

**FEASIBILITY STUDY FOR A NEW
WARRNAMBOOL ART GALLERY**

Final (20 July 2021)



DIAGNOSIS & PLANNING • PRODUCT DEVELOPMENT • FEASIBILITY STUDIES

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Acknowledgements

SMA would like to acknowledge the Project Control Group comprising Alison Kemp, Vanessa Gerrans, Murray Bowes and Andrew Paton (Warrnambool City Council), Marcus Clarke (Eastern Maar Aboriginal Corporation, and Seona Taylor (Regional Development Victoria). We would also like to acknowledge the many stakeholders that gave their time to consultation

Disclaimer

Specific investment decisions addressing recommendations in this report require further planning, engineering, environmental and heritage advice, and costing by an estimator. Costings should not be used for construction.

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1. Introduction

1.1. Background

Purpose of project

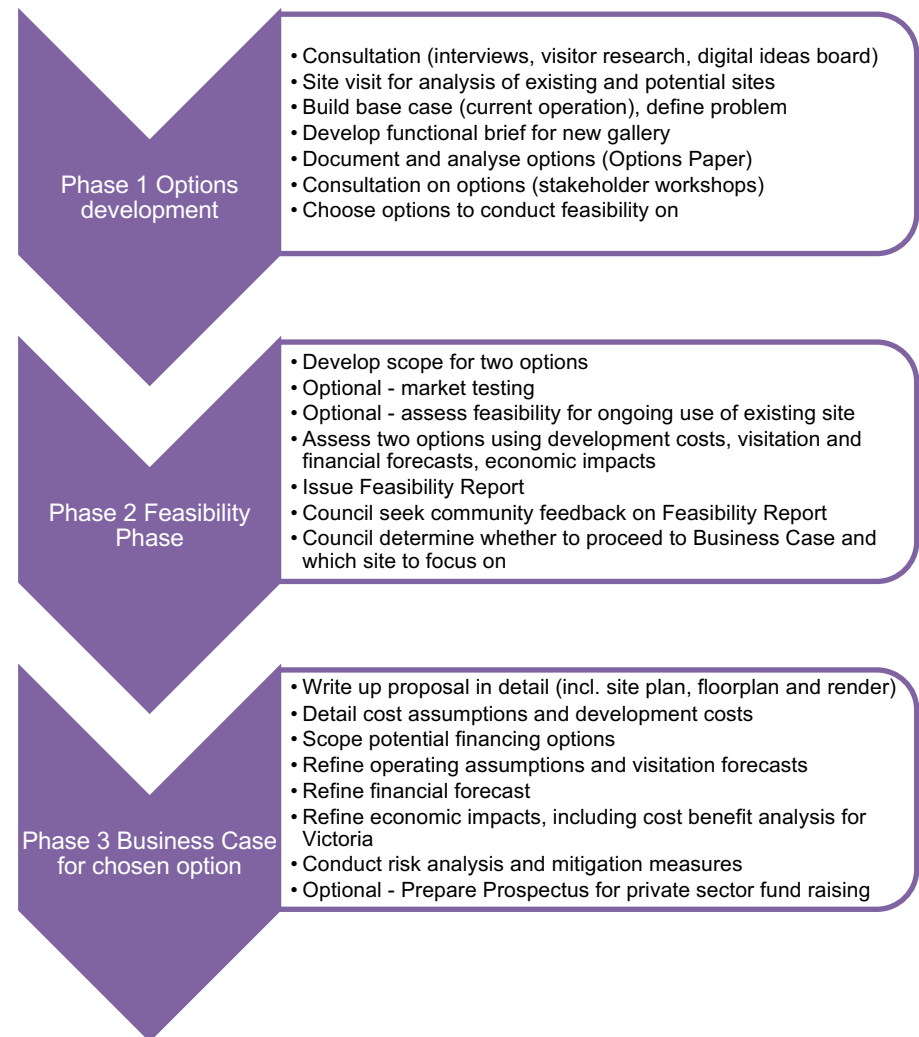
The Warrnambool Art Gallery has been identified as having outgrown its building and consequently being unable to deliver its objectives to the standard of a typical regional gallery in Victoria. This project was subsequently conceived by the Warrnambool Art Gallery and Warrnambool City Council to clarify the problem, explore options to address the problem, and make a recommendation on which option to take forward to seek funding from the public and private sector.

Approach being taken

Figure 1.1 presents a summary of a three phased project. The project is currently funded to the end of Phase Two. Stakeholder consultation for Phase One was directed by an Engagement Plan. Phase One generated an Options Report.

Phase Two has generated a Feasibility Study (this report). As part of Phase Two, we recommended to market test the options with representatives of the visitor target market. Optional Market testing was not taken up by WCC at this time. Ideally any consideration of a new site would be complemented by the feasibility of alternative uses of the existing site. This scope was not part of the project's scope provided by Warrnambool City Council. While potential uses have been identified, their feasibility have not been addressed.

Figure 1.1 Summary of the WAG Feasibility and potential Business Case approach



After the Feasibility Study report is received, Council would be briefed. Council would then conduct community consultation to:

- gauge interest and support in a new gallery; and
- to gauge support for one proposal to take to a business case.

Consultation at the end of Phase Two is currently the responsibility of the Warrnambool City Council.

If Council chooses to proceed to Phase Three, it would generate a Business Case to seek government funding, and perhaps a Prospectus for philanthropist funding.

Governance and consultation undertaken

This project is governed by a Project Control Group (PCG), comprising representatives from Warrnambool City Council, Warrnambool Art Gallery, Eastern Maar Corporation and Regional Development Victoria. The PCG provides relevant information, receives briefings, reviews and comments on draft documents, and makes key decisions within the project, such as the option to take to a business case.

Consultation / engagement with stakeholders has been shaped within an Engagement Plan, prepared to reflect Council's Engagement Policy. Engagement is focussed on Phase One to provide two rounds:

- In the first round, interviews, visitor research and digital ideas board
- In round two, a briefing to Councilors and three stakeholder workshops

Engagement in the second round included a second briefing to Councilors.

Following the Business Case approval, if the project proceeds through funding acquisition, there will be further stakeholder engagement associated with detailed design and development approvals.

1.2. Context

International trends in demand for experiencing cultural tourism attractions

Cultural tourism is growing globally and outperforming the international tourism market as a whole. A survey of 69 countries by the United Nations

World Tourism Organisation in 2018¹ found that:

- cultural tourism has grown by 23% over the past five years, compared to total global tourism growth of 19%;
- the overall growth in tourism between 2010 and 2014 is much larger for those countries that specifically feature cultural tourism in their marketing policy (66%);
- in recent decades, tourism and culture have become inextricably linked, partly due to the increased interest in culture, particularly as a source of local identity in the face of globalization; and
- an average of 30% of inbound international tourists were motivated to travel by culture, and a further 17% participated in a cultural activity as a secondary

¹ Culture and Tourism Synergies, 2018, UNWTO

activity, underlying the importance of seeing culture not just as an attractor for tourists, but also as an important element.

Australian trends in demand for experiencing cultural tourism attractions

Research by Tourism Research Australia in 2019 (International Visitor Survey) found that:

- international cultural visitors to Australia stay 25% longer and spend 20% more than other visitors;
- of international visitors to Australia in the year to March 2019, 53% participated in a cultural or heritage activity, therefore the cultural tourism segment represents over half of all international visitors to Australia;
- over the past five years international cultural visitors have outperformed international visitors overall, as demonstrated by **Figure 1.2**.

The same TRA research indicated that from a list of 21 options, 35% of international visitors asked why they chose to visit Australia nominated one or more of the following motivators:

- interesting attractions;
- rich history and heritage;
- local festivals and events; and
- museums, art galleries and/or theatres

Figure 1.2 Comparing International Visitors Overall with International Cultural Visitors 2015-2019

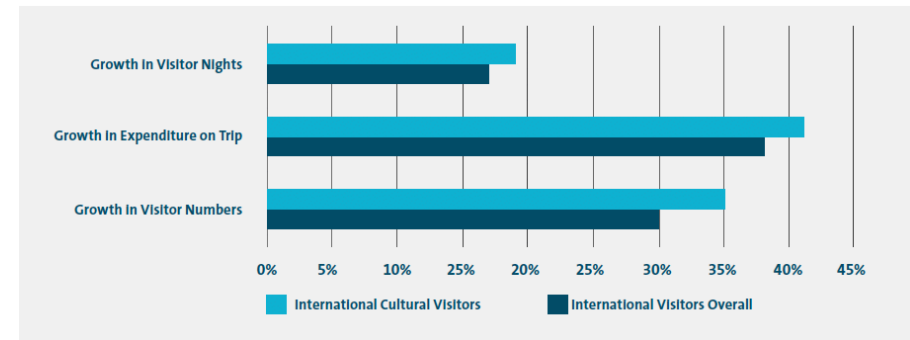


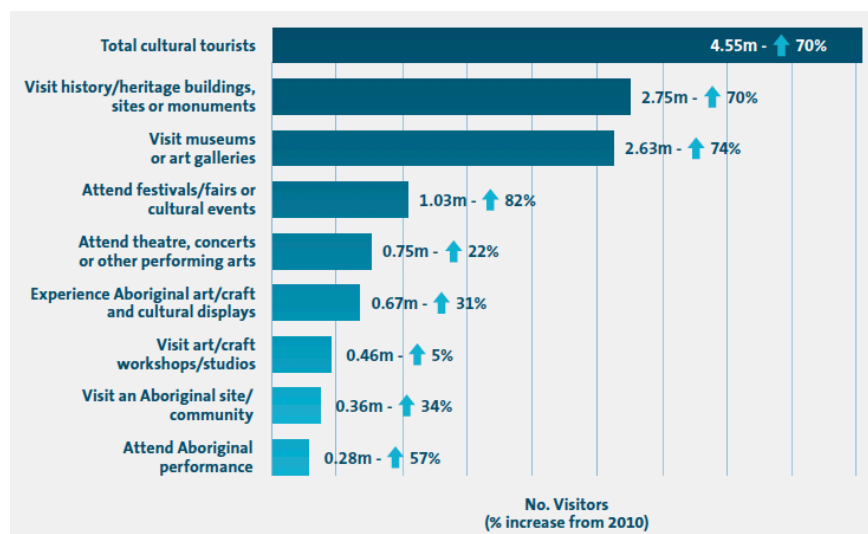
Figure 1.3 demonstrates that international cultural visitor numbers grew by 70% over the decade to March 2019, a higher growth rate than for international tourist numbers overall (63%).

Figure 1.3 also shows the significant growth that took place in some of the sub-sectors of the cultural tourism sector, with visiting museums and art galleries growing by 74%, the second fastest growing sector.

The two main activities - Visit history/heritage buildings, sites or monuments and Visit museums or art galleries – accounted for 60% of the cultural activities undertaken in the year to March 2019. These two activities have also grown significantly in the past decade – visit museums or art galleries grew by 74%.

Arts daytrips to regional areas have increased at a higher rate than arts daytrips to metropolitan areas. Regional areas are drawing almost as many Australians on arts daytrips as metropolitan areas. Moreover, since 2014 regional arts daytrips have increased at a higher rate than both metropolitan arts daytrips and daytrips overall.

Figure 1.3 Cultural tourism visitor activities to 2019



In 2018, there were 5.9 million arts daytrips taken to regional areas, an increase of 22% since 2014. In comparison, there were 6.4 million arts daytrips taken to metropolitan areas, an increase of 7% since 2014.

The most visited region in Victoria for the arts, following Melbourne, is Bendigo Loddon. The daytrip region where visitors were most likely (regardless of visitor volume) to engage with the arts was Ballarat (11% of visitors engaged with the arts)². The most visited region in Victoria for the arts on an overnight stopover, following Melbourne, is Bendigo Loddon. The region where visitors were most likely

(regardless of visitor volume) to engage with the arts on an overnight stopover was Melbourne (19% of visitors engaged with the arts).

The terrifying bushfire season of 2019/20 has intensified a shift of visitation to regional cities and cultural experiences in urban settings and away from remote natural experiences in the warmer and peak season months. This has prompted growing interest by regional destinations in developing new and refining existing cultural experiences.

Trends impacting the GLAM sector

A 2014 study into Australia's galleries, libraries, archives and museums (Australian Centre for Broadband Innovation, CSIRO and the Smart Services CRC) identified six trends influencing the sector as:

1. Changing consumer expectations
2. New forms of public interaction enabled by digital services
3. Changes in the level and sources of funding
4. Environmental change and resource depletion
5. Ageing population and changing demographics
6. Globalization and the rise of Asia.

