 signatures and at this time Council resolved to undertake a feasibility study to assess this request.

The feasibility study was completed in late 2009 and articulated that for a regional centre, Latrobe City's provision and quality of performing arts infrastructure needs improvement. It provided a comparison of two development scenarios, Scenario 1 – Traralgon and scenario 2 – Morwell, assumptions, economic value, capital costs and employment benefits.

Following the release of the feasibility study Council, at its Ordinary Council Meeting on 7 June, 2010 resolved:

SPECIAL COUNCIL MEETING AGENDA 18 MAY 2015 (SM461)

1. *That the proposal to construct a Performing Arts and Convention Centre on the Kernot Hall site be adopted.*
2. *That work not commence until funding availability has been clarified and the project included in Council's budget process, including the impact on rates.*
3. *That existing facilities (including hall/theatre) on the Traralgon Civic Complex be retained and maintained appropriately.*
4. *That the Mayor writes to all who made a submission to thank them for their contribution and advise of Council's decision to adopt the Latrobe Performing Arts and Convention Centre Feasibility Study October 2009, Development Scenario 2 – Morwell.*

A report was presented to Council at the Ordinary Council meeting held 15 December 2014 whereby it was discussed that there is now an opportunity to apply for Federal Government funding towards the Latrobe Performing Arts and Convention Centre. As considerable time had elapsed since the production of the business case, Council should critically review the project feasibility and either review or reaffirm where the LPACC is located and its underlying capital costs and business case before applying for Federal Government funding.

As such, at this meeting, Council resolved the following:

That Council:

1. *Critically reviews the feasibility of scenario 1 (Traralgon) and scenario 2 (Morwell) for the Latrobe Performing Arts and Conference Centre project, to ensure optimal 'whole of life' operational costings.*
2. *Submits an application to the National Stronger Regions fund (NSRF) in the second round; and*
3. *Implements a community engagement process during and after the Business Case review.*

The consulting firm, Geografia, was selected to undertake the Latrobe Performing Arts and Convention Centre review which has focussed on the following aspects: community sentiment for the project, location, capital costs of the proposed facility and the operational costings of the proposed facility.

The draft review report (attachment 1) was presented to Council at the Ordinary Council Meeting held 13 April 2015 whereby Council resolved the following:

1. *Endorse the draft Latrobe Performing Arts and Convention Centre review for community consultation for a period of 7 weeks, commencing Tuesday 14 April 2015 to Monday 1 June 2015.*
2. *Invite written submissions to be received for a period of 4 weeks commencing Tuesday 14 April 2015 to Tuesday 12 May 2015.*

SPECIAL COUNCIL MEETING AGENDA 18 MAY 2015 (SM461)

3. *Write to key stakeholders identified in this project and inform them of the community consultation period and written submission period.*
4. *Hold a Special Council meeting on 18 May 2015 to allow community members speak to their submissions.*

KEY POINTS/ISSUES

In accordance with the resolution of Council, the Latrobe Performing Arts and Convention Centre draft review was released for community comment and invited written submissions for a period of 4 weeks commencing Tuesday 14 April 2015 to Tuesday 12 May 2015.

Details of the submission period and upcoming Special Council meeting were advertised through the Latrobe Valley Express, Latrobe City Council's social media outlets and letters were sent to the following: Performing Arts members, previous submitters to the LPACC review, survey respondents, local schools and key stakeholder groups.

Following the submission period for the Latrobe Performing Arts and Conference Centre draft review a total of 1,011 submissions were received (Attachment 2 and 3). Please note however, that one key stakeholder has advised that they would be making a late submission. This, and any other late submissions, will be collated and provided to Councillors prior to the meeting to be held 18 May 2015.

Brief synopses of the submissions received are detailed below:

	Stakeholder Name	Submission Type	Submission Summary
1	Christina Joyce	Email	<ol style="list-style-type: none"> 1. Objects to any proposal of closing or moving the LPAC from Traralgon. 2. Asks that the facility be improved and extended.
2	Gippsland Creative Arts Group	Letter	<ol style="list-style-type: none"> 1. Requests that the centre be located in Traralgon. 2. That the LPAC include features such as: dedicated gallery, appropriate lighting, hanging system, specific exhibition space, easy access, dedicated workshop space, all genre's to be accommodated.
3	Johanna Sykes	Letter	<ol style="list-style-type: none"> 1. Supports the Traralgon location based on the following: surrounding infrastructure in place, parking availability and public transport, Kernot Hall site is isolated.
4	Neil Newling	Letter	<ol style="list-style-type: none"> 1. Existing facilities in Traralgon should be maintained or upgraded. Reasons given include: central and accessible, local support for performing arts in the area, the review recommends the Traralgon

SPECIAL COUNCIL MEETING AGENDA

18 MAY 2015 (SM461)

			<p>site.</p> <ol style="list-style-type: none"> 2. Opposed to the Kernot Hall site for the following reasons: limited accessibility, lack of facilities in the immediate area and would require building a new facility.
5	Maria Northover	Email	<ol style="list-style-type: none"> 1. Supports the Morwell location. 2. Indicates that people can park close to the site in a well-lit area, making it safe for people. 3. Traralgon site has no scope to add extra parking.
6	Jeannie Kokshoorn	Email	<ol style="list-style-type: none"> 1. Supports the Morwell location due to central town in Latrobe City, good parking facilities and good lighting which makes it safer at night.
7	Tony Calabro (1)	Email	<ol style="list-style-type: none"> 1. Supports the Morwell location due to the central position and the parking problems at the Traralgon site.
8	Tony Calabro (2)	Email	<ol style="list-style-type: none"> 1. Supports the Morwell location due to: central position serving the wider community, better parking with safe and better lighting for concert goers, greater access, greater scale provides for future expansion. 2. Questions the assumption that attendances would be better at the Traralgon site.
9	Brian & June Irving	Letter	<ol style="list-style-type: none"> 1. Supports the Traralgon location based on: public transport, accommodation, surround restaurants, parking and walking distance for school children. 2. Aim should be to create spending in town centres and Traralgon location achieves that while creating best financial return.
10	Peter Petrou	Email	<ol style="list-style-type: none"> 1. Supports the Morwell location due to: the central location allowing quicker access for surrounding townships, ability to accommodate large parking needs while the Little theatre has limited parking. 2. Council should think "long term" and that over the years the constituents of the Latrobe Valley will think twice about attending events at the Little theatre because of the travel and parking issues.

SPECIAL COUNCIL MEETING AGENDA

18 MAY 2015 (SM461)

11	Brian Morrell	Letter	<ol style="list-style-type: none"> 1. Supports the Traralgon location as this location is backed up by: surrounding amenities, is safe for patrons, is well lit, has plentiful parking, access to accommodation and statistical evidence of projected attendance to sustain the facility.
12	Elizabeth Jeffrey	Letter	<ol style="list-style-type: none"> 1. Supports the Traralgon location due to: accessibility, safe and well lit streets, surrounding amenity, plenty of nearby parking, plenty of good accommodation and other tourist attractions in the vicinity. 2. If unable to afford a replacement LPAC, maybe extensive renovations to the present Arts Centre would be adequate. 3. Not in favour of retaining old LPAC if new one is built and not in favour of "realizing the asset" (selling the site).
13	Ian Heafield	Letter	<ol style="list-style-type: none"> 1. Supports the Traralgon location based on: draft report demonstrates customer base is growing rapidly and comes from predominantly Traralgon, close proximity to CBD and walking distance to cafes and restaurants, stronger car parking opportunities.
14	F.Lenghaus	Letter	<ol style="list-style-type: none"> 1. Supports the Traralgon location due to: surrounding infrastructure including shops and restaurants, accessibility by walking and room to extend.
15	Philip Rayment	Letter	<ol style="list-style-type: none"> 1. Supports the combination of a refurbished Kernot Hall and a new PAC in Traralgon. 2. The Traralgon site is a better location, taking into account of issues such as CBD location with proximity to restaurants, attractive streetscape, community support for the arts and the balanced provision of community facilities. 3. The concept of a "convention centre" requires clarification as to the range of functions.
16	Steve Shinnars	Email	<ol style="list-style-type: none"> 1. "Strongly" endorses the recommendation of the Traralgon location. 2. Traralgon location will be more economically beneficial due to proximity of café's restaurants, and hotels that will make attendance more desirable.

SPECIAL COUNCIL MEETING AGENDA

18 MAY 2015 (SM461)

17	Jenny Rutherford	Letter	1. Supports the Morwell location due to: off street parking facilities, beautiful conference setting, proximity to Mid Valley, availability of Waratah restaurant, nearby park for children, caters for large scale events, accessibility from the freeway, central location allows visitors to explore Latrobe City from both ends.
18	Shirley Hill	Letter	1. Supports the Traralgon location due to: surrounding infrastructure such as restaurants and accommodation within walking distance, transport accessibility and parking options.
19	Julie Wilson	Email	1. Supports the Traralgon location based on: population base and growth, ample parking and public transport accessibility to the site.
20	Gordon Arthur	Letter	1. Supports the Traralgon location due to: central to business, amenities, parking and public transport, centre should have an auditorium for large and small audience and convention centre to cater for group discussions and plenary meetings.
21	John Lagerwey	Letter	1. Supports the Morwell location due to: excellent parking facilities, landscape setting, wide range of restaurants within walking distance and centrally located with Latrobe City.
22	Kelly Vardy	Letter	1. Supports the Traralgon location based on the consultant's review.
23	Steven Grzegorzczyn	Letter	1. Supports the Traralgon location based on: access to train network, access to bar's, cafés and restaurants all within walking distance and is complimentary to other activities.
24	Suzanne Pinchen	Letter	1. Supports the Traralgon location due to: Traralgon's growth and demographic projections, Traralgon is the region's principal retail and commercial centre, support infrastructure (i.e. cafés, restaurants, nearby accommodation, public transport access, taxi provision, nearby police station, number of nearby school campuses).
25	Margaret Ferguson	Letter	1. Supports the Traralgon location. Believes the Kernot Hall option is not suitable due to: no public transport, restaurants or accommodation within walking distance, costly for patrons wishing to use taxis, is an isolated location, possible additional costs with land purchase, fewer schools accessing the venue than Traralgon and Arts

SPECIAL COUNCIL MEETING AGENDA

18 MAY 2015 (SM461)

			Victoria have recommended Traralgon as the best location.
26	Elizabeth Jeffrey (2)	Letter	<ol style="list-style-type: none"> 1. Supports the Traralgon location. 2. Questions the need for a convention centre. 3. Concerned about selling off the Civic block.
27	Simon Hemming (on behalf of Latrobe Theatre Company)	Letter	<ol style="list-style-type: none"> 1. Reconfirms support for the construction of a new 'state of the art' facility within Latrobe City.
28	Rhonda Bowen	Email	<ol style="list-style-type: none"> 1. Supports the Morwell location based on: parking availability, centrality to Latrobe City and new LPAC will help to build confidence back into the town.
29	Barry Stuckey	Email	<ol style="list-style-type: none"> 1. Supports the Traralgon location due to strong history of running a successful PAC.
30	Lyn & Chris Osborne	Email	<ol style="list-style-type: none"> 1. Supports the Morwell location based on: geography and streetscape, co-location with Mid Valley, centrality to Latrobe City, safe and secure for visitors, expansive site, partnership opportunities with Federation University and Federation Training.
31	Tony Buhagiar	Letter	<ol style="list-style-type: none"> 1. Supports the Traralgon location due to: accessibility by foot, proximity and cost of taxis to public transport, lighting in the area, surrounding infrastructure including restaurants. 2. No safe and convenient way to walk to the CBD in Morwell from Kernot Hall and safety concerns with parking situation at Kernot Hall.
32	Lawrie Fildes	Email	<ol style="list-style-type: none"> 1. Supports the Morwell site due to: more land that provides effective parking, accessibility for all users in Latrobe Valley, attractive site situated on main road, ability to retain Little Theatre and proximity to Mid Valley.
33	George Davis	Letter	<ol style="list-style-type: none"> 1. Supports the Morwell location based on: central location, accessibility and parking.

SPECIAL COUNCIL MEETING AGENDA

18 MAY 2015 (SM461)

34-1011	Submission presented by the Traralgon & District Community Association.	Letter (same letter signed individually).	<ol style="list-style-type: none"> 1. Supports the Traralgon location due to: public transport within walking distance, abundance of restaurants and accommodation within walking distance, 13 school campuses in Traralgon and Arts Victoria have recommended Traralgon as the best location. 2. Does not support Morwell's Kernot Hall location due to: no public transport within walking distance, no restaurants within easy walking distance, taxis to and from Kernot Hall would be costly for patrons, it is an isolated location, Morwell already has Kernot Hall as a performance venue and Morwell has only a quarter of the number of schools.
---------	-------------------------------------------------------------------------	-------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

RISK IMPLICATIONS

Risk has been considered as part of this report and it is considered to be consistent with the Risk Management framework.

There is not considered to be any risks associated with this report as this is to hear and note submissions in relation to the draft Latrobe Performing Arts and Convention Centre review report.

FINANCIAL AND RESOURCES IMPLICATIONS

There are no financial or resource implications in relation to this report as this is to hear and note submissions in relation to the draft Latrobe Performing Arts and Convention Centre review report.

INTERNAL/EXTERNAL CONSULTATION

Engagement Method Used:

As per the resolution of Council, the Latrobe Performing Arts and Conference Centre draft review was released for community comment and invited written submissions for a period of 4 weeks commencing Tuesday 14 April 2015 to Tuesday 12 May 2015.

The following engagement methods were undertaken in relation to the submission process:

Latrobe Valley Express

Advertisements were included the Latrobe Valley Express with details on the submission process, information sessions and Special Council Meeting. These were published on 16, 23, 27, 30 April 2015 and 4 May 2015.

SPECIAL COUNCIL MEETING AGENDA 18 MAY 2015 (SM461)

Latrobe City Council Social Media

Details on the submission process, information sessions and Special Council Meeting were advertised on Council's social media outlets such as the website and Facebook.

Direct Mail Out

Letters were sent to the following detailing the submission process, information sessions and Special Council Meeting: Performing Arts members, previous submitters to the LPACC, survey respondents, local schools and key stakeholder groups.

Information Sessions

Information sessions were run for the public to discuss the draft review report and provide people with details on the written submission process and upcoming Special Council Meeting. The information sessions were run by the Consultant (Geografia) and attended by Council officers. They were advertised in the Express as per above, Council's social media platforms and were conducted on:

Tuesday 5 May 2015 – Moe Library

Wednesday 6 May 2015 – Traralgon Service Centre

Thursday 7 May – Nambur Wariga, Council HQ

1:1 Sessions

Sessions with the consultant were made available to the community to discuss the review in more detail. A total of 1 group and 1 independent community member took the opportunity to meet with the consultant.

OPTIONS

Council has the following options available:

1. Note and consider the submissions received as part of the Latrobe Performing Arts and Convention Centre review.
2. Request further information from submitters to be included for consideration as part of the Latrobe Performing Arts and Convention Centre review.

CONCLUSION

The draft Latrobe Performing Arts and Convention Centre review report was presented to Council at the Ordinary Council Meeting held 13 April 2015 whereby Council resolved the following:

1. *Endorse the draft Latrobe Performing Arts and Convention Centre review for community consultation for a period of 7 weeks, commencing Tuesday 14 April 2015 to Monday 1 June 2015.*

SPECIAL COUNCIL MEETING AGENDA 18 MAY 2015 (SM461)

2. *Invite written submissions to be received for a period of 4 weeks commencing Tuesday 14 April 2015 to Tuesday 12 May 2015.*
3. *Write to key stakeholders identified in this project and inform them of the community consultation period and written submission period.*
4. *Hold a Special Council meeting on 18 May 2015 to allow community members speak to their submissions.*

A number of engagement activities were undertaken to inform the community of the written submission opportunity and process including; advertising through the Latrobe Valley Express, advertising on Latrobe City Council's social media outlets and letters sent to the following: Performing Arts members, previous submitters to the LPACC, survey respondents, local schools and key stakeholder groups.

The submissions have been collated and include support for both locations.

SUPPORTING DOCUMENTS

1. National Stronger Regions Fund – Latrobe Performing Arts and Convention Centre Council Report 15 December 2015.
2. Latrobe Performing Arts and Convention Centre Councillor Briefing Report 16 February 2015.
3. Latrobe Performing Arts and Convention Centre Councillor Briefing Report 30 March 2015.
4. Latrobe Performing Arts and Convention Centre – Draft Review Report 13 April 2015.
5. Latrobe Performing Arts and Convention Centre Business Case September 2012.
6. Latrobe Performing Arts and Convention Centre Feasibility Study October 2009.

Attachments

1. LPACC Draft Review Report
2. Consolidated Submissions 1-33 (Published Separately) (Confidential)
3. List of Submission Names TDCA 34-1011 (Published Separately) (Confidential)
4. TDCA Submission Template (Published Separately) (Confidential)

6.1

Latrobe Performing Arts and Convention Centre Draft Review - Submissions

- 1 LPACC Draft Review Report 17**

DRAFT

571 Queensberry St
North Melbourne VIC 3051

+613 9329 9004
info@geografia.com.au
www.geografia.com.au

Review of the Latrobe Performing Arts and Convention Centre Feasibility Study and Business Case

Prepared for
Latrobe City Council

Date
31 March 2015



Geografia Pty Ltd
ABN: 33 600 046 213

Geografia Pty Ltd• Demography • Economics • Spatial Planning
+613 9329 9004 | info@geografia.com.au | www.geografia.com.au

DRAFT

Disclaimer

This document has been prepared by Geografia Pty Ltd for the Latrobe City Council and is intended for their use. While every effort is made to provide accurate and complete information, Geografia does not warrant or represent that the information contained is free from errors or omissions and accepts no responsibility for any loss, damage, cost or expense (whether direct or indirect) incurred as a result of a person taking action in respect to any representation, statement, or advice referred to in this report.



Latrobe PACC Review

Geografia Pty Ltd

• Demography • Economics • Spatial Planning

+613 9329 9004 | info@geografia.com.au | www.geografia.com.au

Executive Summary

As eastern Victoria's only regional centre, there is a sound case for Latrobe City hosting a regional performing arts and convention centre; both to meet growing local demand and to stimulate new events and activities. The facility format (broadly as scoped in earlier work) will cost in the order of \$17m to build and to be able to meet expectations it will require a net increase in the annual Council subsidy to the performing arts portfolio of between \$390,000 and \$700,000 per year (on 2014-15 expenditure). This subsidy range will bring Latrobe City up into the mid-range for regional cities.

There are still decisions to be made with respect to the ongoing use of all of Latrobe City's facilities, which will impact on total costs. The cost (and impact) differences between the two site of Morwell and Traralgon are minor. However, best practice performing arts planning favours the Traralgon site.

A successful funding application to State or Commonwealth is very likely to depend on the preparation of a robust business case for the final site/design. This will need to examine demand and functionality in more detail than has been done previously, particularly for convention and events activity. It will also need to carefully consider how the facility will complement, rather than compete with, other venues in Gippsland.