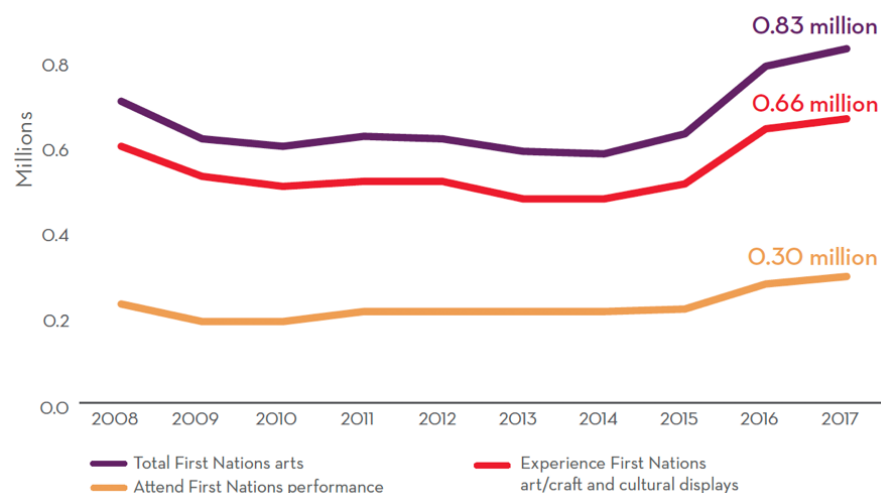
These trends are captured in **Table 1.1**.

² Data is based on a four-year average from 2015 to 2018. Please note that only regions with sufficient sample size are listed.

Aboriginal arts and craft tourism trends

Australians' interest in, and attendance at, First Nations arts and craft activities has continued to increase in recent years. The Australia Council's National Arts participation survey found that nearly half of all Australians are actively interested in First Nations arts (47%) and seven million attended in 2016 – a record level of attendance and double that of 2009. Attendance has increased across art forms³.

Figure 1.4 Growth trends in international tourist numbers for First Nations arts activities 2008 – 2017⁴



³ Australia Council 2017, Connecting Australians: Results of the National Arts Participation Survey, June 2017, Sydney. <https://www.australiacouncil.gov.au/research/connecting-australians>

⁴ Australian Council for the Arts, 2018, International arts tourism – connecting cultures

Tourism Research Australia's domestic tourism data shows that many Australians want to experience First Nations culture while on holiday or are willing to travel to experience First Nations arts and craft. Supporting this finding, research from the Northern Territory found that nearly two thirds of Australians want to learn about First Nations beliefs and connection to the land while on holiday⁵.

Desert Mob brings together art centres from across Central Australia in Alice Springs including an exhibition, symposium and marketplace, sharing new works and ideas in contemporary First Nations arts. Desert Mob is presented by Araluen Arts Centre and Desart, the peak body for 35 Aboriginal owned and operated Art Centres in Central Australia an area that includes the Northern Territory, South Australia and Western Australia. Celebrating its 30th anniversary in 2020, Desert Mob's bustling marketplace atmosphere provides an opportunity for buyers to interact directly with artists and art centre staff and to purchase high quality works of art⁶.

Trend – increasing direct access to artists

Artists in regional areas are opening their studios to visitors. Open artist studios offer a unique experience: a rare opportunity for visitors to meet artists, see their private studios and view works in progress. Visitors can engage with the depth of the artist's work, seeing it through a more personal lens than on a gallery visit.

Margaret River Region Open Studios, a free and annual open art event celebrates the diverse and vibrant visual art in the Margaret River Region in Australia's South West. Over 100 artists in the Margaret River region open their studios to visitors, showcasing art forms from craft and visual art to printmaking and installation.

⁵ Northern Territory Government Department of Tourism and Culture 2017, National demand for cultural tourism in Australia, Northern Territory Government Department of Tourism and Culture. <http://tourismnt.com.au/en/research/topical-research>

⁶ Desart 2019, Desert Mob, viewed 5 November 2019. <https://desart.com.au/desert-mob>

Table 1.1 Six trends influencing Australia's galleries, libraries, archives and museums

Trend	Explanation
Changing consumer expectations	People increasingly demand experiences ahead of products and place an increasing importance on social relationships. There is also a growing expectation of personalised services that meet an individual's unique needs and wants yet delivered en-masse. These expectations are beginning to impact the Australian GLAM sector. Trend research suggests that expectations for more personalised, better and faster services and more well-designed experiences will continue to increase
New forms of public interaction enabled by digital services	The increasingly ubiquitous and diverse use of Internet and mobile enabled digital services has led to a fundamental change in public engagement with GLAM institutions and their collections. A greater number of people are accessing, using and contributing to cultural and environmental content online, irrespective of whether the source is from an Australian GLAM institution or a diverse range of alternative sources. The revolution in social media has allowed people to more easily interact with each other, comment on, share and contribute to information and content. This has challenged the traditional positions of authority and exclusivity for Australian GLAM institutions, as they are now competing with a wider range of both international and domestic providers of information and service.
Changes in the level and sources of funding	Government funding, that currently constitutes approximately 80% of the GLAM sector's revenue, has been static or reduced in real terms over the last decade for many GLAM organisations. This situation has been compounded by rising costs of operations due to increases in labour costs, building maintenance and depreciation and costs of managing and displaying collections. This has led most GLAM organisations to seek to diversify their sources of revenue through sponsorship and related fundraising, special admission charges and other fee-for-service activities.
Environmental change and resource depletion	Many of the World's natural habitats, plant species and animal species are in decline or at risk of extinction. The actions taken by human beings in the coming decades will set the scene for global biodiversity over coming millennia. Parts of the GLAM sector have an important role in recording, collecting and interpreting these environmental changes. The sector also has a role in helping inform how society responds to this challenge.
Ageing population and changing demographics	Australia and many other OECD countries have an ageing population. Elderly citizens provide a wealth of skills, knowledge, wisdom and mentorship. The GLAM sector has relied heavily on older Australians as volunteers, loyal supporters and users of their services. The nature of support and engagement from younger Australians will be different and this will force the GLAM sector to respond with new methods of engagement. This challenge will become more acute as the current cohort of older Australians ages and dies.
Globalization and the rise of Asia	Coming decades will see the world economy shift from west to east and north to south. The powerhouses of the new world economy are China and India. This economic shift will build new export markets, trade relations, business models and cultural ties for Australia. Tourists, funds and ideas will increasingly flow out of Asian countries and into Australia's economy and society. The GLAM sector has been and will increasingly play an important role.

Burnie's Makers' Workshop is a space for people to make and experience art. Makers' Workshop is a cultural hub in Tasmania's North-West celebrating local makers, innovators and artists, operated by the University of Tasmania.

Opened in 2009, Makers' Workshop offers a range of visitor experiences including interactive paper-making tours, encounters with artists, historic displays and an exhibition space. The Workshop is well-known for its vibrant Makers' Program, a consortium of over 30 local artisans specialising in a variety of craft and art forms. Makers' demonstrate their skills and techniques to visitors, showcasing and selling a broad range of quality handmade products and artworks at the on-site studios.

Makers' Workshop has become increasingly important for the local region as a cultural attractor for more than 135,000 visitors annually, but also as a learning space for people to make and experience art in a place-based setting.

Trend – touring exhibitions stimulate new visitation

Regions rich in arts and cultural experiences attract more touring to the area. Touring exhibitions to regional and remote areas promote culturally vibrant regions and draw visitors to those areas.

Broken Hill's art gallery is attracting major exhibitions. The Broken Hill Regional Art Gallery is the oldest regional art gallery in New South Wales. The National Portrait Gallery's Travelling Exhibitions Program visited Broken Hill for the first time in 2017, during which the program received its one millionth visitor⁷.

The rich opportunities of the region are supporting young First Nations artists who are developing their careers on Country. The Broken Hill Regional Art Gallery initiated the 'Fresh

Bark' program, for young First Nations artists to learn from older First Nations artists and arts professionals⁸.

Trend – leverage engagement with tertiary institutions and international students

There is potential for the arts sector to further leverage its engagement of international students, and to support the education sector in attracting international students to study in Australia. Learning about the arts and culture of a destination plays a role not only in formal schooling but broadens perspectives and contributes to personal development. Visitors here for education reasons were the group most likely to attend the arts while in Australia, along with those who visited as part of a school tour group.

Visitors to Australia for education reasons are also the fastest growing group of visitors, increasing 49% since 2013. Numbers of international students in Australian universities, colleges, courses and schools continues to grow year on year with over half a million enrolments in 2018⁹.

As well as large numbers and growth in students from Asian countries, there has been an increase in students from South American countries such as Brazil and Colombia, reflecting the increasing diversity of international student backgrounds¹⁰.

Arts tourists from South America were three times more likely to be visiting Australia for education reasons than arts tourists from other parts of the world, and South Americans as a group are most likely of all to engage with the arts while in Australia.

⁷ National Portrait Gallery of Australia 2018, Annual Report 17/18, September 2018, Canberra. <https://www.portrait.gov.au/document/495>

⁸ Volkofsky, A 2019, Young Indigenous artists in outback New South Wales choose to stay on country to further careers, ABC, 20 August 2019. <https://www.abc.net.au/news/2019-08-20/fresh-bark-artists-stay-on-country-broken-hill/11428304>

⁹ Robinson, N 2018, Australia hosting unprecedented numbers of international students, ABC, April 18 2018. <http://www.abc.net.au/news/2018-04-18/australia-hosting-unprecedented-numbers-international-students/9669030>

¹⁰ Godfrey, A 2018, Latin America sees surge in international education, Austrade Economic Analysis, 29 March 2018. <https://www.austrade.gov.au/News/Economic-analysis/latinamerica-sees-surge-in-international-education>

The five countries making up the largest numbers of international arts tourists in 2017 were China, the UK, the USA, New Zealand and Japan.

Virtual access to physical exhibitions and collections

There are a number of initiatives that allow the public to visit and engage with an institution's exhibitions and collections in an immersive manner.

The **Museum Robot services** developed by the National Museum of Australia and CSIRO that allows remote school groups to visit an exhibition with a human tour guide and a mobile robot that provides a panoramic video and augmented reality service (described in Appendix B.10, page 56). There are other examples of immersive services that allow the public to view and manipulate 3D images of collection objects as well as interact with other people

Reinventing physic spaces

Some of Australia's galleries have introduced new ways for the public to interact with exhibitions in their physical spaces using digital services. These include apps that allow people to view interpretative information as well as provide game elements to enhance visitor experiences. Wireless networks and tracking systems also allow for institutions to identify the patterns of public viewing of their exhibitions and collections.

Becoming central to community wellbeing

Some regional galleries are beginning to create a more deliberate and central role in improving the well-being of their communities and visitors. The focus is on both the value of the physical spaces as community centres, but also on the role the collections can play in fostering community memory, sense of self and pride.

Making the public part of what a gallery does

Some galleries are beginning to make part or all of their collection storage viewable by the public. Some galleries are creating opportunities for the public to see their team conserving art and setting up exhibitions. This not only broadens the visitor experience but consolidates the wider value of galleries beyond exhibitions.

Increasingly sustainable gallery buildings and operations

Art galleries are increasingly being expected to reduce their operating costs and their ongoing impact on the environment – starting with their high energy consumption associated with temperature and humidity control.

The New England Regional Art Museum (NERAM) in Armidale adapted its existing building to reduce its environmental impact. They identified energy opportunities, and subsequently replaced incandescent exhibition lighting system with new energy efficient ERCO LED light fittings, installed 240 new 370w solar panels on the roof to generate 88.7kwh energy.

The new NSW Art Gallery is the first public art museum in the nation to achieve the highest environmental standard with the design of its new building achieving a Green Building Council of Australia 6-star Green Star design rating. This exceeds the Gallery's original five-star goal and sets a new standard for art museums globally. The Gallery design will maximise open space across the site, integrating the building with the landscape. Sustainability initiatives include solar panels, and rainwater capture and harvesting.

2. The Current WAG

2.1. The site and building

Historic evolution

In 1886, Joseph Archibald, a retired police inspector, established the Warrnambool Museum and Art Gallery. Archibald's eclectic mix of artworks and museum curios were housed in a building behind the Mechanics Institute in Liebig Street. Archibald mobilised public support and paid for the new gallery annex with a 'ladies' fundraising bazaar'.

In 1986 a purpose-built home was constructed next to the 'Civic Green' and named in memory of one its champions Sir Fletcher Jones O.B.E.

A cultural precinct

WAG contributes to the notion of a cultural precinct within Warrnambool, with:

- The Civic Green immediately adjacent to the north;
- the Lighthouse Theatre and the Warrnambool Library located 30m north west across the road (Liebig Street); and
- Cannon Hill Lookout and Flagstaff Hill Maritime Village located 200m and 400m respectively to the south west.

There are also a cluster of food and beverage options within 200m to the north.

Figure 2.1 presents the location of WAG in proximity to these sites.

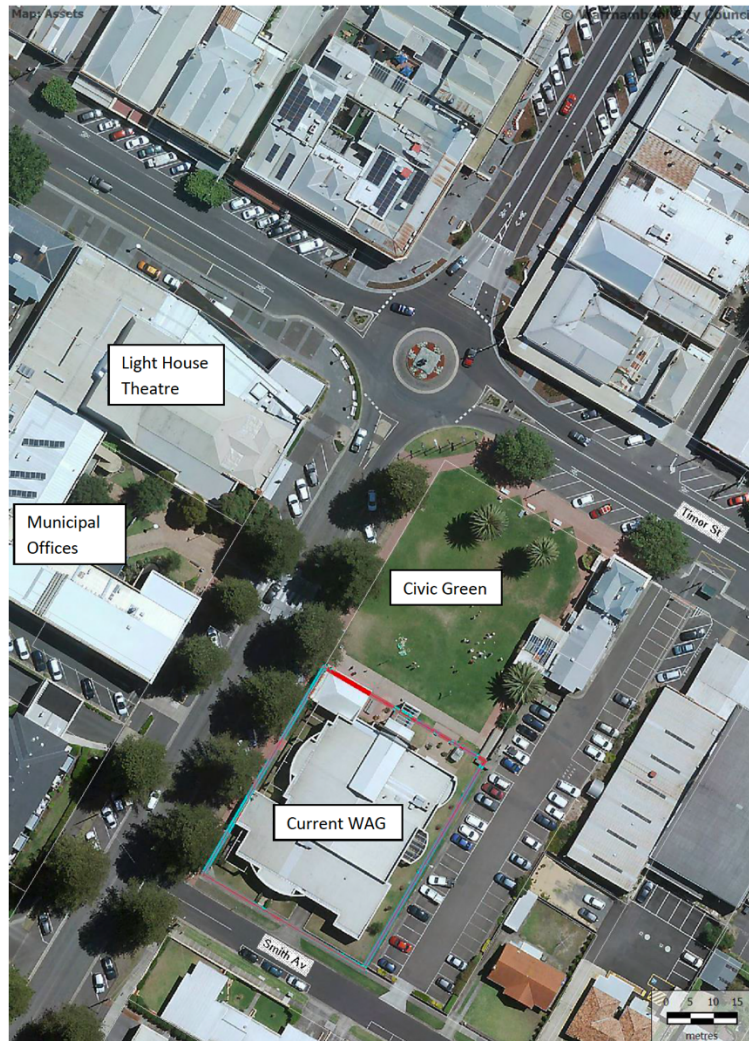
Figure 2.1 Location of the Warrnambool Art Gallery



A Council precinct

WAG is also part of a Council precinct – most of the surrounding land is Council owned. **Figure 2.2** presents an aerial image of the WAG building and surrounding area, and highlights Council's municipal offices to the west and Civic Green to the north. The Civic Green has continuous use as open space parkland and intermittent use by local events and product launches. To the east of WAG and the Civic Green is a parking area owned by Warrnambool City Council and currently used by Great Ocean Road Ten Pin Bowling. Immediately east of Civic Green is a small historic building currently leased from Council to operate as the Myrtle Bar and Kitchen.

Figure 2.2 Aerial image the Warrnambool Art Gallery



The collection

The collection began with an eclectic mix of artworks and museum curios. Loans and grants allowed the Mechanics Institute to add to the Gallery's collection, including significant early acquisitions by European artists. French, German and Belgian artists were acquired at first, since patriotic sentiment in the colony led to a higher price for British works.

The WAG is the third oldest institutional collection in Victoria and the fifth oldest in Australia. Today there are approximately 5,000 items in the collection, ranging from fine art European salon and Colonial, modernist Australian art and contemporary works, to Aboriginal artefacts and historic items of cultural significance (including maritime). Works acquired over the life of the Gallery tell rich and varied stories and are a remarkable reflection of time and place. WAG's collection reflects the changing roles of the Gallery and of Warrnambool itself over the last 135 years. It provides a visionary and aspirational thread that is redolent of this region and its people. Approximately 4,000 items within the collection were valued at approximately \$12M in early 2018. Gallery staff estimate a combined value of \$75,000 for an additional 1,000 items not formally valued by a valuer.

WAG has a mandatory obligation under the Aboriginal Heritage Act 2006 and Aboriginal Heritage Amendment Act 2016 to register Victorian Aboriginal collection items in its possession with Aboriginal Victoria. WAG is attracting significant donations of Aboriginal artefacts.

During 2020 – 2021 WAG is digitising the collection, allowing images to be taken of each item and the creation of associated records.

2.2. The operation

Ownership, mission and operational structure

WAG's mission is to: uphold and transform the cultural life of South West Victoria. WAG promotes social, cultural and academic interaction with a focus on external partnerships and it also maintains a strong commitment to the visceral power of material experience. The public education and outreach programs deliver unique experiences of visual art, new media, and sonic art, design, popular culture, science technology and art fusions within its five museum standard spaces and in public art projects and education programs beyond the gallery walls.

The leadership role of the Gallery sets professional curatorial standards, interprets, transforms and communicates innovative concepts and works, facilitates work-integrated learning opportunities, leverages local and international education, government, cultural, tourism and corporate partnerships to build WAG's future capabilities and standing. WAG gained Accreditation by Museums Australia (Victoria) in April 2018.

Figure 2.3 presents an organisation structure for WAG. WAG is owned and operated by the Warrnambool City Council, and is positioned within Council's Recreation and Culture Unit, which is positioned within Council's Community Development Directorate. **Figure 2.3** acknowledges the support organisations of the WAG Foundation and Friends of WAG (covered later).

Table 2.1 presents the human resources providing day to day operation of WAG, identifying there are approximately 5 FTE positions operating WAG, with only three positions operating full time (1.0 Full Time Equivalent).

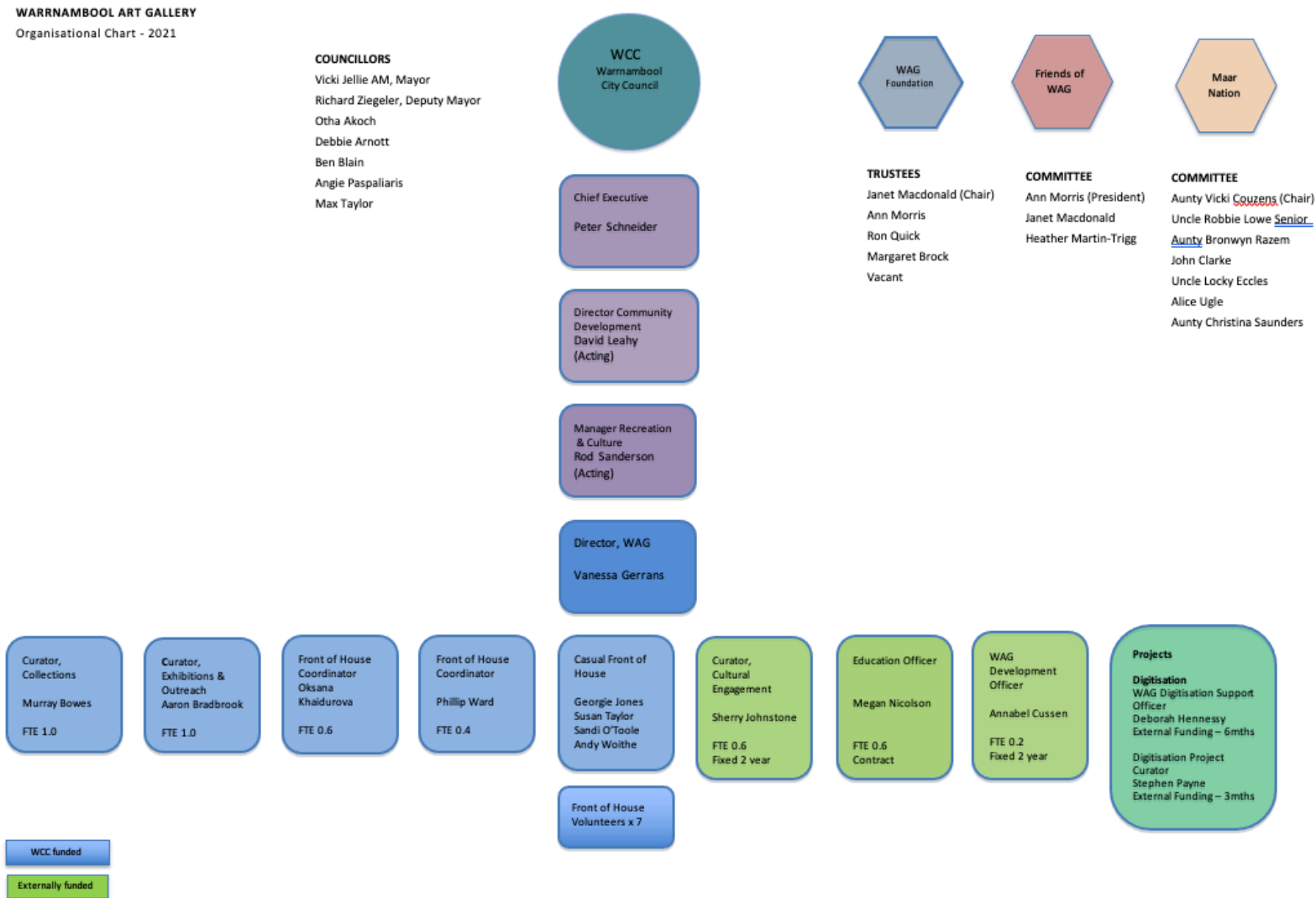
The WAG Education Officer position has been funded by the Department of Education and Training since prior to 2003 (\$70,000 / 2015-17 increased to \$86,000

/ 2018-2020); and the Catholic Diocese of Ballarat (\$63,000 / 2015-17 increased to \$78,000 / 2018-2020). The Education service is vitally linked to the gallery programming and has attracted external grants (2017-2021).

Table 2.1 Human resources providing day to day operation of WAG as at May 2021

Positions	FTE	Employment	Comment
Director	1.0	P	
Curator of Exhibitions and Outreach	1.0	P	
Curator of collections	1.0	P	
Education Officer	0.6	C	Subject to funding (triennial by competitive grant submission)
Front of House Coordinator	0.6	P	
Customer Service Officer	0.4	P	
Customer Service Officer	0.12	Casual	Replacement staff
Customer Service Officer	0.12	Casual	Replacement staff
Customer Service Officer	0.12	Casual	Replacement staff
Development Officer	0.2	P Fixed/3 Year	Subject to funding
Curator of Cultural Engagement, Maar Nation (designated Aboriginal Position)	0.6	P Fixed/2 Year	Subject to funding

Figure 2.3 Organisational structure for WAG within the Warrnambool City Council



WAG has received external funding to support a two year fixed-term part-time employment of a Curator of Cultural Engagement (Band 5A designated position for Aboriginal and Torres Strait Islander candidates). The Curator engages the broader community, connecting them to Aboriginal-led activities, exhibitions and outreach programs in the Maar Nation Gallery at WAG. Funding avenues will be sought for an extension of this position.

As is common in other venues, there are challenges in uniting staff across a front of house / back of house divide. Unlike most regional galleries and cultural centres, WAG does not have a Marketing and Promotions / Audience Engagement Officer, Social Media Officer, Retail Manager or Public Art Officer.

WAG also operates an extensive volunteer program with 69 volunteers completing more than 2951 hours per year of in a variety of services from Front of House to Curatorial and Research.

Friends of Warrnambool Art Gallery

The Friends of the Warrnambool Art Gallery play an essential role to sustain and enrich the Gallery and ensure that there is always a strong link to the local community. The Friends are proactive and ever-present in helping with education and public program events and catering. Each year they continue to raise funds for WAG's acquisition program, keeping the collection relevant and contemporary.

Warrnambool Art Gallery Foundation

The Warrnambool Art Foundation Ltd ("Foundation") is a charitable company limited by guarantee. The Foundation operates a public fund for the collection of tax-deductible gifts and grants from philanthropic foundations. The key role of the Foundation is to raise funds and encourage donations to assist the Gallery in acquiring works of art. The Foundation also aims to broaden the knowledge,

understanding and appreciation of art in the community and assists with the Gallery's education program. The Foundation is governed by Trustees with an MoU between Council and the WAF. To date, various Foundation entities have supported the acquisition of thirty-three (33) artworks for the WAG permanent collection. Council also provides WAG with an annual acquisition fund to source new artwork

Programming

In the year 2018/ 19 WAG produced 29 exhibitions of local, national and international significance of which 27 were curated in-house. Some 751 new works were created. The WAG creative programming and active work in the community was highly commended by Museums Australia (Victoria).

WAG established the Maar Nation Gallery Aboriginal-led activities, exhibitions and outreach programs to help understand, preserve and share the culture of South West Victoria. The project builds a lasting culture of professional leadership through succession and capacity building.

Visitation

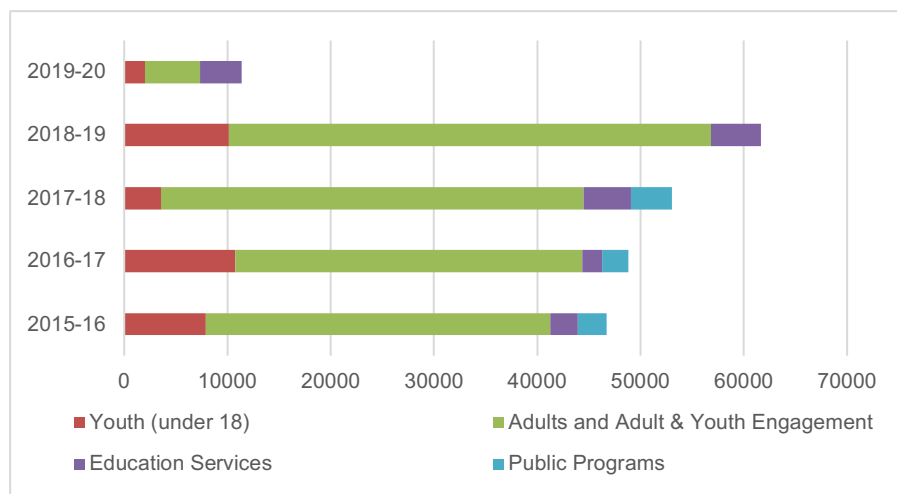
Entry to WAG is free – there is minimal history of exhibition entry fees. Occasionally there are workshops and other value-added experiences that attract a use fee.