- This report was commissioned to review the findings of the 2009 Feasibility Study and 2012 Morwell Business Case that have previously supported the development of a performing arts and convention centre. It considers the relative merits of the two preferred sites previously identified (Traralgon and Morwell); updates costs; and includes the findings of community and stakeholder consultation undertaken during February and March 2015.
- Current analysis supports the earlier findings that there is a greater level of demand for the performing arts in Latrobe City, and surrounding areas, than is currently being met by existing venues. Three growth scenarios have been identified for planning purposes: conservative, mid-range and ambitious, with a small difference in audience size envisaged between the two sites (in the order of 2%)



Geografia Pty Ltd

• Demography • Economics • Spatial Planning

+613 9329 9004 | info@geografia.com.au | www.geografia.com.au

- Demand for a convention centre is more difficult to substantiate although it is likely that demographic trends will support a reliable revenue stream from small to medium sized functions. Properly managed, this should not compromise the core delivery of the performing arts program and this 'mixed use' is a proven business model elsewhere. Beyond this, it may be appropriate to consider the feasibility of a dedicated, standalone convention and conference centre that could service the whole of the Gippsland region for the longer term.
- Functional gaps remain in the existing performing arts facilities and this is limiting use, notably by commercial hirers. Ideally, the Arts and Culture Strategy should feed into a Master Plan for all of Latrobe City's performing arts facilities.
- The proposed scale of the main theatre, with a 500-seat capacity, aligns with existing venues and is consistent with regional performing arts facilities built in recent years, considering relative populations and catchment areas. It is vital, however, that the final specifications recognise the need to build complementary venues across the region and not replicate similar, nearby facilities in Sale and Warragul.
- When deciding the final location, the Traralgon "in town" site is more likely to stimulate wider economic and social benefits and less risky than the "edge of town" location in Morwell. It is reasonable to assume that the Traralgon site is also the preferred site for key potential funders of the project.
- Cost plans have been updated for both sites assuming a tender date of 2017 and an opening year of 2019/20. Total costs are broadly similar for both sites, estimated at almost \$17 million, an increase of approximately 40% since 2009, attributable to both price and scope changes, some which need confirmation during the course of further business case, or Master Plan, development.
- The updated cost plans and financial forecasts assume that Kernot Hall will be at least partially refurbished if the new theatre is sited in Traralgon, and that the full venue suite would continue to be managed on a portfolio basis across the City.
- Other costs for the Traralgon site that were not included in the 2012 study have now been incorporated but need further confirmation. Particularly critical is the future use of the existing site of the Latrobe Performing Arts Centre in Traralgon. Further consideration should be given to options to realise value in this existing site and whether this could be used to assist the funding of the overall project.
- A strategic approach to programming will be required in the new venue. This will need to strike a balance between the risks and opportunities of: self-programming; co-presenting; and providing a venue for community and commercial hire. Management will need to maintain strong arts networks and continue to develop regional collaboration. Given the scale of the proposed venue, it will be critical to integrate the management of performances and functions and to attract the right skill mix, particularly in new areas of operations such as the management of catering and building service contracts.



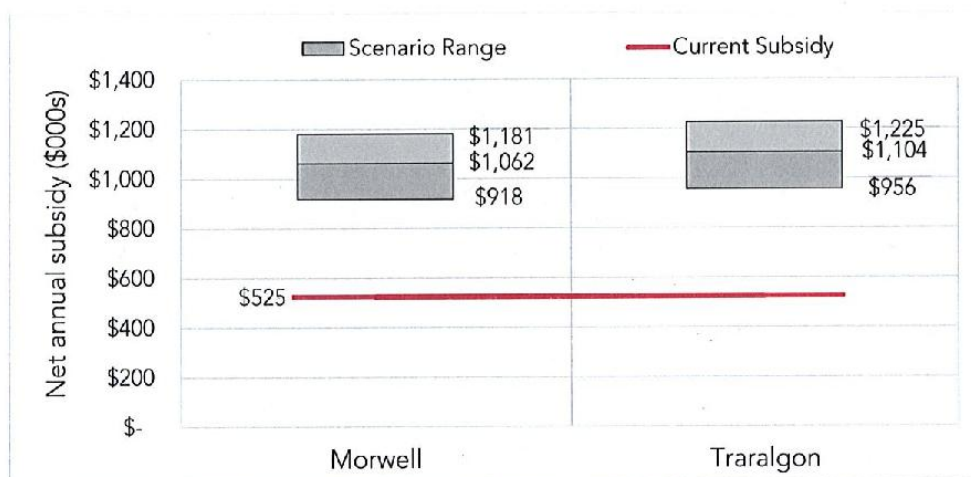
Geografia Pty Ltd

• Demography • Economics • Spatial Planning

+613 9329 9004 | info@geografia.com.au | www.geografia.com.au

- The review confirms earlier findings, and general industry experience, that a new facility will demand a *net increase* in total arts subsidisation by the Council, in the order of \$430,000 to \$700,000 per annum (depending on the scenario) if the Traralgon site is chosen.

Figure A Change in Net Annual Subsidy (\$000s/annum)



- Council's current subsidisation of overall performing arts activity per Latrobe City resident, is at the low end of subsidy levels amongst regional cities. This suggests there is an opportunity to increase audience sizes through more investment in both facilities and programs.
- Although some comparable performing arts venues have succeeded in attracting private sector support for new venues, this might be limited in the future given low levels of expected economic growth. However, there may be the prospect of support from less obvious public and private sector organisations, including the education and health sectors interested in developing strategic community partnerships.
- In summary, this review has confirmed that there is a need to expand and enhance the provision of performing arts facilities in Latrobe City. Once the criteria considered in this review are taken into account, the Traralgon option presents the most appropriate site, particularly in the context of views of potential funders and the experience of the sector as a whole. However, there are gaps in the evidence in support of funding the development of the facility as specified in the original work, particularly in view of changing conditions in the wider region. A set of recommendations (Section 10) propose the way forward on this project.



Geografia Pty Ltd

• Demography • Economics • Spatial Planning
+613 9329 9004 | info@geografia.com.au | www.geografia.com.au

Contents

Executive Summary	i
1.0 Introduction	1
2.0 Context	2
2.1 The strategic context	2
2.2 Community and stakeholder sentiment	3
2.3 Online survey results	4
2.4 Industry context	5
3.0 Understanding Demand	7
3.1 The market for cultural attendance	7
3.2 Growing Latrobe City's share	8
3.3 Uncertain demand for functions and events	10
4.0 The Building and its Location	13
4.1 Current provision	13
4.2 Gaps in current provision	13
4.3 Potential locations and site constraints	16
5.0 Capital Costs	19
5.1 Current designs & footprints	19
5.2 Summary of cost plans	20
5.3 Indicative construction timelines	22
6.0 The Business Model	23
6.1 Portfolio approach	23
6.2 Programming model	23
6.3 Managing different business streams	24
6.4 Staffing structures	25
6.5 Contract management	25
7.0 Financial and Economic Impact	26
7.1 Current financial performance	26
7.2 Indicative operating revenues and costs	29
7.3 Summary financial performance – Morwell & Traralgon	30



Geografia Pty Ltd

• Demography • Economics • Spatial Planning

+613 9329 9004 | info@geografia.com.au | www.geografia.com.au

7.4	Comparison with feasibility study and business case	32
7.5	Net council subsidisation	32
7.6	Whole-of-Life operating costs	33
7.7	Flow-on economic impact	34
8.0	Potential Joint Ventures or Naming Rights	35
8.1	Market overview	35
8.2	Suggested partnership model	36
8.3	Opportunities for LPACC	37
8.4	Indicative revenues	38
8.5	Other considerations	39
9.0	Which Site?	40
9.1	Summary of options	40
10.0	Recommendations	42
11.0	References	45
Appendix 1	Methodology	46
	Market size	46
	Market share	48
	Estimating variation in demand between sites	49
	Functions	50
	Flow-on economic benefits	50
Appendix 2	Indicative Designs	51
Appendix 3	Cost Plans	56
	Morwell cost plan summary	56
	Traralgon cost plan summary	57
Appendix 4	Financial Assumptions	58



Geografia Pty Ltd

• Demography • Economics • Spatial Planning

+613 9329 9004 | info@geografia.com.au | www.geografia.com.au

Tables

Table 1	Current Performing Arts Provision	13
Table 2	Key Gaps in Current Provision	14
Table 3	Key Location Criteria (Morwell and Traralgon Sites).....	16
Table 4	Principal Design Elements.....	20
Table 5	Summary Cost Plans	21
Table 6	Indicative Timeline	22
Table 7	Financial Performance 2012-13 to 2014-15.....	27
Table 8	Key Indicators 2012-13 to 2014-15	28
Table 9	Audience Growth Scenarios.....	29
Table 10	Morwell Option Year 5 Financial Forecast Summary.....	31
Table 11	Traralgon Option Year 5 Financial Forecast Summary	31
Table 12	Impact of Construction Activity on Local Economy.....	34
Table 13	Proposed Partnership Model	36
Table 14	Private Sector Support.....	38
Table 15	Comparison of Site Options.....	40
Table 16	Recommendations.....	42
Table 17	Market Share Scenarios	48
Table 18	Key Financial Model Assumptions.....	58
Table 19	Morwell Option – 5 year Financial Forecast	59
Table 20	Traralgon Option – 5 year Financial Forecast	60

Figures

Figure 1	Comparison of Online Survey and Resident Profiles.....	5
Figure 2	Total Estimated (mean) Market Demand	8
Figure 3	Total Estimated Performances – Morwell Option.....	9
Figure 4	Total Estimated Performances – Traralgon Option	9
Figure 5	Total Estimated Performance Attendance – Morwell Option.....	10
Figure 6	Total Estimated Performance Attendance – Traralgon Option.....	10
Figure 7	Total Event Estimates – Morwell and Traralgon Options.....	12
Figure 8	LPACC Primary Catchment Area	17
Figure 9	2012/13 Government Operating Funding per Visitor.....	33
Figure 10	Demand Growth Model	47
Figure 11	Estimated Market Size for Latrobe Cultural Events.....	47
Figure 12	Market Size by Local Government Area (2015-2031).....	48
Figure 13	Market Share by Place of Residence (2013-14)	49
Figure 14	Morwell Site Plan	51
Figure 15	Morwell Floorplan.....	52
Figure 16	Traralgon Site Plan.....	53
Figure 17	Traralgon Floorplan (Ground).....	54
Figure 18	Traralgon Floorplan (1 st Floor).....	55



1.0 Introduction

As eastern Victoria's main regional centre, there is a strong case for Latrobe City hosting a regional performing arts and convention centre, both to meet growing local demand and to attract new events and activities, which are central to the City's tourism opportunities.

Latrobe Council resolved to review the 2009 Latrobe Performing Arts and Convention Centre LPACC Feasibility Study ("the Feasibility Study") and the 2012 Morwell LPACC business case ("the Morwell Business Case") in expectation of funding applications to State and Federal Governments to support the development of a new facility. This report reviews the feasibility of the options outlined in the 2009 Feasibility Study (i.e. a facility in either Traralgon or Morwell) and draws upon the 2012 Business Case for additional analysis and material, where relevant. It considers:

- Community sentiment (drawn from focus groups, public listening posts, one-on-one stakeholder discussions and an online survey)
- The optimal location for the facility;
- Capital and operational costs;
- The optimal business model;
- Site constraints;
- Potential joint ventures or naming rights; and
- A review of basic concept designs and footprint.

This report also considers options and makes recommendations with respect to the next steps.



2.0 Context

The context for the development of the Latrobe Performing Arts and Convention Centre (LPACC) has been discussed in detail in the earlier work. This section updates the information where there has been a substantive change in conditions.

2.1 The strategic context

There is a strong policy basis for the provision of a major performing arts and convention/function facility in Latrobe City. Specifically:

- Latrobe City is recognised by State Government as the regional city servicing the entirety of eastern Victoria, and requiring regional-scale facilities;
- The Gippsland Regional Growth Plan (RGP) recognises that *“Access to art galleries, performing arts centres and major sports facilities is important to meet the needs of a regional community to help provide more diverse cultural experiences, and to attract and retain a broader range of social groups.”* (p68). It is also important to note that the RGP goes on to say: *“Planning and programming of activities at these facilities needs to be coordinated, providing tourists and residents with a more diverse offer that encourages extended visits.”* (DTPLI, 2014: 68);
- Latrobe City’s Community Vision (Latrobe 2026), envisages an increase in the number of arts and cultural facilities in the region and aspires to ensure cultural facilities and events are accessible for all people. Moreover, it is acknowledged that the number of major and community events should be increased to reflect Latrobe’s position relative to other regional centres. The Vision’s objectives are also reflected in the Council Plan;
- Destination Gippsland’s Gippsland Business Events and Conference Market Study endorses the development of an integrated performing arts and convention centre in Latrobe City to support the growth in expected demand for conventions and business functions in the region; and
- The City’s Economic Sustainability Strategy aligns with the Destination Gippsland study, supporting the development of the business tourism market through the provision of a conference centre and accommodation.

In addition to this, the expected population growth in the region warrants further investment in cultural facilities and services. This is broadly acknowledged by the State Government, as is the fact that Latrobe City has also fallen behind other regional cities, and some smaller cities, in its level of investment.



2.2 Community and stakeholder sentiment

Community and stakeholder consultation for this review included focus groups, listening posts, one-on-one interviews, and an online survey. Broadly speaking the views expressed matched those raised in earlier studies. The summary below concentrates on additional information provided and/or confirmation of earlier views and is organised into the main themes discussed.

Existing infrastructure is inadequate

- Most stakeholders (e.g. performing arts groups, school groups, Creative Gippsland and Council representatives) noted that none of the existing facilities were purpose-built performance/conference spaces.
- The most significant problems cited were the limited dressing room and backstage space; poor seating (in terms of safety, access and comfort); and insufficient maintenance. Overall, there was consensus that the existing venues are not adequate to continue supporting high quality events.
- There have been some refurbishments since 2012, notably in the LPAC bar area and in some lighting and communications infrastructure across all sites, but this has not substantially enhanced functionality.

Recent investment in other facilities has changed demand

- Demand from schools has decreased since the 2009 Federal Government stimulus spending, which funded the construction of school-based and relatively well-equipped performing arts spaces (e.g. the McDonald Road Auditorium in Morwell).
- School venues do not have professional venue management staff and can suffer conflict of use issues, but they are viable alternatives for community use and are often promoted as such under the schools' charters. For example, the Moe Eisteddfod has recently moved from the Council-run Moe Town Hall to the Lowanna College Auditorium in Newborough.

Community performing arts groups want better facilities

- Community performing arts groups are not seeking additional auditoria capacity, but rather, more versatile and better-maintained facilities. Many groups said they already felt 'priced out' of Council facilities and had sought alternative locations.
- Community performing arts groups had, however, little realisation that they may need to pay more for the additional functionality that new facilities would provide.

Convention centre providing thrust to the project

- There was general optimism that the incorporation of convention/conference centre services in the proposal had the potential to attract significant revenue from outside Latrobe City as result of:
 - perceived growth in the conference sector;
 - limited alternative provision to the east of Melbourne; and



- confidence that, with effective and targeted promotion, there is a real opportunity to attract events and conferences to Latrobe City.
- The flat floor venue at Federation University in Churchill, built in 2009, is being used for larger events. Other than this, there have been few material developments in events and conference infrastructure in recent years and there are still limited facilities in the wider region.

Broader (listening post) community comments

- The changing population in Latrobe, including a growing multicultural population, is raising expectations about access to better cultural facilities.
- As a regional centre, Latrobe should offer facilities at least as good as Sale and Warragul. This is currently not the case.
- Refurbishing existing facilities may be a waste of money as they are not fit for purpose.

No change in views on the best location

- The position of stakeholders on the relative merits of Traralgon and Morwell has not changed. For example, Advance Morwell maintains the views expressed previously in support of the Morwell option. Traralgon residents and stakeholders generally support the Traralgon option.
- It was acknowledged that both sites have access issues. Morwell is very dependent on car transport and Traralgon can suffer from a shortage of parking.

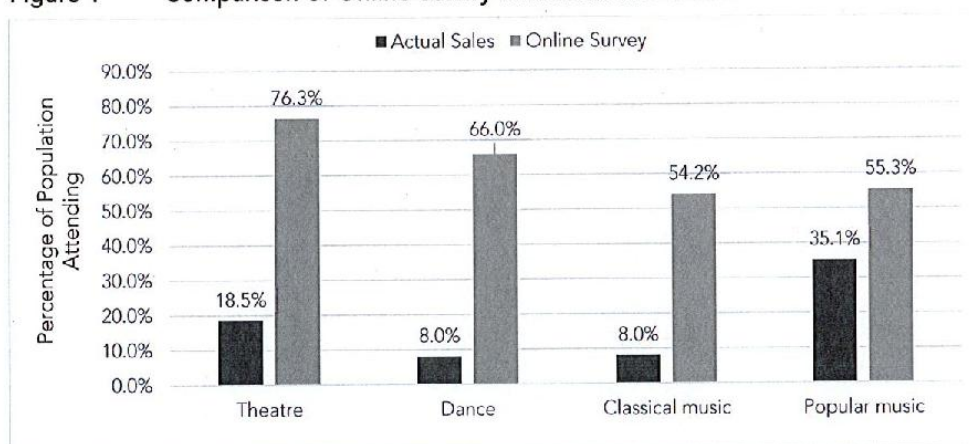
2.3 Online survey results

- As Figure 1 shows, the online survey did not return a statistically significant sample from the Latrobe City population. As participation rates amongst survey respondents for some art forms were up to eight times higher than for the general population, it is reasonable to say that the results reflect the views of those Latrobe City residents who are already highly arts-engaged.
- A more representative sample of the community could be obtained via a telephone survey. This could consider some of the issues not explicitly covered in the online survey, or in the community consultation, including the relative merits of the two sites in Traralgon and Morwell, and willingness to pay for enhanced facilities. This could provide useful evidence for the further development of a business case.
- On the basis that the survey reflects the views of residents who regularly attend the various cultural facilities in Latrobe, the key findings, from 601 respondents are:
 - 533 of the 601 respondents in favour of a new facility (89%). 'Being able to put on shows not available at existing facilities' was the main reason for their support (94% of the respondents). The next main reason was 'adding value to the local economy' (334 respondents, or 65%)
 - Of the 56 who do not support the project, 41 (73%) say there are more important needs for Latrobe and 35 respondents (63%) say the City is already well provisioned with performing arts spaces



- When asked whether they would support a refurbishment of existing facilities, of the 588 who answered, 352 (60%) said yes
- 547 respondents (91%) said they had attended an arts and cultural performance in the last 12 months (close to six times the average for regional Victoria)
- The main reason for lack of attendance is 'not being interested in the type of performance available' (47% of non-attendees). This is followed by the 'venue not being appropriate' (35% of non-attendees)
- Respondents believe the most important factor Council should consider in deciding to develop a facility was convenience and availability of parking (93% said this was 'very' or 'somewhat important'). This was followed by 527 respondents citing the needs of the performing arts community (92%).

Figure 1 Comparison of Online Survey and Resident Profiles



Source: Latrobe City, 2015; Geografia, 2015

2.4 Industry context

One-on-one interviews were undertaken with representatives of relevant peak bodies and managers of other performing arts venues in regional Victoria¹, some of which have recently completed major building projects. The key themes from these discussions were:

- **Collaboration** is increasingly part of the operation of regional facilities. This includes with producers and other venues. The recently formed Theatre Network Gippsland is an example of how previously informal arrangements are becoming more structured.
- **Funding of new facilities** is now often considered in light of other facilities in the region. Avoiding duplication and ensuring that a good range of performance spaces were available were key considerations in the funding and development of the

¹ A list of stakeholders was provided by Council for this exercise.