Monitoring of visitation has been done via an electric door counter (installed in 2019 with data halved to allow for exits) and two manual counters at the reception desk – one for children and one for adults. This data is cross referenced by manual counts at the counter (suggesting that the electric door counter number is slightly high due to congestion).

Monitoring over the past five years indicates that visitation has been steadily growing from 47,000 in 2015-16 to 67,000 in 2018-19, with drops thereafter due to periods of closure in response to government directives associated with COVID-19

management. **Figure 2.4** presents this data and the segments that build it up, driven by adults, and ‘topped by’ by youth engagement sectors (education programs).

Figure 2.4 Changing visitation to WAG by visitor segment 2015/16 to 2019/20



Visitation to individual exhibitions is not generally monitored, though The Paul Jennings Unreal! exhibition attracted 30,282 visitors.

Table 2.2 presents capture rates for visitors to visit art galleries and museums for key regional cities in Victoria by type of visitors over the five years 2015-19. **Table 2.2** suggests that Ballarat and Bendigo are much more successful than Warrnambool and Geelong in capturing visitors from their host cities. Indeed, for the major sources of visitor spending in regional cities of domestic intrastate overnight visitors and domestic day trips Warrnambool significantly trails the other three cities in attracting visitors to its art galleries and museums.

Table 2.3 presents a profile of visitors to WAG using visitor monitoring conducted by WAG over time for Origin and specific research to support this project conducted in

April 2021 for Frequency of visit and Age. **Table 2.3** highlights that approximately half the visitors monitored in the 2021 school term 1 holiday period were visiting for the first time, and middle aged. **Table 2.3** also highlights that over a longer period indicates that just over half the WAG visitors come from the Warrnambool local government area.

Table 2.2 Capture rates for visitors to visit art galleries and museums for key regional cities in Victoria by type of visitors over the five years 2015-19 (Source: Tourism Research Australia National Visitor Survey)

Destination State / Region / SA2	Domestic day trips	Domestic intrastate overnight visitors	Domestic interstate overnight visitors
Ballarat	8%	10%	18%
Bendigo	8%	11%	17%
Warrnambool	1%	3%	7%
Geelong	2%	8%	5%

Seasonal visitation

Table 2.3 presents the seasonal visitation for the current WAG (2019 data), Warrnambool and the Great Ocean Road.

The visitation at the current WAG across the months of a typical year suggests the Gallery has relatively consistent visitation with peaks in the school holiday periods of December / January and term breaks. We have maintained this seasonal distribution and would suggest that programming targeting locals be positioned outside of these peak periods.

Table 2.3 also suggests that Warrnambool and the Gallery miss capturing peaks on the Great Ocean Road in March and April.

Table 2.3 Distribution of visitors to the current WAG, Warrnambool and the Great Ocean Road (GOR) in 2019 (shaded are peak months)

Month	Current WAG (Base case)	Warrnambool	GOR
January	13%	16%	15%
February	6%	8%	9%
March	9%	8%	10%
April	7%	9%	10%
May	6%	6%	6%
June	4%	6%	6%
July	7%	6%	6%
August	9%	7%	6%
September	7%	6%	6%
October	9%	7%	7%
November	10%	11%	8%
December	12%	9%	9%

Additional profile attributes

Table 2.4 provides some additional profile information for visitors to the current WAG, indicating nearly half during the 2021 sampling period were first time visitors and the largest part of the sample were middle aged.

Table 2.4 Recent (2021) profile of visitors to WAG

Frequency of visit	Origin	Age
<ul style="list-style-type: none"> ▪ 47% first time visitors ▪ 19% had one or two visits ▪ 13% had 3 to 5 visits ▪ 21% more than 5 visits 	<ul style="list-style-type: none"> ▪ 54% Warrnambool ▪ 26% Regional Victoria ▪ 12% Metro Melbourne ▪ 4% Interstate ▪ 4% International 	<ul style="list-style-type: none"> ▪ 8% 14 <18 years ▪ 2% were 18-25 ▪ 18% were 26-35 ▪ 35% were 36-50 ▪ 15% were 51-64 ▪ 22% were 65+

Financial performance

Table 2.5 presents historic actual budgets for WAG that indicate financial performance of WAG is consistent with a community service, in that it makes only a small amount of revenue, minimal Gross Operating Profit and a significant Net Loss on average of between \$0.5M and \$0.58M over the financial years 2016/2017 to 2019/2020. The main reason for the large loss is the lack of revenue being generated by the operation through means such as ticketed exhibitions, chargeable experiences and larger visitation supporting these. The loss is recovered through subsidisation from the Warrnambool City Council.

Table 2.5 Historic financial performance of WAG for 2016/17 to 2019/20 and the averaged base case produced by the Consultants from which to prepare forecasts for the selected Option Business Case

Profit and Loss Metrics	2016/17	2017/18	2018/19	2019/20	Base Case
Revenue	220,230	216,245	246,402	155,227	226,928
Expenditure	728,597	740,831	783,136	740,861	755,800
Loss	(507,667)	(524,836)	(536,733)	(584,834)	(528,872)

Table 2.5 also includes a Base Case, which is the estimated revenue, expenditure and loss of the operation to be used to compare against a proposed new WAG. The Base Case is a reconstructed budget developed by the Consultants to more accurately depict the operation as if it were more independent of Council and able to present separate direct expenses associated with revenue generation. This provides an easier to interpret statement of financial performance and a means to compare options that might include a more independent governance model. A detailed breakdown of this base case budget is presented in **Table 2.6**.

To build this base case we made the following adjustments and assumptions:

- Sourced financial figures averaged and rounded from 2016/17 to 2019/20
- Removal of one-off projects that have 'money in and money out' (this included the positions of Curator of Cultural Engagement, Maar Nation, and WAG Development Officer, and associated grant funding that supports the positions)
- Assumptions to the following treatment of revenue
 - Fire services, security and Essential Safety Measures (radio and hose monitoring)
 - Sundry includes: Catering – staff amenities, IT software & equipment, other operating expenses, memberships, staff learning and development
 - Staff costs exclude two temporary externally funded positions of curator of cultural engagement for Maar Nation (46,405) and WAG development officer (20,000)
 - Gift shop revenue average over FY2016 to 2019
- Assumptions to the following treatment of expenditure
 - With input from senior WAG staff, we constructed an allocation of each staff member's average time allocated to revenue generating activity expenses, with the remainder being allocated to Indirect Staff Costs (see

Table 2.7), which was used to estimate staff costs for each revenue generating activity (a version of program budgeting)

- Gift shop – cost of goods sold plus staff time
- Direct expenses that are only generated through staff costs have an Asterix next to them, while those without an Asterix are purely an expense without staff cost
- Direct expenses that have both staff costs and an external cost have a has sign (#)
- Exhibitions local / self-curated include freight, exhibition professional services/consultants, exhibition printing and supplies, exhibitions other operating expenses, exhibition catering external, exhibition travel/accommodation
- Venue hire expense – operations catering
- Public program expenses – public program expenses plus staff time
- All marketing expenses have been classified as indirect expense
- Conservation – Consultants professional services, consultants other, other operations expenses, pest control, postage costs
- Repairs and maintenance – painting, contractor infrastructure and other
- FF&E reserve – an allowance for periodic major capital improvements
- Sundry – operations catering external, operations catering staff amenities, learning and development staff training, general memberships
- Some costs that were not averaged and rounded and instead drawn from the 2019/20 actuals were costs known to be stable but progressively increased year on year (Property Insurance, Rates and Water, Energy)

Table 2.6 Profit and Loss Base Case for WAG prepared by Consultants for comparison with later forecast Profit and Loss Business Case

Revenue	Averaged & rounded	% of Revenue
Exhibitions - inbound / touring	0	0%
Exhibitions - local / self-curated	0	0%
Public programs - education and outreach	27,000	12%
Gift shop / artwork sales	34,500	15%
Venue hire / Sundry income	8,000	4%
Membership	3,300	1%
Private donations, sponsorships, philanthropy, trusts	0	0%
Government Grants	52,000	23%
Public programs - user charges	2,125	1%
Annual Gallery Operating Grant (Creative Victoria)	100,000	44%
Total Revenue	226,925	100%
Direct Expenses	Averaged & rounded	% of Revenue
Exhibitions - inbound / touring	0	
Exhibitions - local / self-curated #	142,584	
Public programs - education and outreach #	98,231	
Gift shop / artwork sales #	68,169	
Venue hire / Sundry income	700	
Membership *	6,938	
Private donations, sponsorships, philanthropy, trusts *	18,661	
Government Grants *	13,519	
Public programs - user charges #	11,191	
Annual Gallery Operating Grant (Creative Victoria) *	15,408	
Total Direct Expenses	375,402	165%
Gross Operating Profit / Loss	Averaged & rounded	% of Revenue
Exhibitions - inbound / touring	0	
Exhibitions - local / self-curated	-142,583	
Public programs - education and outreach	-71,231	
Gift shop / artwork sales	-33,669	

Venue hire / Sundry income	7,300	
Membership	-3,638	
Private donations, sponsorships, philanthropy, trusts	-18,660	
Government Grants	38,481	
Public programs - user charges	-9,066	
Annual Gallery Operating Grant (Creative Victoria)	84,592	
Total Gross Operating Profit / Loss	-148,477	-87%
Indirect Expenses	Averaged & rounded	% of Revenue
Bank fees, credit card fees (3% of revenue)	600	
Printing, postage, stationary and office supplies	6,500	
Cleaning	7,000	
Landline call costs / line rental	1,000	
Consumables / catering	4,900	
Conservation	23,000	
Accounting and audit fees	0	
Sales and Marketing expenses	30,000	
Contribution to council Manager Recreation and Culture	14,408	
Energy (electricity & gas)	66,000	
Fire services, security, Essential Safety Measures	4,863	
Rates & Water	2,800	
Security	2,703	
Repairs and Maintenance	15,000	
Indirect WAG staff costs	158,767	
Property Insurance	27,350	
Sundry	7,600	
FF&E reserve (5% revenue)	0	
Total Indirect Expenses	372,491	
EBITDA	-520,698	
Warrnambool City Council financial contribution	520,698	
Net Profit / Loss	0	

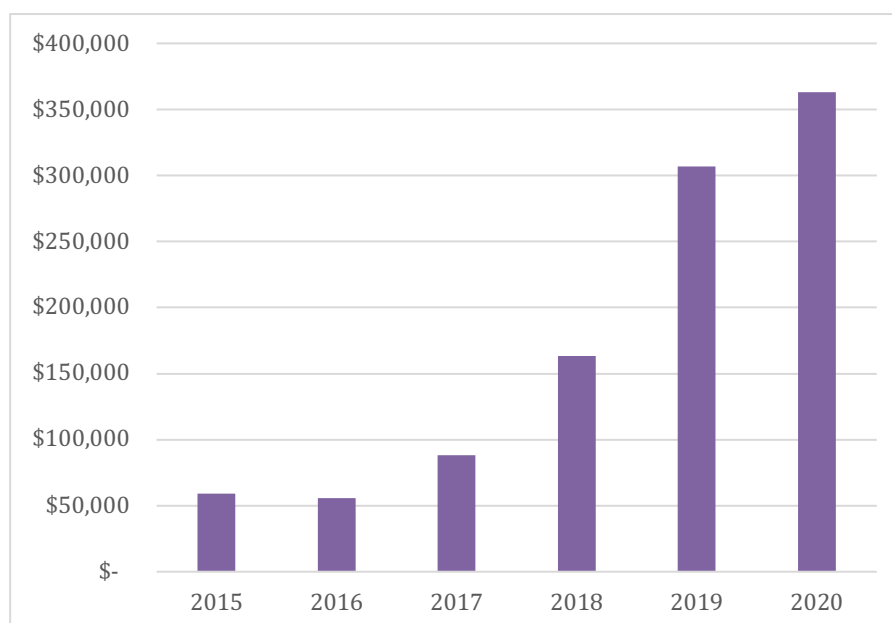
Table 2.7 Breakdown of staff time and subsequent cost to assist generate revenue and subsequently direct costs (estimates provided by Gallery Director)

Staff - Direct costs	Salary	Salary + on costs (18.9%)	Exhibitions touring	Exhibitions - local / self curated	Public programs, education and Outreach	Gift shop / artwork sales	Venue hire / Sundry income	Membership	Private donations, sponsorship, philanthropy trusts	Govt grants	Public programs - user charges	Annual Gallery Operating Grant (Creative Victoria)	Total Direct time	Indirect time
Gallery Director (FTE 1)	\$99,500	\$118,306	0%	25%	10%	2%	0%	2%	10%	10%	2%	10%	71%	29%
Curator of Exhibitions and Outreach (FTE 1)	\$66,500	\$79,069	10%	54%	20%	0%	0%	0%	0%	0%	5%	1%	90%	10%
Curator, collections (FTE 1)	\$86,500	\$102,849	0%	15%	5%	0%	0%	0%	5%	0%	0%	1%	26%	74%
Education Officer (FTE 0.6)	\$71,000	\$84,419	0%	20%	65%	0%	0%	0%	2%	2%	0%	1%	90%	10%
Front of House Coordinator (FTE 0.6)	\$49,400	\$58,737	0%	0%	5%	49%	0%	5%	0%	0%	5%	1%	65%	35%
Customer Service Officer (FTE 0.4)	\$27,500	\$32,698	0%	0%	5%	49%	0%	5%	0%	0%	5%	1%	65%	35%

External funding

It is clear that the Gallery is extremely financially constrained, due to it not being able to secure any significant additional investment funds from Council and not being able to generate much revenue and Net Profit. As a consequence, it would appear that an underlying strategy of the Gallery is to seek external funds to generate additional services. **Figure 2.5** presents the funds raised through grants and sponsorships between 2015 to 2020. There is a clear trend to successfully attracting more external funds over this period, with the last year being the highest at a significant 363,666.