Wangaratta Performing Arts Centre and the Cube Wodonga, both of which now operate under a formal MOU with other theatres in Albury.

- **Touring** is required of many State or federally subsidised companies yet funds for touring are limited and are perceived to have fallen. As a result, shows are increasingly being packaged for tour in a reduced version from that seen on the main stage. This can lead to a sense that regional venues are presenting a 'lesser' product. On the other hand, this means that the technical demands of touring companies are lower and they are prepared to work with the less well-equipped venues to deliver a tailored product. Digital staging (i.e. less reliance on physical scenery and props) is also increasing and theatres need to be able to respond to this expectation.
- **Commercial product** is available at a price but generally focuses on comedy, physical theatre, popular music (including 'tribute shows'), and children's theatre. Producers are cost conscious and require high quality, responsive facilities of a relatively homogenous standard.
- **Audiences for regional performing arts venues** are built and developed through strong, diverse and well-funded programming, combined with community use and commercial hires. In many cases this will be more critical to the achievement of outcomes than the building itself, as long as there are no material service shortfalls.
- **Tourists** are not a reliable audience base for the performing arts, even in larger regional cities such as Ballarat, Bendigo and Geelong. Audiences are usually drawn from the immediate locality and proximate catchment area.
- **Animation of performance venues** through active day-time use is considered an essential part of building community engagement. A vibrant and accessible street frontage and the use of foyer spaces for exhibitions and the provision of good café facilities were all seen as important elements of a strong activation strategy.
- **Functions and conferences** are now a core part of the business of any regional theatre and the technical and service demands of hirers are growing, particularly for audio visual and onsite catering. Any conference business that is routinely expecting numbers in excess of 400 visitors is unlikely to be well served by a performing arts venue and a separate facility should be considered. The availability of well-located and good quality hotel accommodation, restaurants and entertainment are now critical to the success of any large conference/events facility.
- **Funding applications** for new venues are scrutinised rigorously to ensure that the business case is well made and soundly based. In particular, funders will look for evidence that the broader regional provision has been considered and that demand and revenue projections are reasonable.



3.0 Understanding Demand

Analysis supports the findings of the Feasibility Study: that there is a greater level of demand for performing arts in Latrobe City and surrounding areas than is currently being met by existing venues.

3.1 The market for cultural attendance

Performing arts venues have often been constructed without due consideration of the actual audience demand, or the availability of sufficient programming content. In times when the competition for capital funds is intense this is not a prudent approach and can leave a community with an expensive facility that is not meeting community needs. This is well summarised in *Oh You Beautiful Stage*, the core resource for those in Victoria planning new performances spaces:

"The size of a theatre should be determined by market analysis identifying an audience size suitable for the performing arts 'market' that exists or can be expected to develop in the local community over the life of the facility, assuming energetic management." (VAPAC, 2012)

Latrobe City has, to date, attached an appropriate level of importance to estimating demand, particularly in respect of performance attendees. The Feasibility Study found that *"the number of performance experiences ... in Latrobe is significantly less than the demand for performance experiences"*.

Our analysis assumes there is a market for arts performance in a catchment area that extends beyond Latrobe City. This 'market size' is defined as the total number of attendances by residents in the catchment area to all arts performances, whether in Latrobe or elsewhere, and in both public and commercial venues. It is derived from a combination of ticket sales, the ABS cultural participation survey, and population growth projections for the catchment area² (Figure 2). Scenarios both with and without the LPACC are shown and it is assumed the new venue triggers greater interest in attending arts events, enhanced by an active audience development program.

² Details on how it was calculated are provided in Appendix 1.



Figure 2 Total Estimated (mean) Market Demand

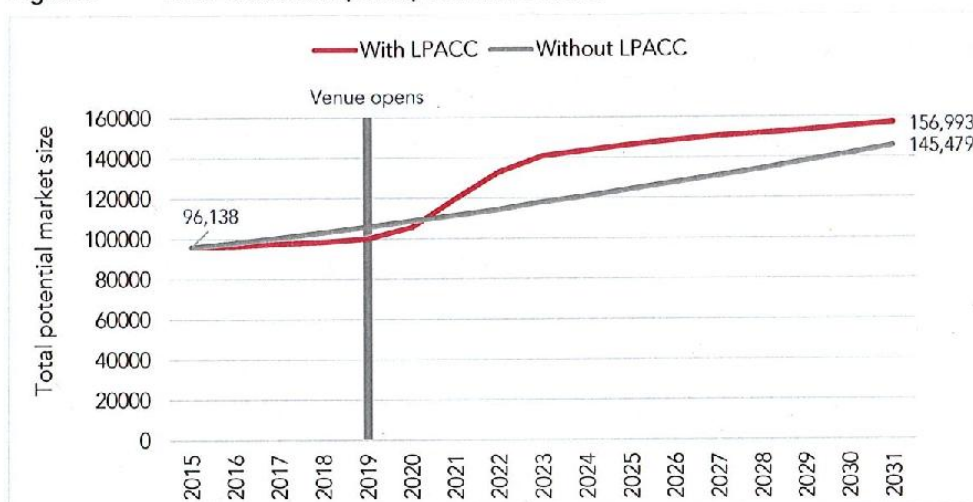


Figure 2 shows the estimated number of individual visits to arts events from residents in the assumed LPACC catchment area. The chart only shows mean values. The full probability ranges have been used in the analysis and the chart showing total potential market size is provided in Appendix 1. Source: Geografia, 2015

The assumption that there is a much greater level of demand for arts and cultural performances in Latrobe than is currently being met (and measured through ticket sales) is supported by the Feasibility Study and, indirectly, by other data. For example, around 23% of ticket sales to selected 2014 musical performances at the Warragul Performing Arts Centre were to Latrobe residents³. This suggests there is scope, at least, for improving the capacity to host musical performances in Latrobe City.

3.2 Growing Latrobe City's share

A combination of new venue and audience development are assumed to facilitate Latrobe City's capture of a greater share of the total market under three different scenarios:

1. A **conservative** growth rate averaging 5% per annum (albeit with a spike in the early years of the new venue). This leads to approximately 15% of total demand being captured by 2023 (peaking at 17% in 2031). This broadly matches the recent growth in ticket sales for Latrobe City venues (which showed total growth of approximately 25% in the five years from 2009 to 2014).
2. A **mid-range** estimate which assumes an average growth rate of 7% per annum, leading to 22% of the total market demand being met in the Latrobe venues by 2023.
3. An **ambitious** scenario which assumes an average growth rate of 8.5% per annum, leading to 32% of the total market demand being met by Latrobe venues by 2023.

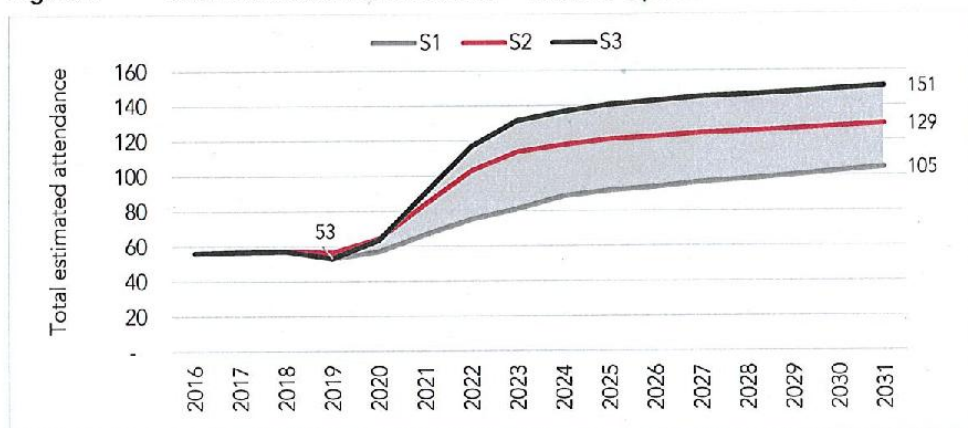
³ This information was provided by Baw Baw Shire Council.



The variation in demand between Morwell and Traralgon

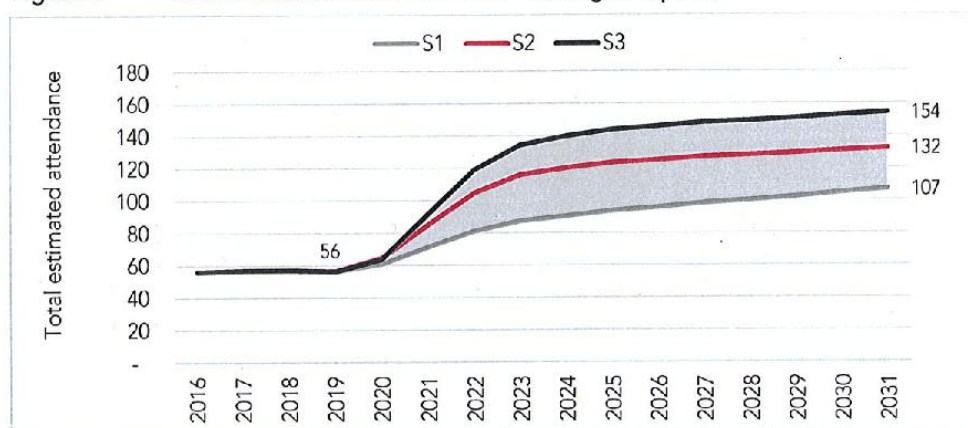
There is a slight variation in demand projections for the Traralgon and Morwell options. The assumption is that a Traralgon venue generates between 1.8-2.2% more visitations. This is mostly due to the notably higher propensity for arts and cultural activities amongst Traralgon residents. Details of how this was calculated are provided in Appendix 1. Total projected demand (performances and attendance) under the three scenarios for each site option is shown in Figure 3 to Figure 6. They include the three scenarios (S1 to S3) with the understanding that the likely outcome will fall somewhere between these figures.

Figure 3 Total Estimated Performances – Morwell Option



Source: Geografia, 2015

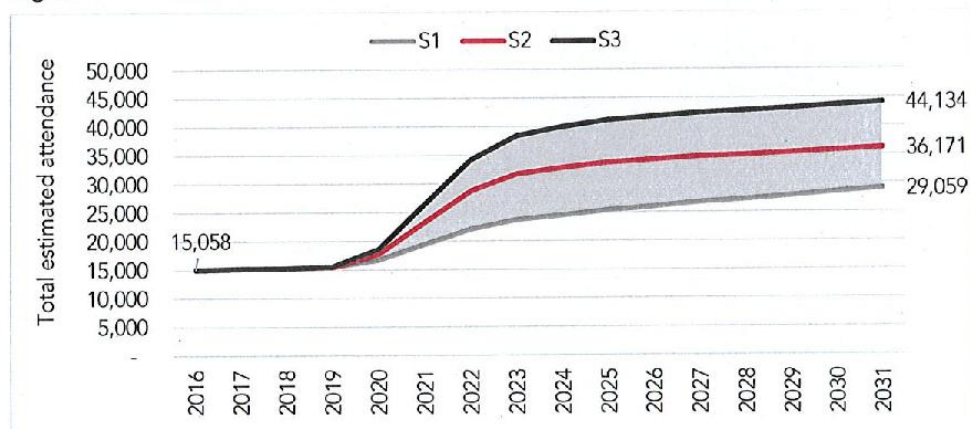
Figure 4 Total Estimated Performances – Traralgon Option



Source: Geografia, 2015

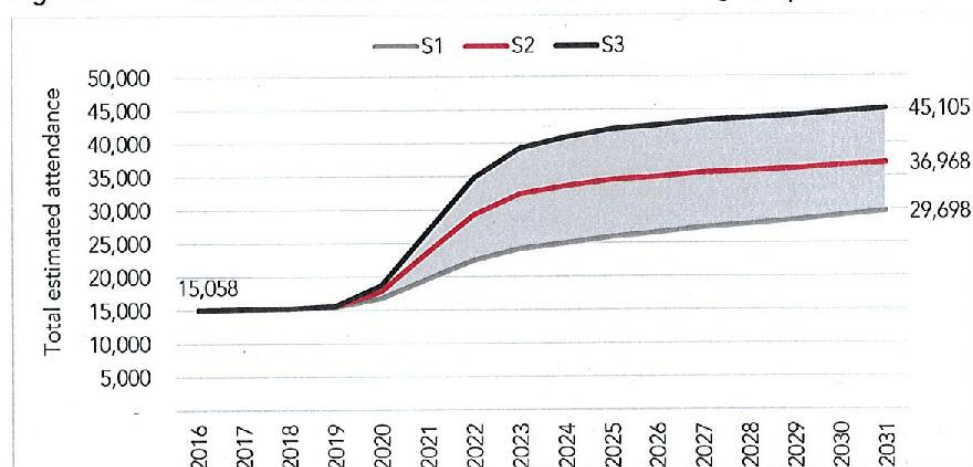


Figure 5 Total Estimated Performance Attendance – Morwell Option



Source: Geografia, 2015

Figure 6 Total Estimated Performance Attendance – Traralgon Option



Source: Geografia, 2015

3.3 Uncertain demand for functions and events

Quantifying the potential demand for non-performance functions is subject to a high degree of uncertainty. Most events are either community meetings or commercial events where venues are hired on an *ad hoc* basis and attendance figures are not always available. However, Latrobe City's hire rates and the research undertaken by Destination Gippsland



(2013) provide some measures which have been used to estimate this activity for Latrobe City. Specifically:

- Latrobe city venues are currently accommodating about 160 functions and events annually, with an average of 190 attendees⁴;
- The majority of these bookings (~80%) are community meetings;
- Most events in Gippsland are likely to remain small (under 120 attendees);
- Most functions are one-day or less in duration;
- Expenditure is \$150-\$300 per attendee for conference packages, with an additional \$150-\$200 for accommodation; and
- The market expectation is that overall function demand will slow and that activity in Gippsland will follow this trend. The majority of survey respondents to the Destination Gippsland study (60%) said they would be unlikely to run any business events or conferences in Gippsland in the next few years.

While prospects for increasing the number of events is modest (particularly as Latrobe City is more than 1.5 hours from Melbourne), it is recognised that a combination of interventions may help to drive growth. This includes improving accommodation, cultural opportunities and transport services. Additionally, as most demand is from the local area, underlying population growth is likely to stimulate some increase in activity.

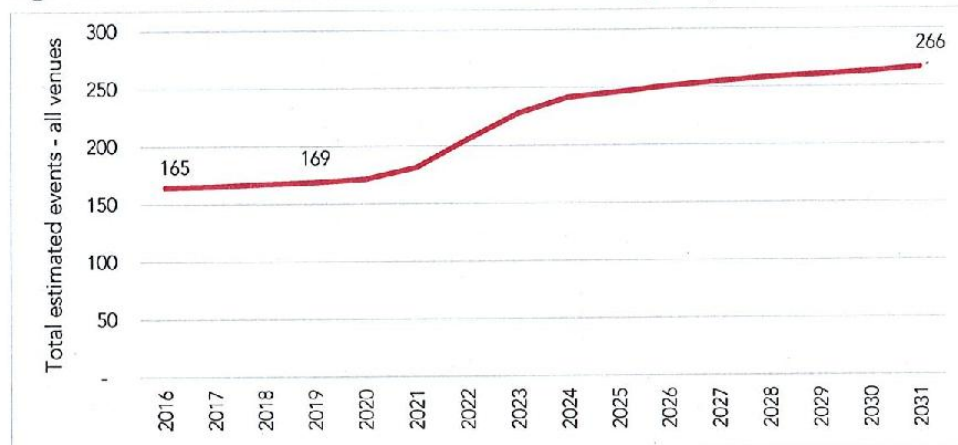
It is worth bearing in mind that there is currently no developed business case for conference/events industry in the region. Moreover, several points were made in the Destination Gippsland study that need to be considered:

- Dedicated conference facilities are more suitable than multipurpose venues;
- Demand for conference destinations is greater in iconic locations;
- The Traralgon site would be considered reasonably suitable for a new venue as it is in the centre of major business centres with a large population base;
- Demand is likely to be strongest for venues that can cater for 150 – 300 delegates;
- High quality, flexible accommodation, catering and technology are essential; and
- Ancillary activities are necessary attractors (e.g. golf, swimming).

With this in mind, events demand has been modelled conservatively with growth tied to regional population growth. Figure 7 shows the mean trajectory of events for all Latrobe City venues to 2031. The difference between the options for the Morwell and Traralgon sites is negligible.

⁴ This is heavily skewed by one or two events at Kermot Hall with large numbers as the majority of events are small, with fewer than 20 attendees.



Figure 7 Total Event Estimates – Morwell and Traralgon Options

Source: Geografia, 2015

Forecasts for events and functions have been based on findings from the 2013 Destination Gippsland study and growth constrained to match that of the regional population increase. As convention and function activity is sensitive to broader economic conditions, it has been assumed that prospects over the short-medium term are uncertain, so while the model calculates a significant increase post the opening of the new facility, growth thereafter is modest.

Given the high degree of uncertainty about this sector's appetite for growth, it may be worthwhile undertaking a survey of regional businesses to gauge interest and/or plans. This may reveal untapped potential for event growth.



4.0 The Building and its Location

As identified by the previous two studies, the 2015 review confirms that gaps remain in existing performing arts facilities in Latrobe City. When deciding the location of a mixed-use performing arts venue of the scale currently being considered, the Traralgon “in town” site is very likely to be more successful in building an audience and stimulating local economic activity than the “edge of town” location in Morwell.

4.1 Current provision

The current performing arts provision in Latrobe City is summarised in Table 1 has not changed significantly since 2009, although there has been a steady program of modest refurbishments.

Table 1 Current Performing Arts Provision

Location	Description
Traralgon	Latrobe Performing Arts Centre (LPAC) comprising the Little Theatre (227 seats, raked auditorium, elevated stage and part fly tower); Town Hall Theatre (401 seats, retractable seating, elevated stage, no fly tower); associated backstage, front of house and administrative areas
Morwell	Kernot Hall comprising the Main Hall (864 seats, elevated stage, flat floor auditorium, no fly tower) and Foyer (function space for approx. 100 people); associated backstage, front of house and commercial kitchen
Moe	Moe Town Hall (402 seats, elevated stage, flat floor auditorium, no fly tower); associated backstage, front of house and commercial kitchen
Other	Various other sites in Latrobe City are managed through the performing arts department but these are not considered material in terms of capacity or usage

4.2 Gaps in current provision

The Feasibility Study and Morwell Business Case identified several gaps in the then current provision, both in terms of responding to the potential requirements of commercial and community hirers, and of supporting a varied range of self-programmed events. These gaps have largely been validated in this review.

It must be emphasised, however, that these gaps have not been confirmed through a rigorous market analysis (particularly in relation to commercial function demand), or as part of a wider Master Plan for Latrobe City’s arts facilities. The City is currently developing an



Arts and Culture Strategy which should be used to underpin any potential investment in new facilities and, indeed, the development of a Master Plan.

The Gippsland region includes facilities that provide some of the functionality perceived to be missing in Latrobe City (notably at Sale and Warragul). Therefore, it would be advisable for any Master Plan to take these facilities, and their current development plans, into account. This will ensure that the regional collaboration, which is a key feature of current programming, is mirrored in facility development. It is likely that this approach would be encouraged by both Creative Victoria and RDV and was a key driver behind the recent development of the Cube at Wodonga. Here it was ensured that the new facility complemented, rather than replicated, existing facilities in Albury and Wangaratta.

A good illustration of this is that one performance space will rarely meet the varying needs of classical music, contemporary music, and speech (unless variable acoustics are installed, which come at a significant cost). Across a wider region, however, a portfolio approach to venue management could achieve a range of acoustic provision, meeting audience demand without compromising the acoustics in any one venue.

Table 2 summarises the current main gaps in the Latrobe City provision with an outline of their key perceived consequences.

Table 2 Key Gaps in Current Provision

Gap	Consequence
Auditoria	The Town Hall Theatre's capacity of 401 is below that which is considered viable for regional theatres (>500, VAPAC 2012) and, as a result, the venue is unattractive for commercial touring and co-presentations. Kernot Hall, as currently configured, is only suitable for certain physical theatre, children's and musical performances which use a flat floor auditorium
Seating	The Town Hall Theatre's retractable seating, whilst flexible, is not favoured by some community groups and older audiences
Orchestra Pit	No venue has an orchestra pit considered desirable for some community use and for choirs with orchestras. A pit which can be raised or lowered also allows the stage apron to expand or contract providing greater flexibility in staging and the opportunity to change the feel of the auditorium
Stage Elevation	All the current stages are elevated and although a flat floor stage can be created in the Town Hall Theatre (by retracting the seating) and the stage itself can be used as a shared audience and performance space, these opportunities are limited. As a result, there is limited provision for the programming of more experimental, intimate or workshop-based theatre
Backstage	None of the current spaces have adequate backstage facilities; wings are narrow (or non-existent); and there is limited capability to fly scenery and store props and equipment. Dressing rooms have poor amenity although are adequate in size for all but the largest community users. Taken together, these drawbacks limit both commercial touring opportunities and also the range of programmed content



Gap	Consequence
Heating, ventilation and air-conditioning (HVAC)	This is not considered universally effective across all venues for all periods of the year, particularly the warmer months. This has an adverse impact on audience, and performer, amenity
Acoustics	The quality is mixed across the facilities and, in general, not of the quality to support high quality classical music performance. It should, however, be noted that recital-hall quality is rarely found outside capital city venues
Function Spaces	Whilst Kernot Hall is suitable for some large-scale events and functions, overall there is limited capacity to service receptions, private celebrations, meetings, seminars, training events and small conferences with 20-500 attendees. It should be noted that no detailed demand analysis of this market has been completed
Catering Facilities	Catering provision is limited with no re-heat facilities, and no commercial kitchen at LPAC in Traralgon. A viable functions business requires investment in these areas
Retail Catering	There is no permanent café facility in any of the venues and, as a result, there is no opportunity to generate revenue or provide a useful vehicle for day-time animation of the performance spaces
Foyer Spaces	Apart from Kernot Hall, these are generally limited, restricting audience circulation and the potential to use these spaces both as a revenue-generator (through function hires and bar sales during performances) and an exhibition space to encourage day-time visitors

The above analysis assumes that the parallel development of a functions and events business is a core part of a performing arts facility and that this 'mixed-use' model is practically achievable. This is certainly supported by the experience of other Victorian regional venues and the vast majority of facilities developed in the last decade have included this capability in their scope⁵. A recent survey of attendees in Victorian performing arts venues found that non-performance attendees made up between 13% and 81% of total attendees, averaging 40% (VAPAC 2010).

This reflects not only the imperative to diversify and capture different revenue streams, but also the fact that functions attract a broader range of the community, bringing a welcome animation of spaces during the day time. A survey by VAPAC found that of the 29,026 events run by those responding, 17% were conferences and seminars, 17% were community or private functions, 58% were workshops or classes, and 8% related to other events (VAPAC 2013).

⁵ This is different from the model in metropolitan facilities where the core purpose is invariably the performance capability and the use of spaces for functions and events is seen as pragmatic leverage of unused assets to generate additional revenue, as long as this does not conflict with the primary use. This reflects the fact that metropolitan sites are clearly in competition with a highly developed and sophisticated conference, convention and events industry.



This mix illustrates that large-scale conventions and expos are not the core business of regional performing arts facilities but that conferences which can be accommodated within existing auditoria and auxiliary spaces are an important part of activity.

4.3 Potential locations and site constraints

Having confirmed the need for a new facility to address the gaps identified in the previous section, the Feasibility Study reviewed a range of possible sites in Latrobe City. Of these, only the sites in Traralgon (corner of Kay and Church streets) and Morwell (adjacent to the current Kernot Hall site) were considered worthy of further consideration. This review has not identified any other sites which should also be considered. In both cases it was assumed that the land was readily available for the potential redevelopment and was free of any inherent issues such as site contamination or asbestos in existing buildings.

The Feasibility Study did not make a clear recommendation as to the preferred site and the Council subsequently decided to proceed with the Morwell Site. For the purposes of this review both sites are being reconsidered. Table 3 provides a summary of some of the key criteria that should be taken into account when assessing the location of a mixed-use performing arts venue. This has been developed from industry guidance (VAPAC 2012), the issues addressed as part of the Feasibility Study and Morwell Business Case, and the practical experience of industry practitioners interviewed for this study. The conclusions are not definitive but should be considered as part of a broader discussion of the relative merits and demerits of each option across a range of criteria (see Section 9).

Table 3 Key Location Criteria (Morwell and Traralgon Sites)

Location Criteria	Morwell	Traralgon
Performing Arts Venue Key Criteria		
Street frontage, visibility & marketing presence	L	H
Potential for daytime animation including foot-traffic	L	H
Co-location with other day and night-time activities	L	H
Adequate loading access and standing space for trucks	H	S
Viable café/restaurant site for animation and revenue generation	L	S
Active local performance groups (amateur and professional)	L	S
Local visitor catchment >20,000	S ⁶	S
Extended visitor catchment >100,000 (within 1 hour)	S	S
Functions Venue Key Criteria		
Access to main roads/highway	H	S

⁶ Whilst our demand analysis indicated that Traralgon residents were more willing travellers to events in Morwell than vice versa, the difference is considered immaterial in determining the catchment area although it has been factored into the revenue projections in Section 7 and the computation of economic impact.

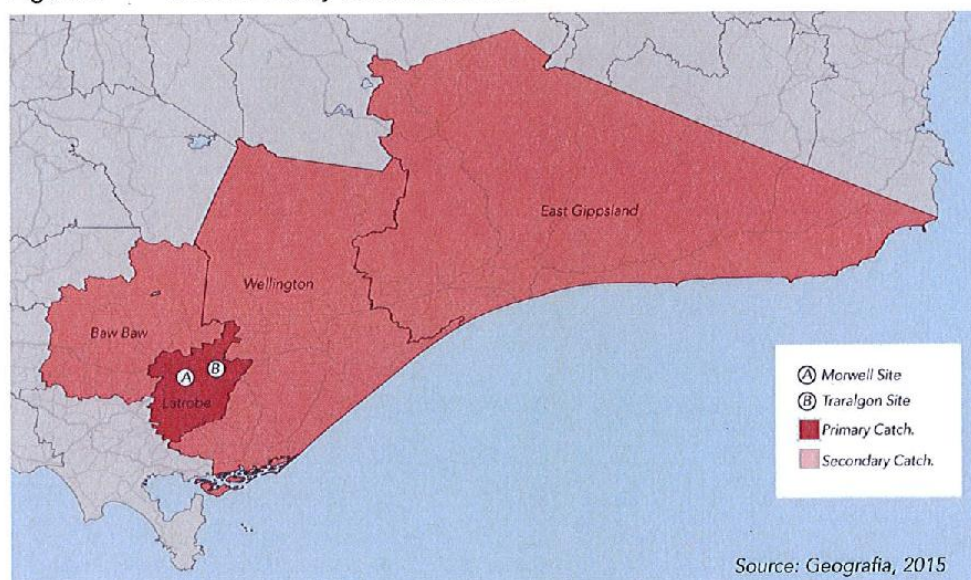


Location Criteria	Morwell	Traralgon
Reliable telecommunications services	S	S
Convenient accommodation and non-venue F&B provision	L	S
Proximity to tourism attractions	S	L
Both Performing Arts and Functions Venue		
Reliable public transport, day and night	L	L
Convenient and adequate car parking	H	S
Safe and secure for visitors and their property	L	S
Attractive local amenity and outlook	H	S
Capable of future expansion	H	L

Key: H – Highly Suitable; S – Suitable; L – Less Suitable

Some of consultation comments made reference to the fact that the Morwell site is at the geographical centre of Latrobe City. However, it is important to take into account the broader catchment area, for both performance and function attendees. Current box office data indicates that most of the non-Latrobe attendees (around 10%) come from Baw Baw Shire, Wellington Shire and East Gippsland. This means Traralgon and Morwell are in broadly similar geographic position in respect of their potential markets (Figure 8).

Figure 8 LPACC Primary Catchment Area



Overall, the Morwell option has the characteristics of an 'edge of town' site and Traralgon, an 'in town' site. While successful venues (for both performance and functions) can be run in both locations, industry experience indicates that there is more risk with 'edge of town' sites and a need for particularly active programming and promotion to maximise community interest and use. This is certainly consistent with the views of both Creative Victoria and RDV, as expressed during current and previous consultation. **On this basis, Traralgon should be considered the preferred site for the proposed construction of a new mixed-use performing arts facility.** That said, the Morwell site does have relative strengths in access and scale and provides greater potential for future expansion.

It is very unlikely that, in the foreseeable future and based on current demographic projections, Latrobe City would have the need for a mixed-use performance facility larger than the 500-seat theatre currently proposed (see Section 5.1). If, however, a separate case were to be made for developing a larger dedicated event and convention centre (i.e. > 1,000 seats), the more expansive Morwell site, with the existing Kernot Hall infrastructure, good parking, and proximity to Gippsland TAFE, would be clearly be more suitable⁷.

⁷ An example of such need is the forthcoming AusTimber conference which is expected to attract over 15,000 delegates to Latrobe City with events spread across many sites and sourced from neighbouring Council areas, as Latrobe City's own hotel capacity of around 3,000 beds is insufficient to meet this demand. This also illustrates the need for a large-scale events strategy to take into account wider issues of amenity, accommodation and access.



5.0 Capital Costs

Cost plans have been updated for both sites assuming a tender date of 2017 and an opening year of 2019/20. Total costs are broadly similar for both sites, estimated at almost \$17 million, an increase of approximately 40% since 2009.

5.1 Current designs & footprints

The Feasibility Study provided indicative designs (Appendix 2) for a new mixed-use performing arts space at the two preferred sites, and related cost plans. The Morwell cost plan was subsequently updated in 2012 and, at that time, the scope was extended to include additional façade works to Kernot Hall and the inclusion of a boardroom and re-heat kitchen in the new building on that site.

The current scope has also been extended to make an allowance for a commercial kitchen on the Traralgon site which appears to have been omitted from the original design but was referred to as an omission in the Feasibility Study. None of these changes are reflected in the designs in Appendix 2, although they have been reflected in the updated cost plans.

The Feasibility Study commented that, in order to provide car parking on the Traralgon site, it would be necessary to demolish the existing LPAC building, but this was not included in the cost plan. This has, however, been included in the updated cost plan.

These key elements of the two designs are summarised in Table 4. Both seek to address the gaps in provision identified in Table 2, although it is not entirely clear whether sufficient provision has been made for a flexible, small-scale flat floor performance space or whether this could be accommodated in the proposed Function Room. This should be revisited at a future Business Case stage.

The 500-seat specification for the main theatre is consistent with the Feasibility Study's finding that average seating capacity across 20 comparable venues was 450. Since then, two major developments have been completed: Wangaratta Performing Arts Centre with 520 seats and the Cube Wodonga with 400 seats. April 2015 will see the opening of a new 1,000 seat venue in Bendigo, the Ulumbarra Theatre. This is consistent with the provision in Geelong and Ballarat and reflects the fact that these are Victoria's three largest regional population centres, with significant catchment areas for performances and functions.

It should be noted that the original Traralgon design did not include any allowance for the refurbishment of the Kernot Hall as it is on a different site. That said, if Kernot Hall is to continue to be managed as part of the portfolio of Latrobe City venues, it is likely that some refurbishment will be needed to address the gaps identified in Section 4.



Table 4 Principal Design Elements

Key Element	Morwell Site	Traralgon Site
Main Theatre Stage	3-star proscenium arch	3-star proscenium arch
Other	Full fly tower and orchestra pit	Full fly tower and orchestra pit
Main Theatre Seating	500 on two levels, with potential to close one level	500 on two levels, with potential to close one level
Function Room	600 seats (refurbished Kernot Hall)	350 seats (no allowance for refurbishment of Kernot Hall)
Foyer Area	225 persons	100 persons
Conference Room	60 persons	60 persons
Green Room	30 persons	30 persons
Café with terrace	40 persons	40 persons
Kitchens	Café, Commercial and re-heat	Café, Commercial and re-heat
Car Parking	Per existing capacity	Created on old PAC site

5.2 Summary of cost plans

Theatres are very expensive to build. It was observed in the United Kingdom in the 1990s that the average cost of a theatre construction was twice as high as that for an office block. In Victoria, a 3-star proscenium theatre such as that proposed for Traralgon/Morwell can cost between \$10 and \$18 million (VAPAC, 2012). The Horsham Town Hall Redevelopment which is currently underway is expected to cost over \$18.5 million although this also includes works to the art gallery. More modest projects such as the Wangaratta Performing Arts Centre and The Cube Wodonga, neither of which included fly towers, will have lower budgets (\$8-10 million).

One of the key cost drivers is, indeed, the inclusion of a fly tower. Views on the necessity of a fly tower vary. It could be argued that this is an essential part of a regional city provision and, indeed, most of Victoria's regional cities have a venue with a fly tower. Two recent developments, at Wangaratta and at Wodonga, have not included a fly tower on the grounds that this capability was available elsewhere in the region. It is also arguable that, with the generally reduced scale of touring and the increased potential for digital staging, the absence of a full fly tower may not unduly restrict programming. Indeed, the greatest users of the fly tower may well be local amateur groups who are based locally and have the ability to store scenery and other equipment.

Oh You Beautiful Stage (VAPAC 2012) supports the inclusion of a fly tower or, at the very least, the inclusion of the fly tower envelope for later fitting out or ensuring the construction of foundations and building structure can support a fly tower as a later addition. If there is no



fly tower, consideration would also need to be given to expanding the backstage area to store materials.

Quantity surveyors and construction cost consultants, Newton Kerr & Partners, were engaged to update the cost plans for Morwell and Traralgon first prepared in 2009. These are included in Appendix 3 and summarised in Table 5.

The following allowances have been made in the costs. These are considered consistent with best practice:

- Construction contingency at 4% of building costs;
- Consultant costs at 19% of building and renovation costs; and
- Equipment at 20% of building costs (the accepted rate for theatres).

Table 5 Summary Cost Plans

Cost Element	Morwell Site \$'000	Traralgon Site \$'000	Comments
Performing Arts Centre Building	6,819	8,423	Additional square metres of new build required at Traralgon for function space
Kernot Hall Refurbishment	2,686	0	Not included in Traralgon Cost Plan but see below
Equipment	2,443	2,443	
External Services	477	476	
External Works	880	1,108	Includes estimated cost of demolishing existing LPAC and developing a new car park
Contingency	665	623	
Consultants Fees	1,677	1,569	
Authority Fees	70	65	
Escalation	1,257	1,177	Assumes 2017 tender date
Total Cost, per Cost Plan	16,974	15,884	Included in Appendix 3
Commercial Kitchen	0	340	Equipment included above, this represents broad estimate of building cost, confirmed by Newton Kerr
Kernot Hall Refurbishment	0	500	Estimate only
Total Cost with additional terms	16,974	16,724	
2009 Cost	12,167	11,884	
Overall increase	4,807	4,840	
% increase	39%	40%	
Square metres – new build	2,165 sqm	2,674 sqm	
Square metres – refurbishment	1,696 sqm	1,696 sqm	Partial refurbishment only of Kernot Hall assumed for the Traralgon site

Source: Newton Kerr & Partners; Geografia 2015



Overall, the costs for both sites are broadly similar once:

- Some allowance is made for refurbishing Kernot Hall even if the new theatre is sited in Traralgon. This is a broad estimate only;
- The costs of demolishing LPAC and extending car parking is included in the Traralgon option; and
- A commercial kitchen is allowed for on the Traralgon site.

Although Traralgon will require a greater area of new build, the Morwell option includes an extensive refurbishment of Kernot Hall at a higher cost per square metre.

5.3 Indicative construction timelines

The Cost Plans assume a tender date of 2017. Table 6 provides an indicative timetable to completion assuming that a decision on the location is taken without delay and that the actual construction is consistent with the current scope. If the scope changes as a result of the completion of the Latrobe City arts and culture strategy, or as a result of responding to the recommendations of this review (Section 10), this timeline will need to be reviewed.

Table 6 Indicative Timeline

Phase	Length	Complete By
Complete Initial Planning, including Site Selection	1-3 months	June 2015
Functional Design Brief	2-4 months	August 2015
Business Case	2-3 months	September 2015
Confirm Funding	1-3 months	September 2015
Design and Tendering	12- 21 months	June 2017
Construction	12-24 months	June 2019
Opening Year		2019/20



6.0 The Business Model

A strategic approach to programming will be required to achieve attendance and revenue targets for a new venue, including striking the right balance between the risks and opportunities of self-programming, co-presenting and external venue hire. It will be important to attract staff with specific industry knowledge and skills, and ensure new business areas are appropriately resourced.

6.1 Portfolio approach

Latrobe City currently manages its performing arts venues centrally, sharing resources across all areas of operations. This model is well tested and there is no reason why it should not continue with the addition of a new facility. That said, it is important that those charged with the day-to-day management of a key venue are based onsite and the final plans should ensure as much co-location as possible on the new site. Performing arts facilities are complex with frequently changing usage patterns and a variety of users passing through each day. An effective management team is intimately connected with all these happenings.

Current initiatives to develop greater collaboration across the Gippsland region are vital to the success of all the venues. This could be formalised in an MOU, as has occurred in the Albury/Wodonga/Wangaratta region, and should be considered by the relevant Councils.

6.2 Programming model

Programming is a critical element of the success of any performing arts venue. It is important that sufficient resources are available for the new venue to invest in a diverse range of programming which meets a wide range of audience demand. To this end, the management team needs to maintain strong connections with the sector through the active membership of industry bodies. A budget should also be set to allow staff to attend relevant performances and events both in Victoria and nationally.

A program needs to balance not just audience demand but also the risks in respect of different business models. For example, commercial hires are low risk to a venue as they provide a guaranteed source of income but commercial hirers are demanding in their standards and negotiations, and the management team will need to have the skills to manage these relationships.

Own programming carries a greater risk but is generally seen as essential for growing a venue's reach, reputation and audience, and for building a sense of local pride in the venue. The most risky form of own programming is self-presentation. This risk could be mitigated



by co-presentation with a production company, and/or another venue, which might be part of the same tour.