Figure 2.5 Total external funding secured by the WAG for additional services 2015 – 2020



The increased funding is admirable in its ability to generate additional services to the community and visitors. Sourcing this funding would require significant time from the Gallery Director, and it is unclear what opportunity cost this time investment might be having in aspects such as strategic and business planning and marketing.

Strengths of the current building and operation

A key aim of this feasibility study is that the strengths of the existing WAG site and building should be preserved and nurtured in any future WAG proposal. The strengths of the current WAG were identified through contributions by the Council's 2021 WAG Business Unit Summary and stakeholder interviews undertaken in round one of the project engagement and are as follows:

1. The Maar Nation Gallery and strengthening relationship between WAG and local Aboriginal people
 - strong relationships of trust with groups, clans, Traditional Owners and Aboriginal community members
 - a safe space for local Aboriginal people to enter and connect to local Aboriginal art
 - shared art collection with WAG delivering archival care and expertise for Aboriginal artists and their works
 - a place trusted with the care of artifacts
 - linkages to the contemporary art scene with Aboriginal and non-Aboriginal artists on First Nation themes and issues
2. Children's Learning Gallery
 - warm, colourful look breaks down gallery stereotype
 - interactive and tactile way to enjoy and learn about art
 - popular education programs, particularly in school holidays
 - significant role in introducing and leading children and young people within community to artistic expression

3. Community leadership in experimentation and risk taking
 - presents challenging conversations in a safe space
 - place where there is experimentation and risk taking
 - continuous adaptation is significant given facility and budget limitations
 - professional and energetic staff
 - creative, forwarding thinking relationship building by the Gallery Director
4. Close proximity to related local uses
 - Civic Green attracts local community uses to the doorstep
 - close proximity to Lighthouse Theatre, library and F Project (ARI) helps generate potential for a cultural precinct that delivers mutual benefits
5. Partnerships with research and learning organisations
 - Provides Work Integrated Learning outcomes for SWTAFE and University students
 - Provides research outcomes for tertiary institutions
 - Support to interns and work experience students
6. Significant growth in external funding procurement and subsequent services to the community and visitors

Limitations of the current building and operation

The limitations of the existing WAG site and building were considered as potential elements to address and add into a future WAG proposal. The limitations of the current WAG were identified through contributions by the Council's 2021 WAG Business Unit Summary and stakeholder interviews undertaken in round one of the project engagement and are as follows:

1. The location offers limited visibility and access to passing visitors and limited delivery of a cultural hub
 - The location is not part of the main tourism traffic flow, limiting tourist visitation
2. The building has insufficient space to deliver basic functions
 - Entry / land space to gallery is not big or appealing enough – very busy and confusing
 - The Maar Nation room is too small to profile the many local Aboriginal artists and provide adequate storytelling of linked local Aboriginal history and the delivery of Aboriginal Youth programs
 - The popular Family Learning Centre is too small for peak periods and for meeting the needs of more than one age group
 - The total exhibition space is too small for significant travelling exhibitions
 - The total exhibition space is too small to present much of the collection
 - Exhibition areas are so small that when one wing is being changed over for new exhibition the overall offer to visitors is inadequate
 - Back of House areas (eg. loading dock, storage, workshop, exhibition preparation, staff offices) are disjointed and too small to function efficiently or safely
 - No room for a servery for exhibition launches or to support venue hire
 - No room for meetings, presentations, café / wine bar
3. The Gallery has minimal connection to and use of the surrounding landscape
 - The building is not clearly visible or identifiable from the surrounding road network, limiting general visitation
 - There is no distinct entry experience
 - Weekday parking is limited by competition with adjacent uses and there is no coach drop off or parking
 - The location supposedly in a cultural hub precinct does not show much leverage to justify the claim and deliver real benefits to Gallery or Lighthouse Theatre, in part due to very different hours of operation
 - The surrounding landscape does not reflect the Warrnambool tourism brand of a city on the coast

- No continuously available outdoor space to take art experiences outside (Civic Green not available for permanent exhibition, and supporting facilities and infrastructure) – locals won't release any of Civic Green for ongoing use by WAG
- 4. Nothing to engage with out of hours
 - There is no communication and minimal art on exhibition outside of hours (with the exception of a mural and single sculpture) to provide an art-based experience when other attractions are not operating and visitors and locals could be looking for something to do
- 5. The building does not have capacity to support additional levels
 - The building walls cannot support additional levels to be constructed on top, which limits the area for multiple level extension space without facing demolition and a rebuild
- 6. The building has low sustainability design and elements
 - The building fabric has an energy inefficient fabric
 - There is no museum environment control, preventing the sourcing of most travelling exhibitions and loans from museum collections, and preventing the display of some major colonial works housed at WAG (eg the von Guerard owned by DELWP)
 - There are no energy saving devices and no sustainable energy generation ability
 - There is no water harvesting and reuse
 - The age, condition and low sustainability functionality contribute to higher and unpredictable operating costs and availability of the operation, and represent a threat to the collection
- 7. Business management, reporting and marketing
 - The WAG does not capture anywhere near the share of regional city visitation that other regional galleries do
 - There is no current Business Plan to direct innovation and revenue growth
 - The significant staff time investment in seeking grants may have opportunity costs to developing other strategic aspects of the business
 - There is no apparent marketing strategy, and marketing is inadequate to drive more visitation and revenue growth – this is particularly important with the shift to social media marketing and race of galleries to foster and engage with user feedback
 - There is insufficient revenue generation from user pays – the gallery gives almost everything away for free
 - Reporting appears to be inconsistent, lacking KPI's and evaluation of results that leads to adaptative management strategy

2.3. 'The Problem' triggering this feasibility

There are multiple dimensions to the problem that is triggering this feasibility study. Some of these dimensions are inter-related and most cause flow on issues.

The Gallery building is too small

The WAG building has outlived the contemporary demands of a regional gallery – too small in every part of its front and back of house functions. Being too small has significant flow on effects, including inability to meet customer expectations, inefficient use of staff time, and ongoing risk to the safety of the collection. WAG is therefore losing its competitiveness to attract customers, attract blockbuster exhibitions, attract funding and sponsorship, and generate more of its own revenue.

The WAG work with the local Aboriginal community and the ongoing development of the Maar Nation Gallery are significant competitive advantages to WAG generating Aboriginal community benefits, attracting visitors and external funding. However, the Maar Nation Gallery is too small, which is restricting the opportunity to further develop Aboriginal art, storytelling and relationships with the community is being constrained. As the Victorian Government is moving to a Treaty, there is growing attention by the Government to funding regional tourism on how to enhance understanding of Aboriginal art and culture. Warrnambool is set to have increasing visitation by visitors with strong interest in Aboriginal culture enroute to Budj Bim.

Flow on issues from being too small

Several flow on issues come from the building being too small:

- constraining the further development of bringing children into regional art – the successful Early Learning Centre only has enough space to meet a single age group at any one time, meaning all other age groups miss out.

- the Gallery is losing its ability to meet the needs of a growing and diversifying community and visitor market, such as providing space or facilities to facilitate people seeing art made, and making their own art, which are key ways to make a gallery more interactive and enticing;
- partnerships with organisations such as tertiary institutions, schools, and community groups will be compromised, and value adding will be lost; and
- the current building does not provide the opportunity to reduce financial dependence on Council through revenue raising or more efficient back of house operations.

The collection is at risk

The limited space for unpacking, storage, conservation and associated back of house operations is placing Council's \$12M collection at risk. The small space is forcing some parts of the collection to be stored inappropriately, significantly raising the risk of damage and long-term deterioration.

Poor location for attracting new visitors

The current site and building struggle to be noticed by visitors, limiting visitation, which limits support and potential revenue generation and does nothing to convey Warrnambool's tourism brand of a city that meets the freedom of the coast.

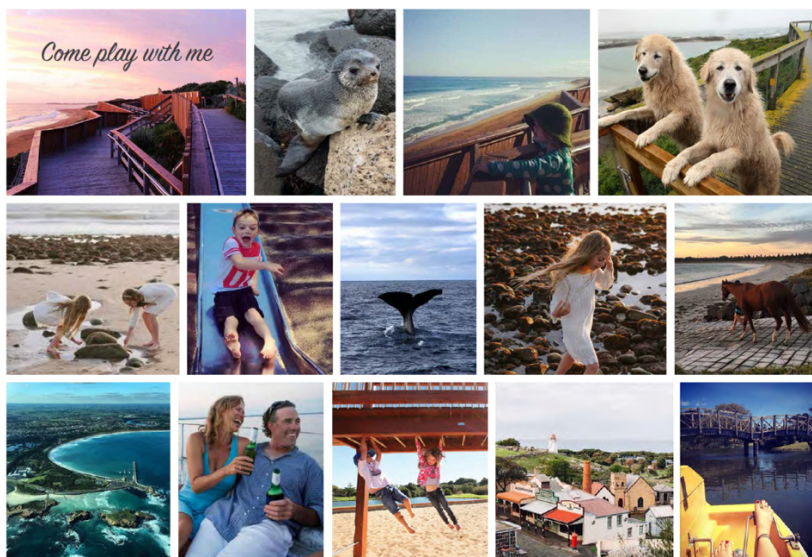
Poor location to deliver Warrnambool's tourism brand

The site and building should also be able to contribute to the delivery of the regional tourism brand of a city by the ocean. The Warrnambool value proposition is...

Warrnambool offers city lifestyle experiences wrapped up in the spectacular beauty and wild nature of the raw Southern Ocean. This combination offers opportunities for relaxation, refined refreshment & brings a new sense of playfulness, adventure

and rejuvenation¹¹. It is the only coastal retreat city perched on the spectacular natural amphitheatre of the Southern Ocean (Harbour precinct, Promenade, Lady Bay) and ready to play¹². **Figure 5.1** presents a mood board of images that capture the value proposition. The value proposition stresses a city that meets the freedom of the coast.

Figure 2.1 Warrnambool Brand Mood board



The current location does little to assist deliver the brand and help consolidate Warrnambool within the Great Ocean Road tourism offer.

¹¹ Great Ocean Road Tourism, 2020, How to use the Warrnambool brand to benefit your business – Brand Toolkit,

Warrnambool needs a strong attraction

Warrnambool isn't a natural part of the Great Ocean Road product visitor offer, and is losing competitiveness and needs a significant attraction to address this. In recent years the competitiveness of Warrnambool City in attracting domestic visitor nights has fallen significantly compared to other regional Victorian cities, as shown in **Table 2.1**. In the years leading up to 1998/99, Warrnambool City had a stronger reliance on its visitor economy than most of the Victorian regional cities. In the period since then, competitor regional cities in Victoria have had noticeably stronger growth in the core market for the visitor economy of domestic visitor nights. If we look over the twenty years to 2018/19 (the last COVID free financial year), growth in domestic visitor nights is between less than a fifth and less than a third of the growth to competitor regional centres. **Attachment A** provides more background to this part of the problem.

Table 2.1 Growth in domestic visitor nights to regional cities in Victoria 2013/14 to 2018/19

	Growth from 2013/14 to 2018/19	Growth from 1998/1999 to 2018/19	Scale of domestic visitor night to this area compared to Warrnambool in 2018/19
Warrnambool	19%	18%	100%
Torquay	20%	45%	88%
Geelong and the Bellarine	40%	66%	352%
Ballarat Region	56%	61%	167%
Bendigo Region	45%	72%	221%
Shepparton City	111%	59%	85%
Traralgon City	152%	99%	38%

¹² Strategic Intelligence, 2020, Great Ocean Road Destination Workshop Outcomes – Positioning and promise: Warrnambool

3. Functional Brief

3.1. Emerging vision for WAG

The future vision for WAG has emerged through consultation with a broad range of stakeholders, including Warrnambool City Council, WAG Director and staff, the Maar Nation community, artists, and others. This consultation has led to a series of strategic drivers being identified, which have informed the functional and spatial requirements.