A recent survey of Victorian performing arts centres (VAPAC 2013) found that:

- 65% of performances were under third party hire arrangements (mainly community hire) – Low Risk;
- 19% of performances were bought in – Moderate Risk; and
- 14% were self- or co-presented – High Risk.

The strategy for the new venue will need to establish parameters for each performance-type and ensure that this is consistent with the risk appetite of Council.

Recent years have seen a greater investment in programming by Latrobe City, funded through both increased Council subsidisation and grants from Creative Victoria. This need was clearly identified in the Morwell Business Plan which concluded that the then “*current programming would not meet the [Creative Victoria] criteria for recurrent programming.*”

It is very important that this investment continues, and increases, in the lead up to the opening of a new facility. This will allow audiences to be nurtured and programming to be tested, reducing risk in opening program, and increasing the likelihood that performance targets are met.

6.3 Managing different business streams

The proposed mixed-use venue will demand the development of the functions business as a reliable and well-serviced source of revenue. This shared model is common in other regional venues but new to Latrobe City. Larger venues may develop distinct teams servicing the performance and the functions activity. This has the advantage of specialisation and reflects that the various client groups may demand different management approaches. In any organisation, this runs the risk of creating silos and exacerbating the risk of conflicts over use.

In a relatively small venue such as that proposed for Latrobe City, it will be important to fully integrate the management of performances and functions, maximising the sharing of information whilst at the same time ensuring that specific industry knowledge and skills remain current and relevant.

It is critical that more mixed-use is supported by a reliable and highly usable booking system. Current systems will need to be assessed to confirm that they will meet this essential requirement.



6.4 Staffing structures

People will be key to the success of the new venue: “energetic and effective management can have much more influence on the viability and success of a venue than audience capacity” (VAPAC, 2012). Under any of the scenarios considered in the next section, the scale and complexity of the business is expected to be greater than it is at present. The number and mix of staff will need to change. This was envisaged in the Morwell Business Case and a proposed staff profile was included. This recommended an ongoing FTE of around 13.6, compared with the current level of 6.45, and acknowledged the need to expand capabilities in marketing, programming, technical operations and front of house, whilst also recognising that a larger program (and a differently configured venue) would require increased expenditure on casual staff.

The Morwell Business Case did, however, assume that the revenue productivity of each FTE would fall from around \$50,000 to around \$35,000. The scenarios in Section 7 assume that revenue productivity will, at least, be maintained at the same level as is being currently achieved. This drives, for the purpose of estimation, the total FTE required under each scenario. As a result, the number of FTE is expected to be in the range 9-12. This is lower than the Morwell Business Case which assumed, *inter alia*, the continuing operation of LPAC as a separate operation.

These are high-level staff projections, consistent with the illustrative staffing levels provided in *Oh You Beautiful Stage* (VAPAC 2012), which provides a useful guide for the industry.

6.5 Contract management

A new venue will demand strong skills in contract negotiation and management. The more complex, technical demands of a contemporary performance space will introduce a wider range of service and maintenance agreements which will demand skilled and effective management to ensure value for money outcomes. Any growth in commercial hire is highly dependent upon the facility maintaining its technical capability to the highest level and this, in turn, will depend upon ensuring high quality and timely services from suppliers.

The scenarios in Section 7 assume a growth in catering revenues, generated through out-sourced catering contracts. The challenges of managing such contracts cannot be underestimated. It will be important to develop a commercial model that balances the commercial imperatives of the supplier and the service needs of the venue, and its visitors. This is critical not only to meet revenue targets but also to minimise the amount of management time that can be spent resolving issues with catering arrangements. It would be prudent to obtain the advice of a specialist in this area at an early stage.



7.0 Financial and Economic Impact

The review confirms the findings from earlier studies that the building of a new performing arts facility in Latrobe City would result in a net increase in total subsidisation by the Council, consistent with the experience of other regional theatre venues.

7.1 Current financial performance

Table 7 provides a high-level summary of the current direct operating revenues and costs of Latrobe City's performing arts provision, and Table 8 includes some high-level performance indicators. It does not include any allocation of costs and overheads in respect of services (e.g. finance, insurance) provided from other Council departments, or any expenditure incurred in respect of the renewal and replacement of capital assets. All financial figures have been rounded to the nearest \$'000.



Table 7 Financial Performance 2012-13 to 2014-15

REVENUE	2012/13 \$ ACTUAL	2013/14 \$ ACTUAL	2014/15 \$ FORECAST	Comments
Creative Victoria Grant	55,000	50,000	60,000	Grant is designed to support programming initiatives. Reduction in 2014/15 reflected cross-program cuts at Creative Victoria. Funding levels have now been restored and increased to a level which is currently expected to continue
Venue Hire Fees	220,000	251,000	226,000	Reflects an average total revenue of \$1,300 per hire including recoveries of costs incurred, largely in Buildings and Facilities
Ticket Sales and Similar Revenue	73,000	74,000	91,000	Includes box office commissions and memberships as well as direct ticket sales
Catering Revenue	17,000	22,000	16,000	Includes bar sales, related costs are included in expenditure. Overall position is thought to be at best break-even. There is limited catering revenue from functions
TOTAL REVENUE	365,000	397,000	393,000	
EXPENDITURE				
Staff	443,000	435,000	461,000	Includes casual staff which vary with performance requirements
Programming and Promotion	115,000	131,000	128,000	Reflects an increasing emphasis in this area to develop audiences
Buildings and Facilities	248,000	273,000	290,000	Includes cleaning, maintenance, utilities and costs recharged to hirers
Other	40,000	37,000	39,000	General office and administrative costs
TOTAL EXPENDITURE	846,000	876,000	918,000	
NET COUNCIL SUBSIDISATION	481,000	479,000	525,000	2014/15 figure reflects a 34% increase on the 2012 amount of \$391,000
Subsidisation per Attendee	\$6.45	\$11.14	NA	Highly sensitive to number of attendees in Kemot Hall. Benchmarking has indicated range of \$1.82 - \$19.55 in sector (VAPAC, 2010)
Subsidisation per Performance Attendee	\$38.73	\$34.84	\$27.93	Reflects increasing numbers of attendees. Benchmarking has indicated range of \$0.52 - \$42.00 in sector (VAPAC, 2010)

Table 8 Key Indicators 2012-13 to 2014-15

	2012/13 \$ ACTUAL	2013/14 \$ ACTUAL	2014/15 \$ FORECAST	Comments
Total Performance Attendees	12,422	13,748	18,800	This has shown steady growth since the 2008/09 figure of 11,064, and a significant uplift is expected in 2014/15. (Actual performance attendees to 28 March 2015 were 15,420)
Total Functions/Event Attendees	62,211	29,227	NA	Largely relates to Kernot Hall attendees; there is limited event activity in other venues
Total Attendees	74,633	42,975	NA	
Total Performances	36	59	67	Reflects more active programming, responding to Council and State Government objectives
Total Functions/Events	138	160	NA	No clear trend information available
Total All Events	174	219	NA	
Number of Events Per Week	4	5	NA	Across all venues under management, assuming 48 week year
Own Programs as % of Total Performances	36%	36%	36%	This rate is consistent with the wider regional sector (VAPAC, 2013). Own programs comprise bought-in productions and self- or co-presented productions
Community Performances as % of total Performances	33%	41%	39%	Understood to be a generally declining proportion of the total and has certainly fallen from 2008/09 rate of 52%
Commercial Performance Hires as % of Total Performances	14%	8%	9%	This has grown in percentage terms since 2008/09 when the rate was 5% but in absolute terms the figure remains very low at around 5 programs per year, generally in Kernot Hall
Average FTE (approx.)	6.45	6.25	6.25	Stable staff profile since 2011/12
Square Metres under Management	5,096	5,096	5,096	Includes LPAC, Kernot and Moe Halls only. Best estimate only

Whilst only limited trend information is available, it is clear that there has been an increased emphasis on proactive programming to build and expand audiences in Latrobe City. The Council's subsidisation, per attendee, of the overall performing arts activity is within the range for the sector.

The current subsidisation per Latrobe City resident is about \$7. Whilst there is no current benchmarking across regional Victoria, the range in 2010 was \$1.25 to \$20.56 (VAPAC, 2010). This suggests that Latrobe City's subsidisation has been at the low end of the scale although it would be useful to do some current benchmarking with a sample of directly comparable venues. It is understood that VAPAC is currently undertaking a new survey of Victorian performing arts venues and this will be a useful reference point, when complete.

In general, however, these measures confirm the findings of the demand analysis that there is the opportunity to achieve larger audiences for the performing arts in Latrobe City through an increased investment in facilities and programs to a level that would sit comfortably within the range of investment currently made by other Victorian regional councils.

7.2 Indicative operating revenues and costs

Audience growth scenarios

The indicative operating revenues and costs for the proposed new sites at Traralgon and Morwell have been prepared under the audience growth scenarios in Table 9.

Table 9 Audience Growth Scenarios

Genre	Market Penetration by 2031			
	2014-15	Conservative	Mid-Range	Ambitious
Classical Music	4%	10%	15%	20%
Popular Music	1.5%	3%	5%	10%
Theatre	31%	38%	45%	50%
Dance	16%	18%	20%	28%
Opera/Musical	11%	15%	20%	24%
Other (incl. Comedy and Children's Shows)	47%	49%	50%	55%

Underlying volumes for potential audiences are derived from the demographic analysis described in Section 3 and, in particular, the forecast changes over the period from 2015 to 2036. It is assumed that the new facility would be operating from 2019/20 and that Year Five is, therefore, 2023/24. All financial figures are provided in current prices.



The numbers attending functions are assumed to track demographic changes and are deemed to come largely from the Latrobe City and its broader catchment. In the absence of any detailed demand assessment for the functions and events market, these are prudent assumptions. It should also be noted that neither of the facilities are scoped to provide large-scale events and convention services but rather to optimise the building's capacity alongside an active performing arts program.

Other assumptions

In addition to the implicit assumptions in the demand scenarios, several other key assumptions were made in developing the financial model. Given the limited scope of this review, these were necessarily high-level and have generally erred on the side of prudence. All would require further testing and review as part of the development of a full business case for the preferred option. These are summarised in Appendix 4.

In particular, it is assumed that the Creative Victoria grant continues at the current level of \$60,000. The experience of other new venues is that an increase in this grant can be negotiated to support the development of a new and expanded program. The likelihood of this should be explored further with Creative Victoria.

7.3 Summary financial performance – Morwell & Traralgon

Table 10 presents summary figures for Year 5 only⁸, as it is assumed that it will take five years from opening for a stable business model to be bedded down and for the target penetration into potential genre groups to be firmly on track to meet the 2031 targets in Figure 5. This is consistent with general industry experience.

It should be note that this model assumes that the existing LPAC site is no longer used as a performing arts space. To continue using this site, as was assumed in the Morwell Business Case, would lead to an increase in costs but without a commensurate increase in demand and revenues.

Error! Reference source not found. presents figures for Traralgon for Year 5 only as it is assumed that it will take five years from opening for a stable business model to be bedded down and for the target penetration into potential genre groups to be firmly on track to meet the 2031 targets in Figure 6. This is consistent with general industry experience.

⁸ Full figures for the Morwell and Traralgon options are available in Appendix 4.



Table 10 Monwell Option Year 5 Financial Forecast Summary

	Conservative (\$)	Mid-Range (\$)	Ambitious (\$)	Comparison between Mid-Range Scenario and 2013/14 Actual Results
TOTAL REVENUE	737,000	821,000	890,000	124% increase on 2013/14 revenue
TOTAL EXPENDITURE	1,654,000	1,883,000	2,071,000	137% increase on 2013/14 expenditure
NET COUNCIL SUBSIDISATION	917,000	1,062,000	1,181,000	Represents a \$584,000 increase on 2013/14 level (\$478,000) and a \$537,000 increase on 2014/15 level (\$525,000)
Subsidisation per Attendee	\$11.13	\$11.73	\$12.15	Consistent with 2013/14 rate of \$11.14
Subsidisation per Performance Attendee	\$38.67	\$33.40	\$30.72	Consistent with 2013/14 rate of \$34.81
Subsidisation per Latrobe City Resident	\$11.68	\$13.53	\$15.04	Based on an estimated resident population of 78,500 in 2023. Current rate is \$7

Table 11 Traralgon Option Year 5 Financial Forecast Summary

	Conservative \$	Mid-Range \$	Ambitious \$	Comparison between Mid-Range Scenario and 2013/14 Actual Results
TOTAL REVENUE	766,000	852,000	924,000	132% on 2013/14 level
TOTAL EXPENDITURE	1,723,000	1,956,000	2,149,000	145% on 2013/14 level
NET COUNCIL SUBSIDISATION	956,000	1,104,000	1,225,000	Represents a \$626,000 increase on 2013/14 level (\$478,000) and a \$579,000 increase on 2014/15 (\$525,000)
Subsidisation per Attendee	\$12.23	\$12.77	\$13.14	Slightly higher than current level (\$11.14) and Monwell option, reflecting greater square metres under management
Subsidisation per Performance Attendee	\$39.49	\$34.01	\$31.21	Consistent with 2013/14 rate of \$34.81
Subsidisation per Latrobe City Resident	\$12.17	\$14.06	\$15.61	Based on an estimated resident population of 78,500 in 2023. Current rate is \$7

7.4 Comparison with feasibility study and business case

The Feasibility Study included some detailed projections of revenues from catering, venue hire and ticketing (some of which have been applied in this review). However, it was based on different assumptions for estimating, and responding to, demand. This means they are not directly comparable.

The cost analysis lacked some detail and the assumptions regarding the operating model for the existing, and potentially continuing, venues was not explicit. For example, the Study was silent on the ongoing use of Kernot Hall, the Moe Town Hall and the other venues under the Traralgon option, and of the existing LPAC, under the Morwell option.

Overall, the Feasibility Study concluded that, in Year 5, both the Traralgon Option and the Morwell Option would require a net subsidisation of \$357,000 from the Council. If this is taken to be the net additional impact of the new facility and an 8.8% increase in prices since 2010 is assumed, this is equivalent to an amount of \$386,000 today. This is lower, but not inconsistent, with that derived in this study for Morwell (\$439,000) and Traralgon (\$478,000) under the most conservative of the three scenarios.

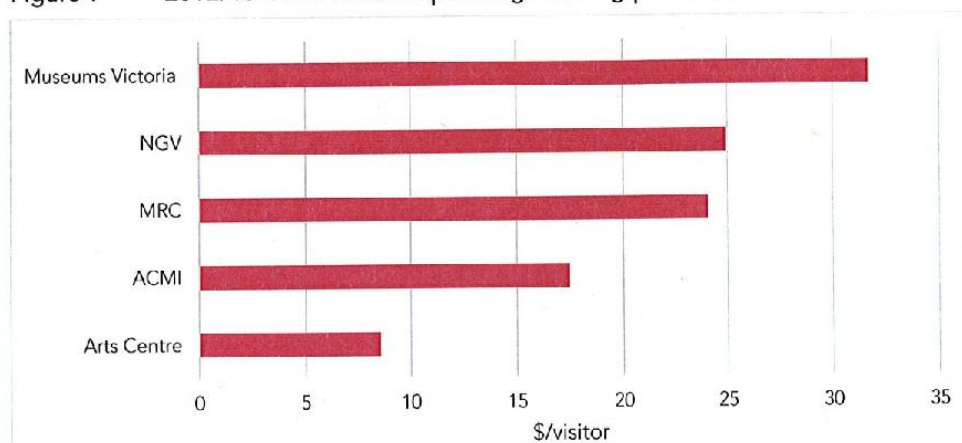
The Morwell Business Case more fully developed the estimates for the Morwell option but assumed the Traralgon LPAC facility would continue to operate and took a portfolio approach to all arts facilities. Its activity and revenue assumptions are also based on the capacities of the proposed facility, rather than the market and demographic trends. Slightly more bullish assumptions were made about catering revenues on the Morwell site but, on the other hand, no revenue from sponsorship and donations was included for either option.

The Business Case also included different assumptions about staffing (assuming lower productivity); programming costs (assuming they would be contained at lower levels); and building costs (underestimating ongoing maintenance costs of the new facility, but also assuming that LPAC would continue). The Business Case concluded that the net subsidisation from Council would be \$1.12 million, an increase of \$727,000 over the then level. Assuming a 4.6% increase in prices since 2012, this equates to a subsidisation of \$1.17 million, which is consistent with the most ambitious of the three scenarios here.

7.5 Net council subsidisation

Both earlier reports concluded that the building of a new facility would result in a net increase in total subsidisation by the Council. This has been confirmed here and is consistent with almost every experience in the public theatre sector, and much of the commercial sector as well. Theatres and other cultural institutions are not primarily intended to be money-making ventures, but rather investments to deliver broader community benefits and, potentially, to contribute to economic activity in a wider region. This is illustrated in Figure 9, which compares the level of subsidisation across several State entities in Melbourne.



Figure 9 2012/13 Government Operating Funding per Visitor

Source: extracted from Annual Reports, Geografia, 2014

The Feasibility Study reported that levels of Local Government subsidisation of performing arts centres in Victoria in 2010 ranged from \$25,000 per annum to over \$1.3 million across a number of venues (VAPAC 2010). The Study's own benchmarking exercise of some regional cities and larger centres in the Gippsland region found subsidisation amounts fell in the range of \$450,000 to \$1,400,000 and that Latrobe City was then at the lower end of the scale, at \$391,000.

Current subsidisation per Latrobe City resident is \$7. Investment in a new venue, at either Traralgon or Morwell, would increase this rate of subsidisation to a figure within the range \$11.68 to \$15.16 which appears to be more comparable with the rest of the sector (see Section 7.1).

7.6 Whole-of-Life operating costs

Given that a functional design brief has not yet been developed and only very basic designs are available, it is difficult to calculate reliable whole-of-life operating costs or indicative replacement costs. A rule of thumb for maintenance, plant replacement and upgrading, is to allow 3% per annum of the total current capital cost to rebuild (VAPAC 2012). Based on the indicative total capital costs in Table 5, this would suggest that an annual amount of \$350,000 should be allowed per annum for Morwell, and \$390,000 per annum for Traralgon from 2019/20 onwards for capital renewal and replacement. This is in addition to the amounts already allowed in Table 11 and Table 12 for annual building and equipment maintenance costs.



7.7 Flow-on economic impact

The total estimated economic impact of the LPACC is summarised in Table 12. It is based on the construction cost estimates and net revenues from non-resident attendance at both performances and events. Further details on how these were calculated are provided in the Appendix.

Table 12 Impact of Construction Activity on Local Economy

	Cycle	GRP	Net Jobs
Morwell Site	Construction	\$20.6m	352
	Operational	\$301,800 p.a.	4.5
Traralgon Site	Construction	\$20.3m	347
	Operational	\$298,800 p.a.	4



8.0 Potential Joint Ventures or Naming Rights

Although selected comparable performing arts venues have succeeded in attracting reasonable levels of support for new venues from the private sector over the past decade, such support might be limited in the future given low levels of expected economic growth. It is advised that Latrobe City explore the prospect of support from both private and public organisations, including those in the education and health sectors seeking broader community partnerships.

8.1 Market overview

A high-level review of performing arts and entertainment centres in several Victorian regions including Sale, Warragul, Warrnambool, Wangaratta and Shepparton indicates that private sector support, in the form of corporate sponsorship and philanthropy, is currently limited.

The ESSO BHP Billiton Wellington Entertainment Centre (EBBWEC) in Sale stands out as the benchmark for success in attracting support from the private sector, having secured naming rights from both commercial and philanthropic partners. ESSO BHP Billiton was reported to have secured naming rights of the venue for \$350,000 in 2003 for an unknown term (Gippsland News, 2003). EBBWEC also includes the John Leslie Theatre, demonstrating that a community arts centre can negotiate multiple naming rights with both commercial and philanthropic supporters. In addition to these naming rights, the EBBWEC website lists at least a dozen sponsors, mostly local businesses that are likely to be offering cash or in-kind contributions to support the entertainment centre.

It should be noted that private sector support for the EBBWEC was sought before the global financial crisis and its subsequent impact on the Australian economy. Although total national arts sponsorship increased by 29% and arts philanthropy increased by 141% in the period from 2003/04 to 2009/10, support for performing arts venues accounted for just \$16 million or 7% of the total (ABaF, 2011). It is reasonable to assume that most of this support would be secured by the large state government-owned performing arts venues and that contributions to local government-owned venues would be minimal.

There has also been significant structural change in the national economy over the past decade and this is likely to affect the quantum and source of private sector support available for new venues such as that proposed by Latrobe City.



8.2 Suggested partnership model

A partnership model should be developed that distinguishes between commercial and philanthropic support, reflecting the different types of contributions made to LPACC. As outlined in Table 13, LPACC could attract support both at the venue level (venue partners) and for specific LPACC programs, seasons, performances, or events (program partners).

At the venue partner level, cash contributions to LPACC could bestow naming rights on companies (with recognition such as "Principal Partner") or on philanthropists ("Principal Benefactor"). Naming rights for the entire building and for specific spaces (such as meeting rooms, exhibition spaces or the auditorium) could be offered. In addition to naming rights, LPACC might attract contra support for the venue (to cover the costs of items such as printing or bathroom toiletries) and these contributors could be recognised "Major Partners" or "Support Partners", in the case of the commercial sector, or "Patrons" and "Friends" in the case of philanthropists, depending on the respective level of support.

At the program partner level, supporters from the commercial sector might be referred to as "Major Sponsors" or "Support Sponsors", depending on the level of their contribution, and philanthropic supporters might be known as "Patrons" for significant in-kind contributions, or "Friends" for minor in-kind contributions.

Table 13 Proposed Partnership Model

	Contribution	Commercial Recognition	Philanthropic Recognition
Venue Partners	Naming Rights – cash	Principal Partner	Principal Benefactor
	Cash or Major Contra	Major Partners	Patrons
	Minor Contra	Support Partners	Friends
Program Partners	Cash or Major Contra	Major Sponsors	Patrons
	Minor Contra	Support Sponsors	Friends



8.3 Opportunities for LPACC

Potential commercial sponsors are most likely to be interested in either:

- Those LPACC activities which offer the greatest exposure to the broadest possible demographic cross-section of the community (including young adults, families, couples with no children and older members of the community); or
- Opportunities that might reflect the sponsor's footprint in the region and/or allow them to discharge their social responsibility or community contribution obligations in respect of separate agreements entered into with State or Local Governments.

Potential philanthropists are most likely to be:

- Families with origins in the region (that may or may not currently live in Latrobe City) that may be interested in establishing a "local legacy" in their family name; or
- Individuals who may have a specific interest in supporting cultural development in the Latrobe City and are probably already involved with arts and cultural activities.

Specific opportunities for Latrobe City to explore in the commercial sector include:

- For major contributions: local retail gas and electricity providers, companies in the local coal mining, energy, and agribusiness (including forestry) industries; and
- For minor cash or contra contributions: small to medium businesses servicing the local community such as local bank branches, commercial and professional firms, and emerging industries and businesses that may have a larger regional presence by 2019/20.

Partnership opportunities with community sector organisations with a large footprint in the region, such as those in the health and education sector, should also be explored for potential support of LPACC.

There are several examples of education partners investing in performing arts venues in regional Victoria. Deakin University, with a campus in Warrnambool, is the Principal Sponsor of the theatre season at the Warrnambool Regional Performing Arts Centre. The Westside Performing Arts Centre in Shepparton is owned by Mooroopna Secondary College and is managed by Greater Shepparton City Council. The City of Greater Bendigo has entered a joint venture with Bendigo Senior Secondary School, through the Department of Education and Early Childhood Development, to open the new Ulumbarra Theatre in April 2015, which is also expected to include a tertiary institution as an education partner.

Berry Street is the largest independent Victorian child and family services organisation and has been providing services to Gippsland families for more than 20 years. Berry Street has an independent school and regional office in Morwell and could be approached to partner with LPACC in the delivery of specific programs, performances and events for families in Latrobe City. Berry Street currently partners with the corporate sector, including ANZ, to run



seminars for families in multiple locations, including Morwell. A sponsorship agreement with Berry Street could include the use of LPACC facilities for Berry Street activities.

8.4 Indicative revenues

The Australia Business Arts Foundation (AbaF) reported total arts sponsorship and philanthropy in Victoria of \$62m for 2009/10 with sponsorship accounting for roughly a third of this. Similar proportions could be applied to LPACC estimates for the two different sources of private sector support outlined in Table 14.

Table 14 Private Sector Support

	2019/20 \$'000s	2020/21 \$'000s	2021/22 \$'000s	2022/23 \$'000s	2023/24 \$'000s	2024/25 \$'000s
Naming Rights	\$50	\$50	\$50	\$50	\$50	\$50
Other Support (programs, events etc.)	\$15	\$20	\$25	\$30	\$30	\$30
Total	\$65	\$70	\$75	\$80	\$80	\$80

These estimates assume:

- **Cash contributions only.** Any contra support, effectively reducing LPACC's operating costs, would be in addition to these amounts;
- **Naming rights of the venue might be negotiated for \$250,000 for a 5-year term** and any additional naming rights (of a studio, theatre, meeting room etc.) would be in addition to these overall naming rights of the building. Naming rights could be secured via corporate sponsorship or philanthropy; and
- That support for programs and events would build over the initial 5-year period as the venue is launched, builds popularity in the community, and attracts media attention.

The total level of financial support shown in Table 15, is not believed to be contingent upon where the LPACC venue is located, or which of the three attendance scenarios is applied, as there are insignificant differences between these attendance levels for the purposes of attracting private sector support.



8.5 Other considerations

LPACC should also consider the following when developing relationships with sponsors and philanthropists:

- The development of a full suite of potential offerings for commercial sponsorship and philanthropic support at LPACC well in advance of the proposed venue opening date as negotiations can also take much longer than expected;
- Ensure a transparent process and optimise stakeholder relationships. For example, it may be appropriate to conduct an expression of interest process with local businesses to assess the levels of potential interest;
- All sponsorship agreements should have start and end dates so that acknowledgement is not conferred to supporters in perpetuity. Similarly, naming rights for philanthropists should never be promised in perpetuity other than in the most exceptional of circumstances. In most cases periods of 5-20 years should suffice;
- In the interests of maintaining good stakeholder relationships and avoiding “double dipping”, it will be important for Latrobe City to research and identify sponsorships and relationships that are already in place between Latrobe City’s community stakeholders and the corporate sector (for example Latrobe Theatre Company, relevant festivals and performing arts groups); and
- Expiry dates of commercial sponsorship agreements (anywhere from one year agreements to five-year agreements) should be staggered to avoid multiple agreements expiring at the same time.



9.0 Which Site?

Financially there is little to choose between the two sites. And without further analysis of economic interactions between the facility and the local retail and hospitality sector, the economic gains are also similar. There are, however, some measures which suggest Traralgon offers the better of the two options.

9.1 Summary of options

Whilst not intended to be an exhaustive survey of the criteria to be considered when choosing between the two sites, Table 15 provides a summary of some of the key areas covered by this review.

Table 15 Comparison of Site Options

Criterion	Morwell Option	Traralgon Option	Comments
Community Consultation	-	-	In general, the only views expressed (the question was not formally asked) related to access issues – Morwell was regarded as having poorer public transport and foot access but better parking than Traralgon
Location and Amenity	Not Preferred	Preferred	Overall an 'in town' site provides greater amenity than an 'edge of town site'. This was supported by industry consultation
Capacity (persons)	1,455	1,680	Excludes Moe Town Hall and smaller sites. Assumes that the Traralgon option continues to operate Kernot Hall as part of a portfolio of venues
Square Metres (full portfolio of venues)	5,161	5,670	Traralgon Option requires construction of new function space and assumes Kernot Hall continues in use
Year 5 Mid-Range, Indicative Scenario:			
Total Attendees	90,497	86,426	Impact of integrated Kernot Hall under Morwell Option
Total Performance Attendees	31,789	32,452	Traralgon is preferred venue for performances and expected to generate greater participation
Total Net Subsidisation	\$1,062,000	\$1,104,000	Higher building management costs under Traralgon Option



Criterion	Morwell Option	Traralgon Option	Comments
Subsidisation per Performance Attendee	\$33.40	\$34.01	Ditto partially offset by marginally more performance attendees under Traralgon Option
Subsidisation per Population	\$13.53	\$14.06	Based on 2023 population estimate of ~78,500
Capital Cost	\$16,974,000	\$16,724,000	No material difference. Traralgon Option includes demolition of LPAC and provision for commercial kitchen and some refurbishment to Kernot Hall
Annual Sinking Fund Contribution	\$350,000	\$390,000	No material difference
Economic Impact – construction	\$20.6 million (352 jobs)	\$20.3 million (347 jobs)	Higher impact from Morwell development
Economic Impact – operations	\$301,800 pa (4.5 jobs)	\$298,800 pa (4 jobs)	No material difference

From a financial or economic perspective, there is little to choose between the two sites. Greater flow-on economic benefits from the Traralgon 'in-town' site are probable, but difficult to project. The views of potential funders, whilst informally obtained both now, and in the past, should be considered persuasive and both Creative Victoria and RDV are likely to encourage the Traralgon site as it is centrally located in the town and close to other amenities. This is also the implicit view of the sector professionals consulted during this review. With this background, a decision to proceed with the Morwell site would need to be supported by a much more pronounced evidential advantage than that indicated above.

Two strategic issues are material to the relative costs and economic impact:

1. **The future role for the existing LPAC site under both scenarios.** This review has assumed that this will not continue as a performance space, as this is not justified by demand projections. Whether, however, it is preferable to demolish the building to use as car parking space, as is currently proposed under the Traralgon option, or whether it would be preferable to realise the value of the asset through commercial sale (e.g. for aged care housing) to fund the redevelopment needs further consideration. This is also relevant to the Morwell Option.
2. **The extent to which Kernot Hall would need refurbishment under the Traralgon Option** in order to maintain a full portfolio of venues in Latrobe City. This could also be considered an interim stage progressing towards to the future use of the Morwell site in the future for the development of a **larger scale dedicated events and convention centre for the wider Gippsland region**, if there is a strong business case.

The development of a Master Plan for all cultural and related infrastructure in Latrobe City, in conjunction with the proposed arts and cultural strategy, would greatly assist in answering these questions.



10.0 Recommendations

This review has confirmed that there is a clear need to expand and enhance the provision of performing arts facilities in Latrobe City. Once the criteria considered in this review are taken into account, the Traralgon option presents the most appropriate site, particularly in the context of views of potential funders and the experience of the sector as a whole. However, there are gaps in the evidence in support of a facility, particularly given changing conditions in the wider region.

The following recommendations suggest a course of action to progress the development of this project.

Table 16 Recommendations

Recommendation	Reference	Details
1	Section 2.3	Undertake a representative survey of residents to assess views on relative merits of Traralgon and Morwell sites and potential community usage.
2	Section 3.3 & 7.2	Confirm demand projections for functions and events. Consider the potential long term demand for the development of a larger scale (i.e. > 500 seats) dedicated convention facility serving Gippsland.
3	Section 4.2	Complete the Latrobe City Arts and Culture Strategy and ensure any proposal for a new venue is consistent with the Strategy's objectives.
4	Section 4.2 & 9.1	Consider development of a Master Plan for cultural facilities in Latrobe City, following completion of the Arts and Culture Strategy.
5	Section 4.3	Council to confirm the site for the proposed new facility without delay. This review recommends the selection of the Traralgon site and the following recommendations assume this selection. Councillors and relevant Council staff may find it useful to undertake some formal field visits to other Victorian venues such as Shepparton (separate facilities for performing arts and conventions), Albury/Wodonga/Wangaratta/Benalla (partnership model and mix of 'in town' and 'edge of town' venues); Sale/Warragul (both within Latrobe City catchment area); Horsham (current development); Bendigo (newly opened large scale venue).



Recommendation	Reference	Details
6	Section 5.1 & 5.2 & 6.0	<p>Confirm key design elements including, <i>inter alia</i>:</p> <ul style="list-style-type: none"> • Inclusion of a fly tower and orchestra pit • The need for a flexible, flat floor performance space • Catering and kitchen facilities • Extent of refurbishment needed at Kernot Hall • Co-location of administrative offices on site • Technological and digital functionality. <p>This should include an assessment of the existing, and proposed, provision elsewhere in the region to ensure the new facility is complementary and regional gaps are filled.</p> <p>The early engagement of a specialised theatre design consultant would assist throughout the project and is recommended.</p>
7	Section 5.1 & 9.1	<p>Determine future use of the existing LPAC site in Traralgon. Possible options include:</p> <ul style="list-style-type: none"> • Demolition with site being used for car parking (for new facility) or recreational space. • Demolition with site being leased/sold for alternative use including commercial or residential. This could possibly provide funding for the development of the new facility. • Retention and conversion to meet demands of the new proposed facility (the Business Case should address this option, for completeness). • Retention and conversion to another use.
...8	Section 5.3	Complete functional design brief for costing and inclusion in Business Case.
9	Section 6.3	Review existing business systems, including booking systems, to ensure they will meet future requirements and estimate cost of any enhancement.
10	Section 6.4	Determine expected staffing numbers and skills mix.
11	Section 6.5	Determine catering model and engage services of specialised catering consultant during development of functional design brief and business case.
12	Section 7.2	Determine likely level of grant support from Creative Victoria for programming in a new venue and reflect in financial projections.
13	Section 7.2 & Appendix 4	Confirm financial model and assumptions in conjunction with functional design brief and recommendations 2, 9-12.



Recommendation	Reference	Details
14	Section 7.1	Update data on relative regional subsidisation rates once 2014 VAPAC benchmarking is available.
15	All Sections	Develop a business case, with a strong evidence base, for the new venue. The use of the Victorian Department of Treasury and Finance's Investment Management Standard framework is highly recommended. It will also be important that the Business Case reflects the policy and strategic objectives of funders. Creative Victoria is understood to be currently reviewing the State's arts policy, including the regional arts policy.
16	Section 8.2 & 8.5	Develop a partnership model for corporate and philanthropic support and ensure negotiations start well in advance of the opening of a new facility.
17	Section 6.2	Continue and increase investment in programming in the period before opening to build audiences.



11.0 References

ABaF, 2011, *Survey of Private Sector Support: measuring private sector support for the arts in 2009/10*, Australian Business and the Arts Foundation,

Artefact Consulting, 2012, *Latrobe Performing Arts and Convention Centre Business Case*, Melbourne

CPG Australia, 2009, *Latrobe Performing Arts and Convention Centre Feasibility Study: Options Analysis; Financial and Economic Impact Assessment*, Melbourne

DTPLI, 2014, *Gippsland Regional Growth Plan*, Department of Transport, Planning and Local Infrastructure and Gippsland Local Government Network, Melbourne

Destination Gippsland, 2013, *Gippsland Business Events and Conference Market Study*, Destination Gippsland Ltd, Mirboo North

Gippsland News, 2003, *Esso and BHP Billiton Confirm Major Sponsorship of New Wellington Entertainment Centre*, <http://gippsland.com/News/Old/3491.htm>

Latrobe City, 2010, *Latrobe City Council Plan 2010-2014*, Latrobe City, Morwell

Latrobe City, 2011, *Economic Sustainability Strategy*, Latrobe City, Morwell

Latrobe City, 2013, *Latrobe 2026: Community Vision*, Latrobe City, Morwell

VAPAC, 2010, *End of Year Financial Survey of Members*, Victorian Association of Performing Arts Centres, July 2010, Melbourne

VAPAC, 2012, *Oh You Beautiful Stage Edition 3*, Victorian Association of Performing Arts Centres, Melbourne

VAPAC, 2013, *Annual Report*, Victorian Association of Performing Arts Centres, Melbourne



Appendix 1 Methodology

Market size

The potential market size for Latrobe performing arts venues has been calculated by applying the ABS cultural attendance survey data to the defined catchment area and deriving an estimate of the total number of expected annual visits to a cultural event by residents of that catchment area. This is the estimated 'market size' for all cultural events whether they are in Latrobe or elsewhere; in privately owned or public facilities. The steps involved were:

1. Define the catchment area using postcode data from ticket sales provided by the Council. As 80-90% of all sales have been to Latrobe residents and most of the rest of sales are to Baw Baw, East Gippsland and Wellington residents, the populations of these council areas has been used to estimate the catchment area.
2. Use State Government population projections for the catchment area to establish the total and adult population of the catchment area each year to 2031.
3. Apply the ABS survey results for regional Victoria to the adult population. This provides a baseline market size by art form.
4. Escalate the participation rate by gradually shifting from the regional city participation rates and frequencies to the 'capital city' figures. This is a 'baseline' increase in participation that is assumed to occur regardless of whether a new facility is built. However, it does assume the City invests in audience and program development.
5. Accelerate the increase in participation rates assuming the new facility is built.

Figure 10 shows how these steps affect the change in market size. The error in the ABS survey results and in the population projections were incorporated into the analysis to calculate a ranged estimate of the total market size (from 132,000 to 180,000 visits). Essentially, the growth in catchment area market size from 2019 factors in underlying population growth, increased interest due to the development of the new facility, and also an investment in a successful audience development program (Figure 11).