The emerging vision for the future WAG describes it as forming a new place that is more connected to the civic **and** natural setting of Warrnambool and which embraces local Aboriginal culture. As a new space, the future WAG will provide welcoming, highly functional, flexible, and technically enabled spaces for a range of exhibitions and arts events.

The selection of a preferred site will impact how the functional and spatial requirements can be optimally achieved, as well as meeting the strategic drivers for the emerging vision. These are summarised in the following sub-sections.

Indigenous Respect and Recognition

Through engaging with the Maar Nation communities, the future WAG will create a place where Indigenous knowledge, culture, and art are embraced, and stories are shared with the wider community. The spatial requirements include dedicated spaces for a Maar Nation Gallery / storytelling area, interpretive materials store, and associated community meeting and workspaces.

Exhibiting Art

Showcasing the collection

The future WAG will provide flexible and contemporary gallery settings for art of all media, including new spaces to exhibit the permanent collection. The improved technical capacity and functional organisation will allow larger ticketed exhibitions to be hosted and will enable greater creative opportunity for curators and artists.

Opportunities for Emerging Artists and Connecting with Local Artists

Providing a range of flexible contemporary gallery spaces will create greater opportunities for the work of emerging and community artists to be exhibited. Improved accessibility and amenity to the new WAG will improve connection between the broader community and the arts community.

Fostering Education

Children's & Family Exhibitions

Expanding the ability to hold children's and family programs has been identified as a popular aspect for locals and visitors and is therefore important. The brief has expanded and allocated specialised spaces for a family and learning centre, as well as a new wet space/makers space will greatly increase the capacity for highly engaging and diverse programs.

Learning about Place

Connected to the strategic driver of Indigenous respect and recognition and the greater education opportunities, the future WAG will connect to its physical environs, views to the coastal setting, materiality, and co-design of cultural spaces.

Sustainability

The new project will allow the most current standards for energy performance to be applied through a high-performance façade, integrated building services, and energy generation and storage systems. These strategies will reduce long term operating costs and provide visible leadership in integrated sustainability measures in a key public project.

Through the embedded sustainability measures, as well as how the new project can improve its local environs, the future WAG can positively contribute to the local ecology.

Indoor and Outdoor Spaces

The opportunity that the Civic Green provides to the existing WAG was identified as a very positive aspect, and that the future project should closely integrate external spaces and add to the public realm of Warrnambool.

The future WAG can have a greater ability to connect with high-quality outdoor spaces that can host a range of activities, outdoor artworks, play spaces, and ceremonial events for the Maar Nation communities. A future WAG should provide new outdoor spaces that will transform the public and visitor experience, creative and cultural opportunities.

Multicultural local communities

Inclusion and sense of welcome

A new WAG would create a sense of welcome for all community members through providing accessible spaces, a connection to local place and landscape, and a contemporary and memorable architectural identity. The design of public spaces, both internal and external, would support a range of shared activities.

Community-use Spaces

A new WAG would provide facilities for use by the broader Warrnambool community through spaces that have flexible use for other activities, meetings, events, and for after-hours use. The Seminar Room, Observation Deck, Maar Nation Community Meeting Room, and the foyer all provide community-use spaces.

3.2. Functional requirements

Functional Area Schedule

A detailed Area Schedule has been developed through consultation with project stakeholders, with gallery operations expertise, and architectural and functional inputs. A total gross floor area (GFA) of 2,980m² is proposed for the redevelopment of the current site, and for the Cannon Hill site and area of 3,069m² with an additional 963m² of functional external spaces.

The Feasibility Study evaluates two different sites, thus there are some differences between each proposal, primarily in the provision of parking, coach access, and food and beverage opportunities. The provision of additional carparking and coach drop-off is not considered feasible for the existing site due to the constraints of the surrounding streets that are beyond the scope of the study to consider for redesign, and the Civic Green that is retained in its entirety.

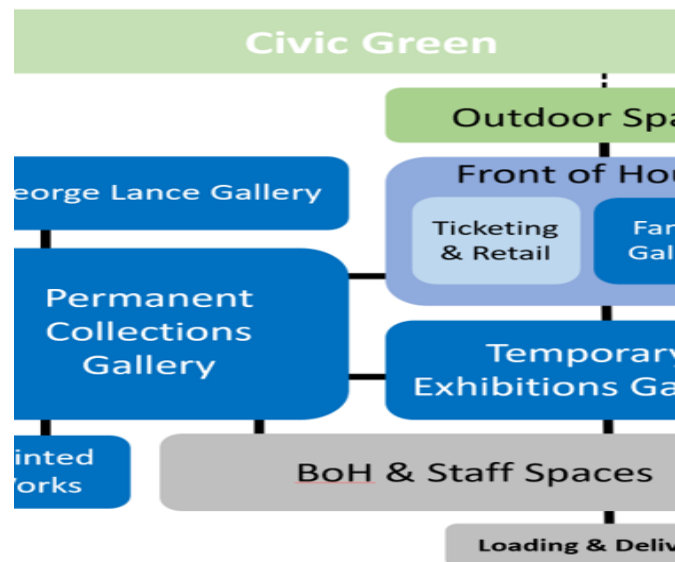
Existing Building Functional Relationships

As identified in **Section 2.3**, the existing building presents significant constraints on the optimum operation of WAG and its capacity to meet the requirements of visitors, exhibitions, and serving a broad community. An analysis of the existing building design and the functional relationships in **Figure 3.1** show the following constraints:

- exhibition spaces are poorly inter-connected, preventing the opportunity for larger touring exhibitions to be hosted;
- front-of-house spaces directly share space with the Family and Children's Gallery, impacting the ability of the foyer and arrival spaces to hold multiple events and restricting the operations of the Family and Children's Gallery;
- poor connection between external and indoor spaces for functions and events; and
- Maar Nation gallery does not have an adequate dedicated space.

It is the intention of the concept design for each site, based upon the strategic drivers and new spatial requirements to create a new design based upon optimised functional relationships.

Figure 3.1 Functional relationships of the existing WAG building (we acknowledge Maar Nation within permanent collections)

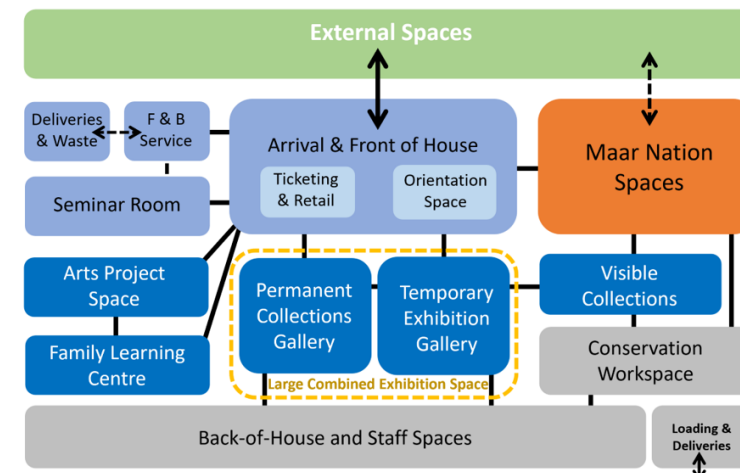


Optimised Functional Relationships

The functional requirements also identify the relationships, adjacency, and connections between key spaces. The following diagram shows the functional relationships that will optimise operations, create an efficient layout, and maximise flexibility. These functional relationships apply to both sites under study:

- capacity to connect and combine the Permanent Collections Gallery and Temporary Exhibition Gallery;
- access to Maar Nation Gallery directly from Front of House / Foyer;
- access from Maar Nation spaces to external space for ceremonial events and after-hours access to Community Meeting Room;
- access to the visible collections from the Foyer and Back-of-House;
- connection of Back-of-House and Staff Spaces to exhibition spaces; and
- connection of Project Space Gallery, and Family Learning Centre (and associated Maker's/Wet Space) to Foyer.

Figure 3.2 Optimised functional relationships of a new WAG



Functional scope and quality

In addition to the spatial requirements (Area Schedule) that is contained in **Section 3.3**, a scope of works for the new project has been identified to meet technical, quality, and sustainability requirements. This scope applies to the concept designs for both site options.

The scope for the WAG assumes the following scope of works, technical requirements, and sustainability initiatives. The external and site infrastructure works vary at each site. The following scope and construction quality are applicable to both sites:

- design for a high level of accessibility, visitor comfort, and operational adaptability;
- no basement works;
- high construction quality to meet technical standards and high thermal performance building envelope;
- high quality feature outdoor lighting;
- certified as-built 6-star GreenStar;
- rooftop photovoltaic array;
- any rooftop plantroom to have visual and acoustic screening;
- 4.5m floor-ceiling for new exhibition, foyer, and front-of-house spaces;
- contemporary gallery standard AV, IT, and Gallery security systems; and
- mechanical services to appropriate temperature and humidity to contemporary gallery standards.

Scope of works specific to redevelopment of current site:

- upper-level function space, connected to an observation area, seminar room and bar/servery; and
- Smaller F&B servery on ground floor.

Scope of works specific to Cannon Hill site:

- new driveway, pedestrian paths, private vehicle, and coach parking;
- coach drop-off;
- replacement (in part) of the existing public 'view carparking';
- larger F&B opportunity with 50-person seating area, servery, kitchen, and back-of-house store;
- outdoor observation deck with roof over in part;
- outdoor amphitheatre (potential development at later stage is site is master planned);
- wintergarden style 'indoor-outdoor' space connected to food & beverage opportunity and seminar space; and
- green roof on part of new building.

3.3. Spatial requirements

The detailed Area Schedule of the spatial requirements is provided in **Tables 3.2 to 3.5** (Current Site) and **Tables 3.6 to 3.9** (Cannon Hill Site). The spatial requirements have been developed from the Project Brief, through the broad consultation process with Council, Gallery staff, Maar Nation, and with best-practice architectural and gallery design and operations expertise.

The Area Schedule has formed the basis for the Concept Design plans and preliminary costing. Phase One of this investigation presented a Preliminary Area Schedule that applied to both sites. The updated information presents the spatial requirements, and unique opportunities, for each site separately to provide additional detail for the feasibility studies.

Table 3.1 Detailed area schedule – External spaces and Front of House spaces for the Existing site

Feasibility Study - Area Schedule

Rev 0 - for internal team discussion only	26.04.21
Rev 1 - for internal team discussion only	28.04.21
Rev 2 - issue for Cost Planner	30.04.21
Rev 3 - Options Report	12.05.21
Rev 4 - Feasibility Study Report: Costing Issue	2.06.21

Note: Area Schedule separated for each site

1.0	External Spaces	Area	Notes / Operational, Spatial & Adjacency Requirements
1.01	External Space for Activities/Public Art	-	not able to be provided at Existing Site - assume occasional use of Civic Green
1.02	Amphitheatre	-	not able to be provided at Existing Site
1.03	Coach Parking / Drop-off Bay	-	not able to be provided at Existing Site
1.04	Car Parking	refer plans	10 spaces retained on existing carpark for use by WAG visitors, delivery, DDA
1.05	Public art-based playground	-	not able to be provided at Existing Site
1.06	Public Screen	-	Mounted on façade
1.07	Outdoor Seating / Undercover Area	40	Adjacent to entry and F&B Service
1.08	Observation Deck	-	Provided as internal space
1.09	Ceremonial Space	60	Adjacent to entry and Maar Nations spaces
	Subtotal	100	
	Grossing Factor 20%	25	Assume 20% for External Circulation Paths (exc. Roads)
	Department Total	125	
2.0	Front of House Spaces	Area	Notes / Operational, Spatial & Adjacency Requirements
2.01	Arrival & Foyer	150	Includes entry airlock and main public entry to Maar Nation Interpretive Gallery. Foyer to host gatherings, exhibition openings, and small concerts.
2.02	Ticketing / Reception	12	Assume 2 staff
2.03	Gallery Retail & Function Bar	25	Adjacent within Foyer / Permanent Joinery for serving food and drinks
2.04	Seminar Space	90	Assume 25 - 30 person capacity. Co-locate with Bar. AV system and operable walls.
2.05A	F&B Service - Servery	40	Allow 60m2 at Existing Site - servery for catering functions and meetings only
2.06	Bar - Level 1	30	Bar with adjacent BOH, Store, and Servery.
2.07	Visitor Amenities	30	Includes lockers, cloakings, school group bag store
2.08	Members & Volunteers Lounge / Teapoint	20	Accessible from Foyer, also for use by FOH Staff
2.09	Front of House Store	10	Cloaking, ticketing and retail store
2.10	Function Area	150	Flexible function space on Level 1.
2.11	Observation Area	50	Located internally on Level 1. Can be combined with Function Area.
	Subtotal	607	
	Grossing Factor 35%	212	
	Department Total	819	

Table 3.2 Detailed area schedule – Maar Nation spaces and Exhibition spaces for the Existing site

Feasibility Study - Area Schedule

Rev 0 - for internal team discussion only	26.04.21
Rev 1 - for internal team discussion only	28.04.21
Rev 2 - issue for Cost Planner	30.04.21
Rev 3 - Options Report	12.05.21
Rev 4 - Feasibility Study Report: Costing Issue	2.06.21