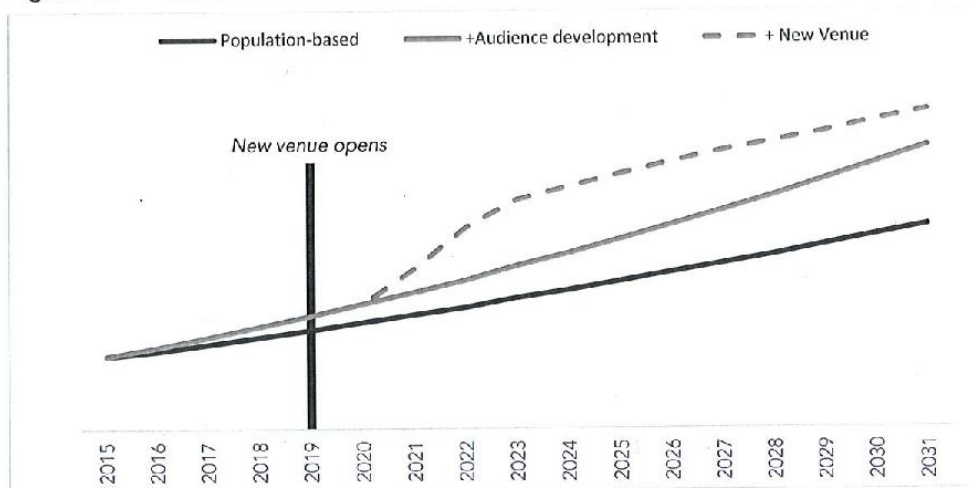
Figure 10 Demand Growth Model

Figure 10 illustrates how the assumptions underpinning the demand growth model work. Firstly, there is an expected growth rate tied to the population growth of the catchment area. This assumes a fixed rate of cultural participation by residents. Added to this is an increase in the participation rate due to factors such as an active audience development program. Participation rates then converge on the metropolitan average. Finally, the new venue, along with investment in programs and audience development, triggers significant growth in participation, which then eases back to the 'audience-development' rate of growth. Source: Geografia, 2015

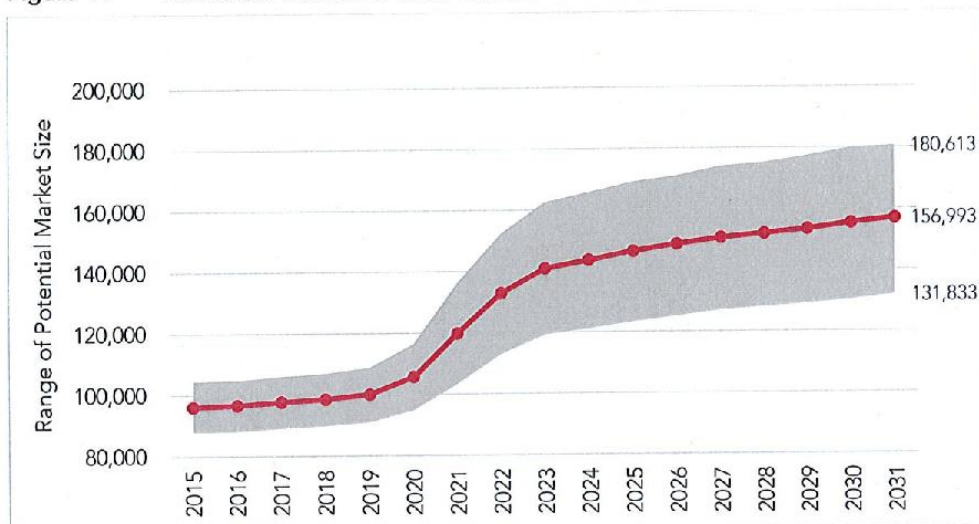
Figure 11 Estimated Market Size for Latrobe Cultural Events

Figure 11 shows the total market size for all cultural events for the Latrobe PACC catchment area. The red line is the mean value and the grey band the level of uncertainty around this. Source: Geografia, 2015



The estimated market size by local government area is shown in Figure 12.

Figure 12 Market Size by Local Government Area (2015-2031)

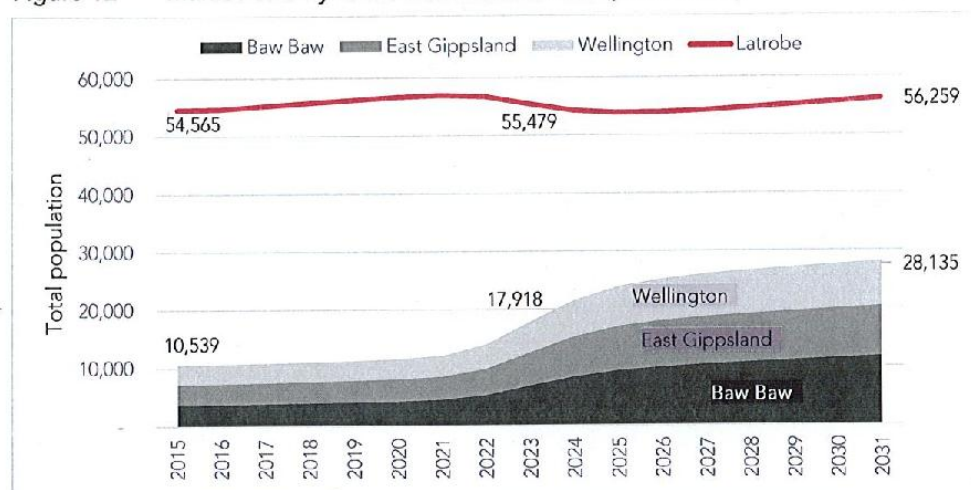


Figure 12 shows the estimated market size by local government area for the primary catchment area. While the current Latrobe facilities do attract visitors from other parts of the State, these four municipalities account for the majority. The figures here are estimated adult populations weighted by the relative share of attendance (e.g. in 2015, 90% of Latrobe's adult population and 10% of each of the other three municipal populations). Source: Geografia, 2015

Market share

Ticket data provided by Council was then used to calculate the share of the total market captured at local venues in the current year. That is, the existing venues' market share. This was used as the starting point for estimating growth scenarios. 'Baseline', 'Midrange' and 'Ambitious' scenarios were calculated using fixed target market shares by art form (Table 17).

Table 17 Market Share Scenarios

Scenario	Growth in Market Share (2031)
Baseline	Avg 5% p.a. (aligned to total market growth, achieving 17% overall market share)
Midrange	Avg 7% p.a. (targets 20-25% overall market share)
Ambitious	Avg 8.5% p.a. (targets 28-32% overall market share)



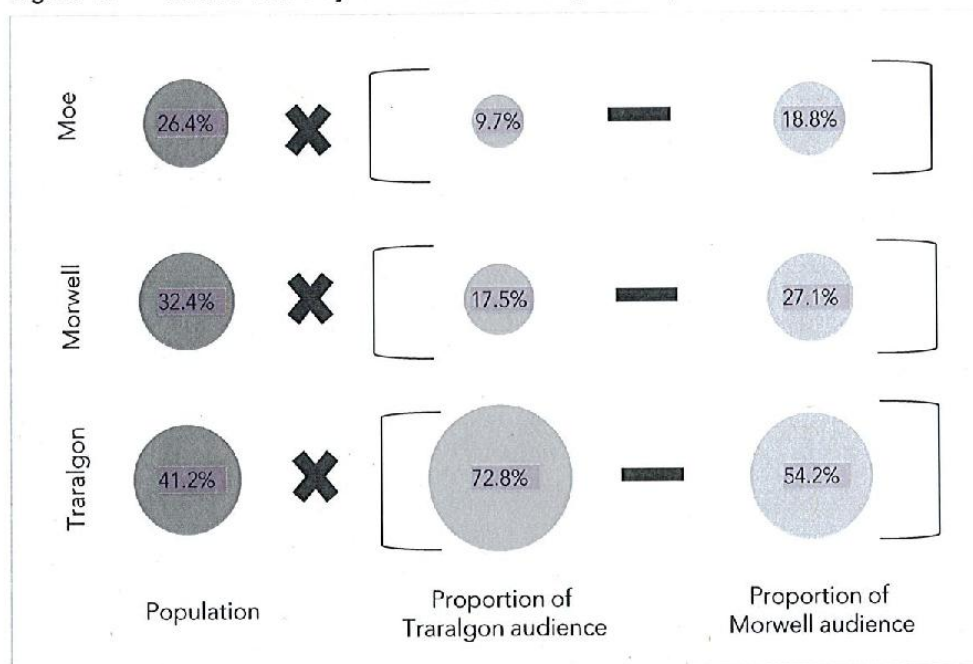
Estimating variation in demand between sites

As with the 2009 Feasibility Study, this analysis also made the assumption that local market share would be slightly different depending on the final location of the LPACC. This is due to the different population sizes and propensities to attend cultural events⁹.

Figure 13 summarises the key dimensions of this and how a 'scaling factor' was calculated, taking into account that:

1. Traralgon residents make up a higher share of the total population and a significantly higher share of both the Traralgon and Morwell audiences.
2. Residents from each town showed a preference for attending performances in their 'home town'. But Traralgon residents are more willing to travel to other towns (Moe or Morwell) for performing arts.

Figure 13 Market Share by Place of Residence (2013-14)



Source: ABS, 2011; Latrobe City, 2015

⁹ The difference was based on ticketing data from Traralgon, Moe and Morwell residents only as only these towns showed any significant difference in preference for Morwell or Traralgon events. They also make up some 60% of the resident population of the catchment area.



From this, we derived a figure of 1.8-2.2%. That is, audience numbers for a Traralgon venue would be between 1.8% and 2.2% higher than a Morwell venue (all other things being equal).

Functions

Estimates of the potential demand for and attendance at conventions and functions have less data to draw upon compared with that for arts performances. To derive a reasonable estimate, existing Council data was used to calculate a baseline rate, which was then escalated at the regional population growth rate. This latter assumption is based on the findings from the Destination Gippsland Events and Conference Market study which found that 80-90% of convention and function activity came from within the region.

Flow-on economic benefits

Geografia's inter-industry model for Latrobe City was used to estimate the flow-on benefits of the facility on the local economy in terms of additional Gross Regional Product. This includes:

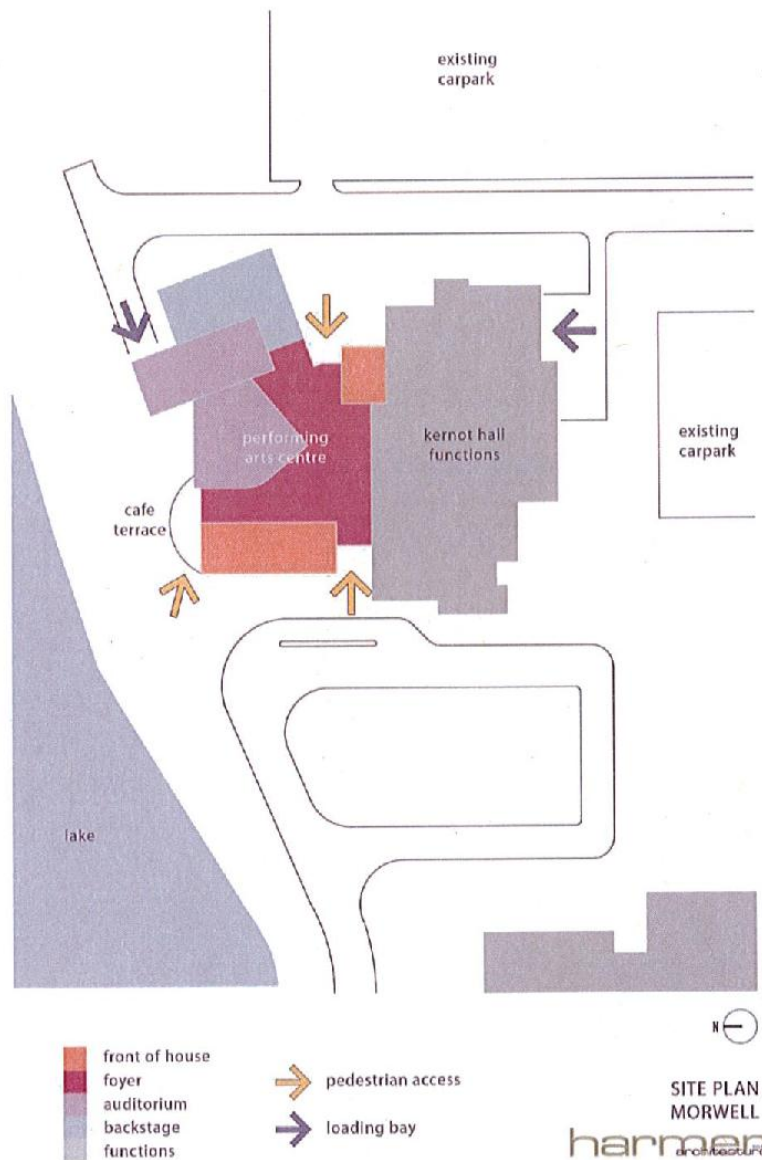
1. A short-term impact from construction activity
2. A longer-term, but smaller impact from operational activity. This only factors in additional attendance at LPACC events/functions from non-residents.

There is a strong argument to be made that the economic benefits accruing from the operation of a facility on the Traralgon site would be higher due to greater likely interaction between the facility and local retail and hospitality businesses. However, there is no data available to quantify this. Additionally, most of the expenditure will be by residents, which does not add to GRP and, so, the difference is likely to be negligible.



Appendix 2 Indicative Designs

Figure 14 Morwell Site Plan

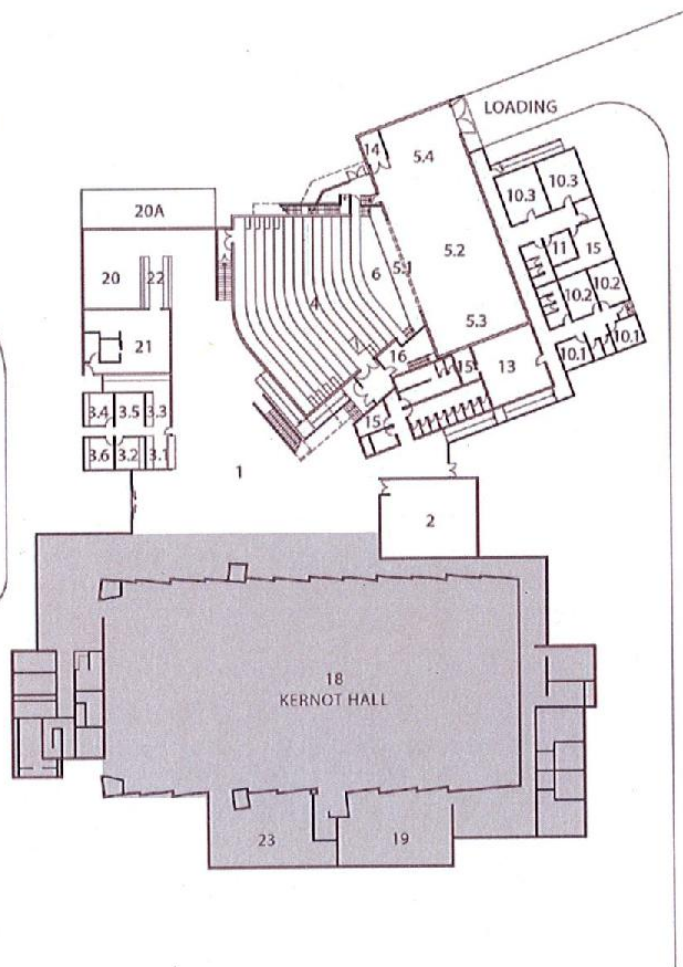


Source: CPG, 2009



Figure 15 Morwell Floorplan

- 1 POWER
- 2 CONFERENCE ROOM
- 3 OFFICES
- 3.1 BOX OFFICE
- 3.2 MANAGERS OFFICE
- 3.3 ADAMS OFFICE
- 3.4 TECHNICAL MANAGER'S OFFICE
- 3.5 STAFF ROOM
- 3.6 WORKSHOP / INTERVIEW ROOM
- 4 AUDITORIUM
- 5 STAGE
- 5.1 PROSCENIUM
- 5.2 ACTING AREA
- 5.3 PROSCENE WING
- 5.4 OFF PROSCENE WING
- 6 ORCHESTRAL PIT
- 7 TOURING OFFICE
- 8 CREW ROOM
- 9 DRESSING ROOMS
- 10.1 2 PERSON
- 10.2 4 PERSON
- 10.3 CHANGING
- 11 WARDROBE
- 12 GARDEN ROOM
- 13 PIANO STORE
- 14 GENERAL STORAGE
- 15 PROPS EQUIPMENT STORE
- 16 TECHNICALS WORKSHOP
- 17A CONTROL ROOM
- 18 FUNCTION ROOM
- 19 CHAIR / TABLE STORE
- 20 CAFE
- 20A CAFE TERRACE
- 21 CAFE KITCHEN
- 22 BAR
- 23 COMMERCIAL KITCHEN
- 24 RE-HEAT KITCHEN

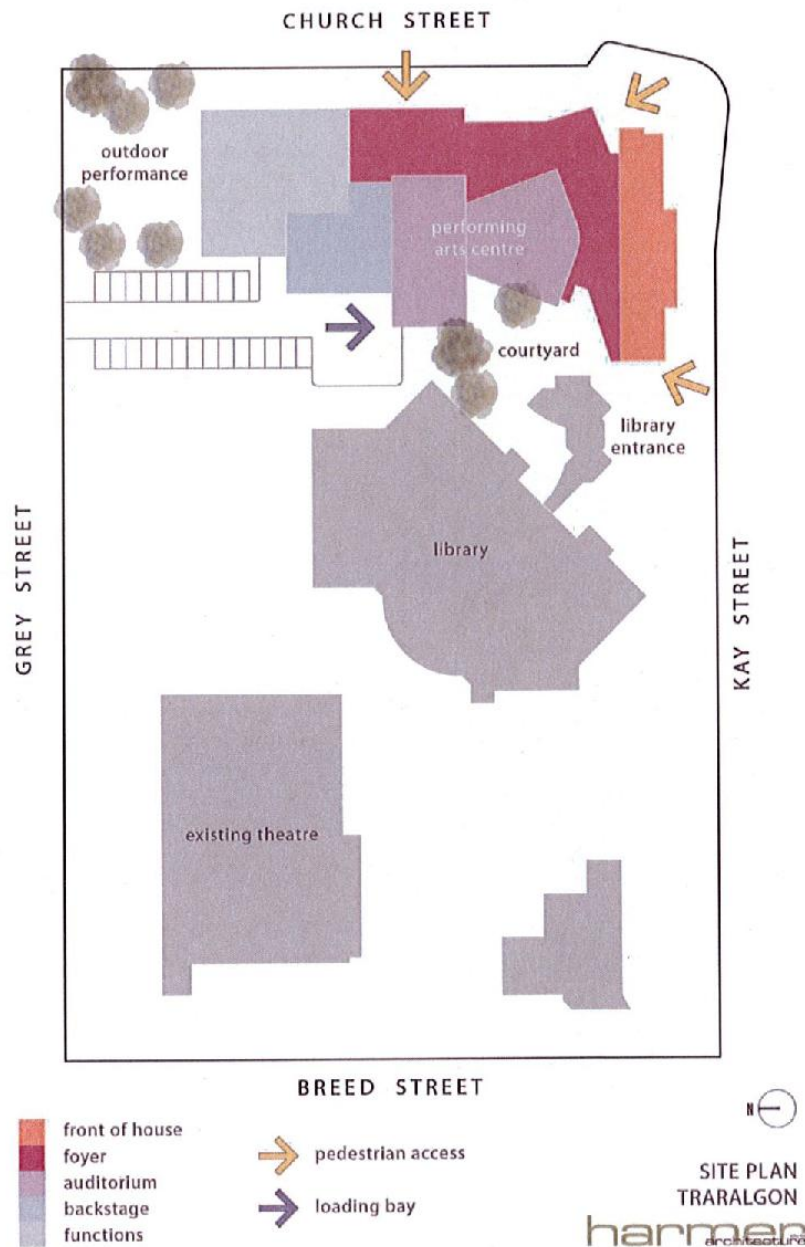


FLOOR PLAN
MORWELL
harmen
architecture

Source: CPG, 2009



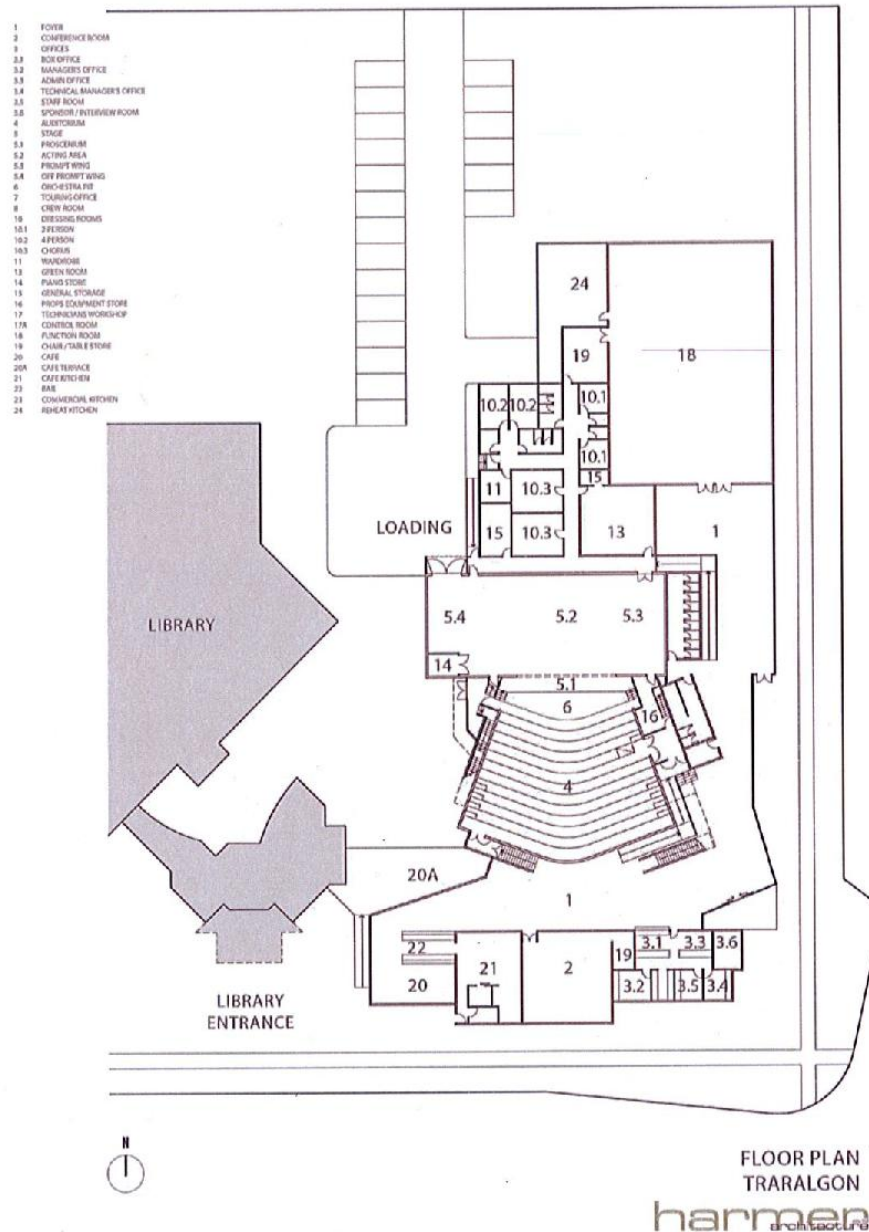
Figure 16 Traralgon Site Plan



Source: CPG, 2009



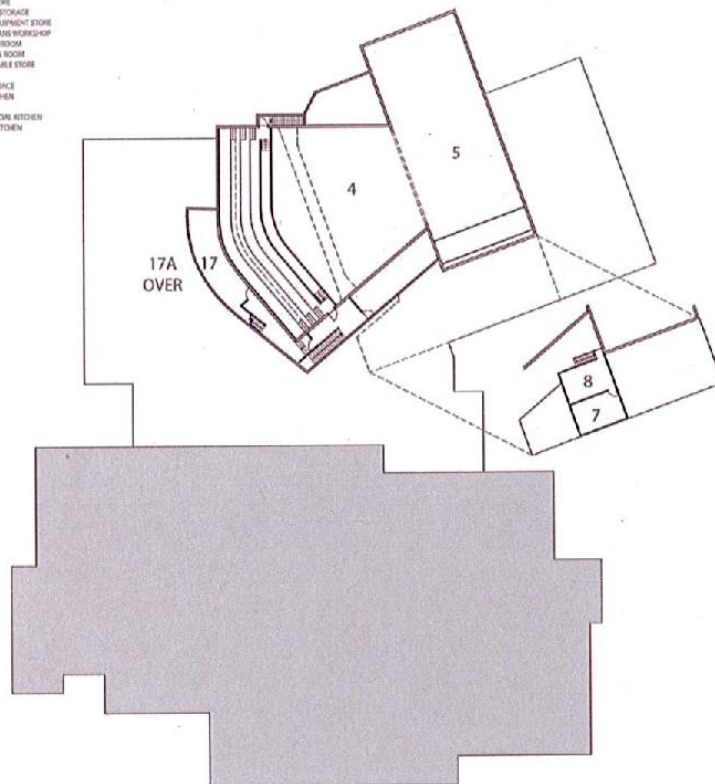
Figure 17 Traralgon Floorplan (Ground)



Source: CPG, 2009

Figure 18 Traralgon Floorplan (1st Floor)

- 1 FOYER
- 2 CONFERENCE ROOM
- 3 OFFICES
- 3.1 BOX OFFICE
- 3.2 MANAGER'S OFFICE
- 3.3 ADMIN OFFICE
- 3.4 TECHNICAL MANAGER'S OFFICE
- 3.5 STAFF ROOM
- 3.6 SPONSOR / INTERVIEW ROOM
- 4 AUDITORIUM
- 5 STAGE
- 5.1 PROSCENIUM
- 5.2 ACTING AREA
- 5.3 PROMPT WINGS
- 5.4 OFF PROMPT WING
- 6 ORCHESTRAL PIT
- 7 TOURING OFFICE
- 8 CREW ROOM
- 9 DRESSING ROOMS
- 10.1 3 PERSON
- 10.2 4 PERSON
- 10.3 5 PERSON
- 11 WARDROBE
- 12 GREEN ROOM
- 13 PLANT STORE
- 14 GENERAL STORAGE
- 15 PROP EQUIPMENT STORE
- 16 TECHNICAL WORKSHOP
- 17A CONTROL ROOM
- 17B FUNCTION ROOM
- 18 CHAIR TABLE STORE
- 19 CAFE
- 20A CAFE TERRACE
- 21 CATERING KITCHEN
- 22 BAR
- 23 COMMERCIAL KITCHEN
- 24 BREAKFAST KITCHEN



UPPER FLOOR PLAN
MORWELL
harman
architecture

Source: CPG, 2009



Appendix 3 Cost Plans

Morwell cost plan summary

Project: Latrobe Performing Arts Centre Building: Morwell				Details: Stage A Cost Plan			
Code	Description	Quantity	Unit	Rate	Subtotal	Factor	Total
	MORWELL PERFORMING ARTS CENTRE						
	AREA ANALYSIS						
01	PERFORMING ARTS CENTRE				11,948,570		11,948,570
02	EXTERNAL SERVICES				476,364		476,364
03	EXTERNAL WORKS				880,092		880,092
	SUB TOTAL BUILDING WORKS				13,305,000		13,305,000
04	CONSTRUCTION CONTINGENCY				665,250		665,250
	TOTAL BUILDING WORKS (EXCL GST)				13,970,000		13,970,000
05	CONSULTANTS FEES				1,676,400		1,676,400
06	AUTHORITY FEES				69,850		69,850
07	ESCALATION to 2017				1,257,300		1,257,300
	TOTAL PROJECT COST (EXCL GST)				16,974,000		16,974,000
	GENERAL NOTES						
	This is a Stage A Cost Plan for the proposed Latrobe Performing Arts Centre at Morwell						
	This Cost Plan has been prepared for the use of Geografia only. Newton Kerr and Partners take no responsibility for the use of this document by other parties.						
	This Cost Plan assumes the project will competitively tendered, and use a lump sum standard form construction contract.						
	This Cost Plan has been based on preliminary information requiring many assumptions to be made. These will require confirmation once the next stage of the design has commenced.						
	These costings are indicative only of the possible cost in current dollars to construct the building and associated work as documented on the Harmer Architecture drawings received 25th September 2009.						
	Drawings						
	The following drawings were used in the preparation of this Cost Plan:						
	Harmer Architects drawings, Drawing A Dated Sep 2009						
	Exclusions						



Traralgon cost plan summary¹⁰

Project: Latrobe Performing Arts Centre Building: Traralgon				Details: Stage A Cost Plan			
Code	Description	Quantity	Unit	Rate	Subtotal	Factor	Total
	TRARALGON PERFORMING ARTS CENTRE						
	AREA ANALYSIS						
01	PERFORMING ARTS CENTRE				10,866,113		10,866,113
02	EXTERNAL SERVICES				476,364		476,364
03	EXTERNAL WORKS				1,108,545		1,108,545
	SUB TOTAL BUILDING WORKS				12,451,000		12,451,000
04	CONSTRUCTION CONTINGENCY				622,550		622,550
	TOTAL BUILDING WORKS (EXCL GST)				13,074,000		13,074,000
05	CONSULTANTS FEES				1,568,880		1,568,880
06	AUTHORITY FEES				65,370		65,370
07	ESCALATION to 2017				1,176,660		1,176,660
	TOTAL PROJECT COST (EXCL GST)				15,884,000		15,884,000
	GENERAL NOTES						
	This is a Stage A Cost Plan for the proposed Latrobe Performing Arts Centre at Traralgon						
	This Cost Plan has been prepared for the use of Geografia only. Newton Kerr and Partners take no responsibility for the use of this document by other parties.						
	This Cost Plan assumes the project will competitively tendered, and use a lump sum standard form construction contract.						
	This Cost Plan has been based on preliminary information requiring many assumptions to be made. These will require confirmation once the next stage of the design has commenced.						
	These costings are indicative only of the possible cost in current dollars to construct the building and associated work as documented on the Harmer Architecture drawings received 25th September 2009.						
	Drawings						
	The following drawings were used in the preparation of this Cost Plan:						
	Harmer Architects drawings, Drawing A Dated Sept 2009						
	Exclusions						

¹⁰ Cost of refurbishing Kernot Hall and provision of a commercial kitchen have not been included in this summary, but are noted in the body of the report.



Appendix 4 Financial Assumptions

Table 18 Key Financial Model Assumptions

Item	Detail of Assumption
General:	
Inflation	All revenues and costs assumed to be in current prices; no allowance made for wage or price increases
Governance	Assume all arts venues continue to be managed under the same model as currently
Council Central Costs	Not charged to performing arts: insurance, risk management costs, OH&S services, financial services
Square metres	Morwell new theatre 2,165 sqm; Traralgon new theatre 2,674 sqm; Kernot Hall 1,696 sqm; Existing LPAC Traralgon 2,100 sqm; Moe Town Hall 1,300 sqm
Activity:	
Average Main Auditorium Fill Rates	60%
Split Community/Non-Community	40:60, reflecting current split
Split Performance Hire/Own Programming	65:35, reflecting current split
Commercial Hires as Proportion of Total Performances	11%, reflecting absolute increase from 5 per annum currently to range of 8-12 under all the three scenarios
Performance Year	48 weeks
Revenue:	
Community Grants Program	Continues to supplement Eisteddfod and other community hires
Hire Revenue per Hire	\$1,300, unchanged
Bought In Program Costs	\$7,500 on average (industry range of \$2,500 to \$20,000)
Average Adult Ticket Price	\$25, unchanged
Creative Victoria Grant	No change from current levels
Catering	Bar: \$1.62 spend per performance attendee (no change) Bar: cost neutral (no change) Café: cost neutral (Morwell); \$10 per head, 50 people per day, 300 days at royalty rate of 6% of gross receipts (Traralgon) Functions: \$20 per person, at royalty rate of 6% of gross receipts
Costs:	
Average Total Staff Cost per FTE	\$89,000, increase on 2014/15 level of \$74,000, reflecting different skill mix
Productivity	\$55,000 external revenue generated per FTE, consistent with current levels
Building & Facility Costs	Cleaning \$22 per sqm, no change on current Utilities \$16 per sqm, no change on current Building and Equipment Maintenance (new building) \$30 per sqm Building and Equipment Maintenance (old building) \$6 per sqm, no change on current



Table 19 Morwell Option – 5 year Financial Forecast

	Conservative \$	Mid-Range \$	Ambitious \$	Comparison between Mid-Range Scenario and 2013/14 Actual Results
REVENUE				
Creative Victoria Grant	60,000	60,000	60,000	Assumes no change on current levels but an increase may be forthcoming as this would be consistent with the experience of other new venues
Venue Hire Fees	363,000	386,000	405,000	61% increase reflecting higher commercial changes as result of improved facilities and growth in number of events
Ticket Sales and Similar Revenue	143,000	191,000	230,000	212% increase reflecting increase in own programming and overall audience growth
Catering Revenue	91,000	104,000	115,000	417% growth reflecting growth in attendees and inclusion of new stream of events/functions business
Sponsorship and Donations	80,000	80,000	80,000	See Section 8.4 for more detail
TOTAL REVENUE	737,000	821,000	890,000	
EXPENDITURE				
Staff	811,000	925,000	1,019,000	134% increase reflecting both growth in FTE and change in staff mix to include more senior venue management, programming and marketing skills
Programming and Promotion	289,000	388,000	469,000	259% increase assuming more self-programmed events and an increased investment per program
Buildings and Facilities	498,000	506,000	512,000	85% increase reflecting net increase in square metres and a higher cost per square metre for the new building to maintain at industry standard, coupled with impact of higher building utilisation
Other	56,000	64,000	71,000	91% increase largely tracking increase in FTE
TOTAL EXPENDITURE	1,654,000	1,883,000	2,071,000	
NET COUNCIL SUBSIDISATION	917,000	1,062,000	1,181,000	Represents a \$584,000 increase on 2013/14 level (\$478,000) and a \$537,000 increase on 2014/15 level (\$525,000)
Subsidisation per Attendee	\$11.13	\$11.73	\$12.15	Consistent with current levels
Subsidisation per Performance Attendee	\$38.67	\$33.40	\$30.72	Consistent with current levels
Subsidisation per Latrobe City Resident	\$11.68	\$13.53	\$15.04	Based on estimated resident population of 78,500 in 2023
Total Performance Attendees	23,728	31,789	38,445	180% increase, reflecting both increase in number of events and penetration into audience groups



	Conservative \$	Mid-Range \$	Ambitious \$	Comparison between Mid-Range Scenario and 2013/14 Actual Results
Total Functions/Event Attendees	58,708	58,708	58,708	Double 2013/14 numbers but consistent with 2012/13. Can fluctuate considerably with Kernot Hall numbers
Total Attendees	82,436	90,497	97,153	
Total Performances	79	106	128	117 % increase to service latent audience demand and drive growth
Total Functions/Events	228	228	228	42% increase largely reflecting demographic growth and opportunity of new facilities
Total All Events	307	334	356	
Number of Events per Week	6.40	6.96	7.42	On average 2 more events each week, across all venues taken together
Average FTE	9.11	10.39	11.45	83% increase to service greater activity and bring in broader range of skills. See Section 6
Square Metres under Management	5,161	5,161	5,161	Includes new Morwell site and refurbished Kernot Hall and Moe Town Hall.
Sponsorship and Donations per Performance Attendee	\$3.37	\$2.52	\$2.08	New revenue stream. See Section 8

Table 20 Traralgon Option – 5 year Financial Forecast

	Conservative \$	Mid-Range \$	Ambitious \$	Comparison between Mid-Range Scenario and 2013/14 Actual Results
REVENUE				
Creative Victoria Grant	60,000	60,000	60,000	No change
Venue Hire Fees	368,000	391,000	411,000	64% increase reflecting higher commercial charges as result of improved facilities and growth in number of events. Similar result to Morwell site,
Ticket Sales and Similar Revenue	145,000	195,000	236,000	219% increase reflecting increase in own programming and overall audience growth. Higher than Morwell reflecting larger catchment area around Traralgon
Catering Revenue	113,000	126,000	137,000	517% growth reflecting growth in attendees; inclusion of new stream of events/functions business; and revenues from café



	Conservative \$	Mid-Range \$	Ambitious \$	Comparison between Mid-Range Scenario and 2013/14 Actual Results
Sponsorship and Donations	80,000	80,000	80,000	See Section 8 for more detail
TOTAL REVENUE	766,000	852,000	924,000	
EXPENDITURE				
Staff	823,000	940,000	1,036,000	138% increase reflecting both growth in FTE and change in staff mix to include more senior venue management, programming and marketing skills to drive revenue growth (higher than at the Morwell site)
Programming and Promotion	296,000	396,000	479,000	267% increase assuming more self-programmed events and an increased investment per program
Buildings and Facilities	546,000	555,000	562,000	85% increase reflecting net increase in square metres under management and a higher cost per square metre for the new building to be maintained at industry standard, coupled with impact of higher building utilisation.
Other	57,000	65,000	72,000	97% increase largely tracking increase in FTE
TOTAL EXPENDITURE	1,723,000	1,956,000	2,149,000	
NET COUNCIL SUBSIDISATION	956,000	1,104,000	1,225,000	Represents a \$626,000 increase on 2013/14 level (\$478,000) and a \$579,000 increase on 2014/15 (\$525,000)
Subsidisation per Attendee	\$12.23	\$12.77	\$13.14	Higher than current levels and Morwell option, reflecting greater square metres under management
Subsidisation per Performance Attendee	\$39.49	\$34.01	\$31.21	Consistent with current levels; very similar to Morwell option
Subsidisation per Latrobe City Resident	\$12.17	\$14.06	\$15.61	Based on estimated resident population of 78,500 in 2023
Total Performance Attendees	24,214	32,452	39,254	186% increase, reflecting both increase in number of events and penetration into audience groups, assumed stronger at Traralgon
Total Functions/Event Attendees	53,974	53,974	53,974	85% increase 2013/14 numbers and actually lower than 2012/13. Can fluctuate considerably with Kernot Hall numbers.
Total Attendees	78,188	86,426	93,228	
Total Performances	81	108	131	122% increase to service latent audience demand and drive growth
Total Functions/Events	231	231	231	44% increase largely reflecting demographic growth



	Conservative \$	Mid-Range \$	Ambitious \$	Comparison between Mid-Range Scenario and 2013/14 Actual Results
Total All Events	312	339	362	
Number of Events per Week	6.49	7.06	7.53	On average 2 more events each week, across all venues taken together
Average FTE	9.25	10.56	11.64	86% increase to service greater activity and bring in broader range of skills. Related to revenue so slightly higher than for Morwell option. See Section 6
Square Metres under Management	5,670	5,670	5,670	Includes new theatre on Traralgon site, Kernot Hall and Moe Town Hall.
Sponsorship and Donations per Performance Attendee	\$3.30	\$2.47	\$2.04	New revenue stream. See Section 8