Note: Area Schedule separated for each site

3.0	Maar Spaces	Area	Operational, Spatial & Adjacency Requirements
3.01	Entrance for Connected Outdoor Ceremonies	9	Direct access for outdoor ceremonies and entry for Maar meetings after-hours
3.02	Interpretive Materials Store	40	Specialist storage and managed access
3.03	Maar Nation Interpretive Gallery	200	Connected with Foyer
3.04	EMAC Workplace	-	Included and co-located with Staff Workspace
3.05	Conservation Room	24	Assume workshop space for 2 staff and storage
3.06	Meeting / Community Rooms	30	Assume 1 medium size room with access from public spaces
3.07	Teapoint	12	For staff and community use
	<i>Subtotal</i>	315	
	Grossing Factor 35%	110	
	Department Total	425	

4.0	Exhibition Spaces	Area: Optimal	Operational, Spatial & Adjacency Requirements
4.01	Permanent Collection Gallery	200	Capacity to be interconnected for 400m2 major ticketed exhibition
4.02	Temporary Exhibition Gallery 1	100	Capacity to be interconnected for 400m2 major ticketed exhibition
4.03	Temporary Exhibition Gallery 2	100	Capacity to be interconnected for 400m2 major ticketed exhibition
4.04	Family Learning Centre (FLC) Gallery	120	Acoustic and visual screening from other public spaces (existing = 80m2)
4.05	FLC - Wet Space / Makers Space	40	Access from FLC Gallery and Indigenous cultural space
4.06	Project Space	55	Ground floor location and adjacent to FLC Gallery to allow flexible exhibition use
4.07	Crates, Chairs, Moveable Walls Store	40	Located adjacent to gallery spaces in BOH zone
	<i>Subtotal</i>	655	
	Grossing Factor 25%	164	Assume 25% Grossing Factor for Exhibition Spaces
	Department Total	819	

Table 3.3 Detailed are schedule – Staff spaces, back of house and summary of spaces for the Existing site

Feasibility Study - Area Schedule

Rev 0 - for internal team discussion only	26.04.21
Rev 1 - for internal team discussion only	28.04.21
Rev 2 - issue for Cost Planner	30.04.21
Rev 3 - Options Report	12.05.21
Rev 4 - Feasibility Study Report: Costing Issue	2.06.21

Note: Area Schedule separated for each site

5.0	Staff Spaces & Back-of-House	Area	Operational, Spatial & Adjacency Requirements
5.01	Staff Workplace	100	Assume 8 WAG staff and 2 Maar staff @10m2 per person allocation
5.02	Office	24	Assume 2 enclosed offices
5.03	Conservation Room	48	With workbenches and plan drawers for print works
5.04	Staff Teapoint	12	Dedicated for staff use
5.05	Staff Meeting Room	15	Dedicated for staff use
5.06	Covered / Secure Loading Bay	60	Part external - assume Loading Bay for Medium Rigid Vehicle (TBC)
5.07	Crating / Unpacking Space	24	Connected to Loading Bay
5.08	Workshop	24	Framing, carpentry, painting
5.09	Visible Storage	100	Located to allow public access to viewing space
5.10	Secure Collection	225	Area allocation updated
5.11	Exhibition AV/Comms	12	Specialised for digital exhibition content
5.12	Photovoltaic Battery Storage	20	Sustainability Initiative
5.13	Waste	15	Gallery and F&B bins store
	<i>Subtotal</i>	679	
	Grossing Factor 35%	238	
	Department Total	917	

Summary of Areas	Area	
1.0 External Spaces	125	Excluded from Total Estimated GFA
1.1 Rooftop Photovoltaic Array	refer plans	Excluded from Total Estimated GFA
2.0 Front of House Spaces	819	
3.0 Maar Spaces	425	
4.0 Exhibition Spaces	819	
5.0 Staff Spaces & Back-of-House	917	
Total Estimated GFA	2980	Excludes External Spaces

Table 3.4 Detailed area schedule – External spaces and Front of House spaces for the Canon Hill Site

Feasibility Study - Area Schedule

Rev 0 - for internal team discussion only	26.04.21
Rev 1 - for internal team discussion only	28.04.21
Rev 2 - issue for Cost Planner	30.04.21
Rev 3 - Options Report	12.05.21
Rev 4 - Feasibility Study Report: Costing Issue	2.06.21

Note: Area Schedule separated for each site

1.0	External Spaces	Area	Notes / Operational, Spatial & Adjacency Requirements
1.01	External Space for Activities/Public Art	300	High quality paved outdoor space with external lighting
1.02	Amphitheatre	180	Assume to include stage (no Back-of-House). External AV system.
1.03	Coach Parking / Drop-off Bay	refer plans	
1.04	Car Parking	refer plans	
1.05	Public art-based playground	60	
1.06	Public Screen	-	not provided at Cannon Hill
1.07	Outdoor Terrace	80	Undercover seating area adjacent to F&B Service
1.08	Observation Deck	150	Semi-enclosed and publicly-accessible
1.09	Ceremonial Space	120	Adjacent to South Entry and Maar Nations spaces
	<i>Subtotal</i>	770	
	Grossing Factor 20%	193	Assume 20% for External Circulation Paths (exc. Roads)
	Department Total	963	
2.0	Front of House Spaces	Area	Notes / Operational, Spatial & Adjacency Requirements
2.01	Arrival & Foyer	150	Includes entry airlock and main public entry to Maar Nation Interpretive Gallery. Foyer to host gatherings, exhibition openings, and small concerts.
2.02	Ticketing / Reception	12	Assume 2 staff
2.03	Gallery Retail & Function Bar	25	Adjacent within Foyer / Permanent Joinery for serving food and drinks
2.04	Seminar Space	100	Assume 40-50 person capacity. Co-locate with F&B. AV system and operable walls.
2.05B	F&B Service - Café/Winebar	120	Commercial F&B opportunity with seating and BOH Kitchen and Store
2.05C	F&B Service - Wintergarden	50	Flexible 'indoo-outdoor' space with glass louvres
2.06	-	-	-
2.07	Visitor Amenities	30	Includes lockers, cloakings, school group bag store
2.08	Members & Volunteers Lounge / Teapoint	20	Accessible from Foyer, also for use by FOH Staff
2.09	Front of House Store	10	AV, furniture, event storage
2.10	Vista Gallery	100	Flexible use exhibition and display space with views of coastal areas
	<i>Subtotal</i>	642	
	Grossing Factor 35%	225	
	Department Total	867	

Table 3.5 Detailed area schedule – Maar Nation spaces and Exhibition spaces for the Canon Hill site

Feasibility Study - Area Schedule

Rev 0 - for internal team discussion only	26.04.21
Rev 1 - for internal team discussion only	28.04.21
Rev 2 - issue for Cost Planner	30.04.21
Rev 3 - Options Report	12.05.21
Rev 4 - Feasibility Study Report: Costing Issue	2.06.21

Note: Area Schedule separated for each site

3.0	Maar Spaces	Area	Notes / Operational, Spatial & Adjacency Requirements
3.01	Entrance for Connected Outdoor Ceremonies	9	Direct access for outdoor ceremonies and entry for Maar meetings after-hours
3.02	Interpretive Materials Store	40	Specialist storage and managed access
3.03	Maar Nation Interpretive Gallery	200	Connected with Foyer
3.04	EMAC Workplace	-	Included and co-located with Staff Workspace
3.05	Conservation Room	24	Assume workshop space for 2 staff and storage
3.06	Meeting / Community Rooms	30	Assume 1 medium size room with access from public spaces
3.07	Teapoint	12	For staff and community use
	<i>Subtotal</i>	<i>315</i>	
	Grossing Factor 35%	110	
	Department Total	425	

4.0	Exhibition Spaces	Area	Notes / Operational, Spatial & Adjacency Requirements
4.01	Permanent Collection Gallery	200	Capacity to be interconnected for 400m2 major ticketed exhibition
4.02	Temporary Exhibition Gallery 1	100	Capacity to be interconnected for 400m2 major ticketed exhibition
4.03	Temporary Exhibition Gallery 2	100	Capacity to be interconnected for 400m2 major ticketed exhibition
4.04	Family Learning Centre (FLC) Gallery	120	Acoustic and visual screening from other public spaces (existing = 80m2)
4.05	FLC - Wet Space / Makers Space	40	Access from FLC Gallery and Indigenous cultural space
4.06	Project Space	45	Ground floor location and adjacent to FLC Gallery to allow flexible exhibition use
4.07	Crates, Chairs, Moveable Walls Store	40	Located adjacent to gallery spaces in BOH zone
	<i>Subtotal</i>	<i>645</i>	
	Grossing Factor 25%	161	Assume 25% Grossing Factor for Exhibition Spaces
	Department Total	806	

Table 3.6 Detailed area schedule – Staff spaces, back of house and summary of spaces for the Canon Hill site

Feasibility Study - Area Schedule

Rev 0 - for internal team discussion only 26.04.21

Rev 1 - for internal team discussion only 28.04.21

Rev 2 - issue for Cost Planner 30.04.21

Rev 3 - Options Report 12.05.21

Rev 4 - Feasibility Study Report: Costing Issue 2.06.21

Note: Area Schedule separated for each site

5.0	Staff Spaces & Back-of-House	Area	Notes / Operational, Spatial & Adjacency Requirements
5.01	Staff Workplace	100	Assume 8 WAG staff and 2 Maar staff @10m2 per person allocation
5.02	Office	24	Assume 2 offices
5.03	Conservation Room	48	With workbenches and plan drawers for print works
5.04	Staff Teapoint	12	Dedicated for staff use
5.05	Staff Meeting Room	15	Dedicated for staff use
5.06	Covered / Secure Loading Bay	60	Part external - assume Loading Bay for Medium Rigid Vehicle (TBC)
5.07	Crating / Unpacking Space	24	Connected to Loading Bay
5.08	Workshop	24	Framing, carpentry, painting
5.09	Visible Storage	100	Located to allow public access to viewing space
5.10	Secure Collection	240	Area allocation updated
5.11	Exhibition AV/Comms	12	Specialised for digital exhibition content
5.12	Photovoltaic Battery Storage	20	Sustainability Initiative
5.13	Waste	15	Gallery and F&B bins store
2.11	Function Space Store	25	Storage adjacent to Seminar Room to support functions
	<i>Subtotal</i>	<i>719</i>	
	Grossing Factor 35%	252	
	Department Total	971	

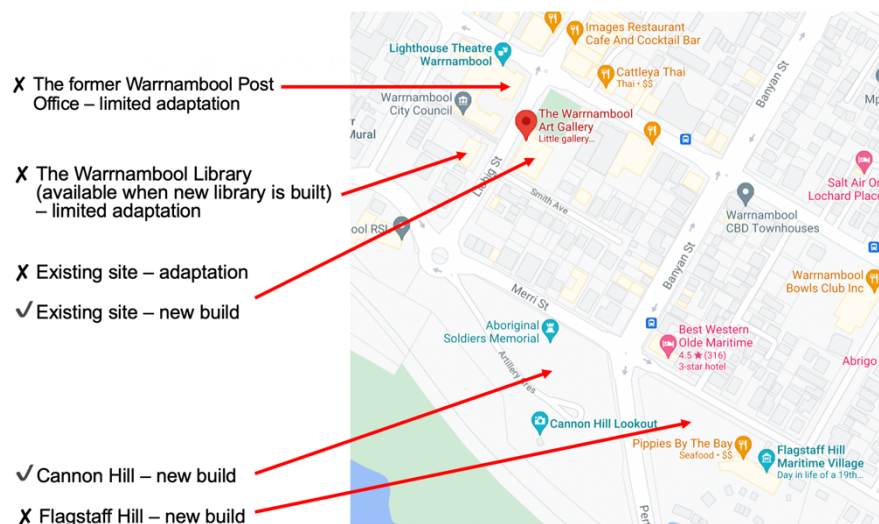
Summary of Areas		Area	
1.0 External Spaces		963	Excluded from Total Estimated GFA
1.1 Rooftop Photovoltaic Array	refer plans		Excluded from Total Estimated GFA
2.0 Front of House Spaces		867	
3.0 Maar Spaces		425	
4.0 Exhibition Spaces		806	
5.0 Staff Spaces & Back-of-House		971	
Total Estimated GFA		_3069_	Excludes External Spaces

4. Potential sites considered

Figure 4.1 presents the multiple sites considered for this feasibility study. These sites are profiled and briefly assessed in this section, leading to shortlisting of two proposals for feasibility assessment:

- new building on the existing site; and
- new building on the Cannon Hill site.

Figure 4.1 The multiple sites considered for this feasibility study



4.1. City sites

The Warrnambool Library

The current municipal library building was not considered feasible for adaptation for the new WAG due to:

- the existing building fabric and form would not enable a contemporary and transformative new visitor experience to be created;
- limited footprint that would not allow the Functional Brief to be constructed;
- brick building fabric that would limit the scope and quality of the works, including thermal performance;
- building fabric limits structural changes without significant cost; and
- access is limited due to non-compliant ramp connecting split floor levels.

The former Warrnambool Post Office

The former Post Office on Timor Street was not considered feasible for adaptation for the new WAG due to:

- the existing building fabric and form would not enable a contemporary and transformative new visitor experience to be created;
- limited footprint that would not allow the Functional Brief to be constructed;
- historical building fabric has heritage and design overlay controls that would limit the scope and quality of the works;
- building fabric of load bearing masonry limits structural changes without significant cost; and
- equitable access is limited due to stairs at the entries and from ground to first floor.

4.2. Flagstaff Hill

A site within the Flagstaff Hill area was proposed that is on the western edge adjunct to Pertobe Road, on the existing car parking area. The main rationale for considering the site was to gain benefits from clustering of the City's two leading cultural tourism attractions. Clustering could make it easier to market, easier for visitors to find, shared potential flow of custom from the Visitor Information Centre, and shared use of the remaining parking area.

After an inspection and consultation with the WAG Aboriginal Steering Committee, the site was discounted off shortlisting, due:

- mainly due to a perceived misfit of trying to accommodate an increased Aboriginal storytelling and art exhibition into a colonial space with limited connection to natural landscapes;
- the connection to the town centre is not as strong as Cannon Hill; and
- there may be insufficient carparking for the two operations during peak periods.

4.3. Existing site adaptation

The project site is adjacent to the Civic Green and is connected to Liebig Street, Smith Avenue, and Timor Street. The site area is approximately 1,850m², with the existing building occupying approximately 1,160m². For the proposed redevelopment, the concept studies have assumed that building works cannot encroach on the Civic Green and that the Council-held carparking site to the east can be utilised for the redevelopment.

The existing site was one of two sites proposed for consideration in the Project Brief. Some stakeholders suggested that some parts of the purpose designed

building may be able to be adapted, perhaps building one or two levels above or at least building over the carpark area to the east that Council owns and leases to the owner of the adjacent land current operating as a ten pin bowling attraction.

One potential advantage of this option is that it could, compared with a new build on the site, present less operational impact on WAG and allow some continuity of some operations (at a reduced scope and in a stage manner) during the construction works of 12 – 24 months.

Investigating this option involved assessing the utility of each space within the building to be retained, the structural integrity of the existing building's floorplate and frame, and the potential to bore through the current floorplate to install new footings capable of supporting additional building levels.

Following the investigation, it was concluded that adapting the building reduced functionality, overall lower building quality, and reduced flexibility was evaluated as inadequate for achieving the future vision for WAG. Adapting the building is considered a very poor option to consider for the following reasons:

- there will be compromises to the connections between key functional spaces, the flexibility for exhibitions, and long-term adaptability;
- the degree of physical transformation will be more limited than the New Build strategy and some 'legacy issues' from the existing facility that will remain – such as the thermal and acoustic performance and constraints of the building footprint; and
- the interface with the existing retained structure and the new works would require detailed consideration and present risks for design, costing, and construction.

4.4. New build on existing WAG site

In still considering the use of the existing site, instead of adapting the new building on the existing site, it is more logical and less risky to demolish the existing building and construct a purpose designed building that maximises the space and allocates sufficient spaces to each functional need.

Building multi-level galleries is expensive and problematic for operations, with a heavy reliance on service lifts and additional space having to be allocated for stairs. Building multiple levels is also more expensive to construct and operate.

Placing the core gallery functions (front of house, exhibition areas and back of house) on the ground floor is highly desirable, but on the existing site requires more land. Again, for the proposed redevelopment, the concept studies have assumed that building works cannot encroach on the Civic Green and that the Council-held carparking site to the east can be utilised for the redevelopment.

This proposal was considered worthy of taking to feasibility, assuming that the carpark could be made available for development without significant legal or cost implications. The carpark is located lower than the ground floor of the existing building, so the only way to retain the carpark and build over it would be to raise the level of the Gallery. This presents significant additional construction costs and significant access challenges off the street that combined, were not taken forward as an option for feasibility. It was also noted that the owner of the Ten Pin Bowling Alley was interested in redeveloping the site for residential use and could partner with Council to jointly address the level issue. Council did not provide us with instruction to pursue this course of action.

4.5. New build on Cannon Hill site

The Cannon Hill site was one of two sites proposed for consideration in the Project Brief. The Cannon Hill site is currently accessed from Merri Street and Artillery Crescent. As Crown Land, current responsibility for the site rests with the Department of Environment, Land, Water and Planning (DELWP). The DELWP has a management agreement with the Warrnambool City Council for day to day management of the open space, visitor facilities and monuments.

The site is occupied by some small structures; the Portuguese Explorers Memorial and a bluestone-walled shelter. Artillery Crescent provides 52 carparking places. A pedestrian path runs east-west across the connecting Liebig St to Pertobe Road. The site offers an outstanding vantage point for views of Lake Pertobe, the headland and coastline.

This site offers the opportunity for a new build on the open space that takes advantage of the coastal views to give the Gallery a link to the Warrnambool brand and a point of difference to all other regional galleries in Victoria that do not offer such a position or view.

This proposal was considered worthy of taking to feasibility, assuming that developing on this Crown Land is supported by DELWP. Verbal in principle support from DELWP was indicated to our team and Council has been asked to confirm this in writing. There is potential for management of this land to be transferred to the Great Ocean Road Coast and Parks Authority (GORCAPA). The statutory authority

is governed by a Board of Directors that was established on 1 December 2020 and operates under the Great Ocean Road and Environs Protection Act 2020¹³.

4.6. Potential future uses for the existing site

If Cannon Hill was chosen as the preferred site, then there should be consideration of what to do with the existing building and site. This consideration is sometimes incorporated into a Business Case for a new gallery because it presents costs and benefits that should be weighed up as part of the decision-making process.

Stakeholders have suggested the following potential uses for the existing site:

1. Adaptation for use as Council offices (transferring out of the former Post Office building)
2. Adaptation for use as an Artist's in Residence program, and for selling their art;
3. Adaptation for all weather community markets and live music
4. Rezoning and sale of property for commercial or residential development, with proceeds used to generate seed funding for a new gallery

The two community adaptation uses (2. Artists and / or 3. Markets) would probably attract the most community support but also present the highest adaptation and ongoing operating costs to Council.

¹³ The Authority's primary purpose is to protect and manage visitation of the Great Ocean Road Coast and Parks. It manages, protects, rehabilitates and fosters resilience of the natural, cultural and heritage values of coastal Crown land and marine waters along the Great Ocean Road. As a public land manager for the Great Ocean Road Coast and Parks, the Authority manages a wide variety of public land from National Parks to coastal beaches to town foreshores. It has a broad range of functions for the management of public land. It also leads visitation policy and planning for the scenic landscapes along the Great Ocean Road to manage visitation 'hot spots' and provide a great visitor experience. The Authority has

If Council decides to pursue a business case to develop a new WAG at the Cannon Hill site, the Business Case scope should include allowance for the preferred use of the existing site.

4.7. Future governance model

It is proposed to contemplate shifting from a Council run operation to a company limited by guarantee¹⁴, run by a Board with representation potentially from Warrnambool City Council, Eastern Maar Nation and skills-based appointees. This proposal is more relevant if Option 2: New build on Cannon Hill is chosen, due to its location on Crown land rather than Council owned land, and its greater commercial potential (see **Section 8.0**). Along with this shift could be revised position descriptions and enterprise agreements with a bonus for achieving pre-agreed KPI's.

Further work on this aspect would be done as part of a Business Case.

simplified previously complex and fragmented management arrangements and delivers a more coherent approach to addressing the challenges of increasing visitation and climate change by creating a single point of accountability.

¹⁴ This model has been applied to various regional galleries, including Heide and TWMA, which have tax and cultural gift tax deductibility and can still apply for government grants

5. Option one: new build on existing site

5.1. Visitor experiences

Lead attribute – the crystal box

To counter the limited WOW factor of the surrounding environment in attracting visitors from outside the City, and create additional function revenue, it is recommended to add to the first floor a crystal box. As a novel and attractive outdoor feature, the crystal box would attract visitors in the same way that The Cube Gallery in McLaren Vale in South Australia is doing. There is the potential to present the crystal box as an aesthetically pleasing architectural achievement that will serve as a solar power providing object during the day (as it faces north) and by night glow from within using a changing light installation commissioned by an artist. In addition, there could be an opportunity for artists to be commissioned to make one off works that are compatible within the space.

Within the crystal box there could be a space of around 400 square meters, that could be hired for stand-up functions, seminars and public programs conducted by the Gallery including concerts and education partnership programs and activities. It could also provide a space for staff to meet. If popular for functions, there might be a chance for the space to be also used as a wine bar, with catering brought in from a local business provider (but this has not been factored into the business model).

Secondary lead attribute – outdoors digital art

It is proposed to install a large LED screen as a contemporary idea of a lighthouse. The installation would be featured on the front facade of the new building – facing

the Civic Green but also wrapping around the upper level. This installation would allow digital artworks, messaging, and branding to be prominently integrated.

Summary of visitor experiences

The proposed visitor experiences for a new building on the existing site are:

- small outdoor ceremonial space for Aboriginal smoking ceremonies;
- viewing Aboriginal art in the Maar Nation Gallery;
- viewing parts of the WAG permanent collection;
- viewing temporary exhibitions, including major and blockbuster exhibitions;
- viewing part of the WAG collection in viewable storage;
- interacting with children in children designed exhibitions and activities;
- interpretive and educational activities (public programming) in a project space;
- artist demonstration in a makers space;
- attending seminars and meetings with a view of the Civic Green from an observation deck; and
- purchasing art and art inspired merchandise.

A very basic servery on the ground floor would support exhibition launches. A larger servery and bar on the first floor would support functions and seminars (venue hire business) on the first floor. There is no café, wine bar or restaurant in the business model for this proposal.

Exhibition program

One major exhibition is proposed each year, alternating between a major blockbuster (a biennial signature event like the Archibald), followed by a more modest profile-raising exhibition. The alternative exhibition would be independently mounted by WAG, could be a National Prize for contemporary art, or alternatively it could be dedicated to a story from the South Western Victorian region. WAG could

seek and include works from another area in the country that would complement their story. (Ie Aboriginal people and their Country, Shipwrecks, Pioneers and Explorers, Botanical specimens, Bush Tucker, Sport, The Sea and the Sun). Interventions by contemporary artists could be included.

These exhibitions would attract their own specific entry fee.

Supporting these exhibitions, there could be different public programming activities designed for adults, children and students. A special project space has been allocated for these focussed activities, to be charged on a user pays basis.

Storytelling and programming

In addition to the exhibition spaces, the project space would provide an operational area to make art and undertake various art themed activities that provide an interactive and participatory dimension to public programs.

The Eastern Maar Nation story telling experience could include a 'trail' of interpretive elements added to the existing site - connecting from the street edges of Liebig or Timor St, the Civic Green, Ceremonial Space, and then running into the interior to connect with the Maar Nation Exhibition Space and to the upper-level event space (this trail is not costed in this feasibility).

Other versions of the public programming could include relevant talks / presentations, with small versions held upstairs and larger ones within an existing exhibition area.

5.2. Site opportunities and concept design

This design strategy allows the future WAG to create a distinct new architectural identity, contemporary gallery spaces and technical requirements throughout all spaces, and optimise the functional connections and planning.

Description of the concept

Figure 5.1 presents the existing site and its surrounding roads and parking on an aerial photograph and **Figure 5.2** presents it in plan form. **Figure 5.3** presents the access to the existing site and **Figure 5.4** presents the positioning of the proposal within the local environment. **Figures 5.3 and 5.4** present the Concept Plan for a new build on the current site at ground and first level respectively. Total floor space for the proposal is 2,980m² of which ground floor is proposed to be 2500m² and first level 480m². The concept for the existing site has the following assumptions as a response to the existing location:

1. A majority single-floor building is assumed to maximise ease of functional connections, interconnections between galleries, and maximising the height of gallery and foyer spaces.
2. There is minimal impact to the adjacent Civic Green, and this public open space is not 'built out' to create space for the future WAG. There is considerable opportunity for a greater synergy between the Civic Green and WAG through the design and scoping of the external spaces to host a wider range of accessible, creative, and social activities.
3. To achieve the required floor area but avoid a multi-level building, the proposal extends to the east to utilise the existing carparking site (held by Council and discussed further). It is assumed that this land is made available through the extinguishing of the lease for carparking.

Timor St

Civic Green

Stage

City Council

Liebig St

APPROX EXTENT H095 OVERLAY

Existing Gallery Approx 1159 m2

Store

Car Parks

Approx Site Area 655 m2

Smith Ave

Produced by

SMA + Maudie Palmer AO

Lyons

Project

**WARRNAMBOOL ART GALLERY
FEASIBILITY STUDY**

Drawing Title

**CURRENT WAG SITE
EXISTING CONDITIONS
NEARMAP**

Drawn DF Checked AP Scale 1:500 @ A3

Job No. WA01 Date June 2, 2021

Drawing No. 3 Revision 5

DISCLAIMER:
ALL BOUNDARIES AND EXTENTS ARE
INDICATIVE AND HAVE NOT BEEN VERIFIED

Figure 5.2 Existing site and its surrounding roads and parking in plan form

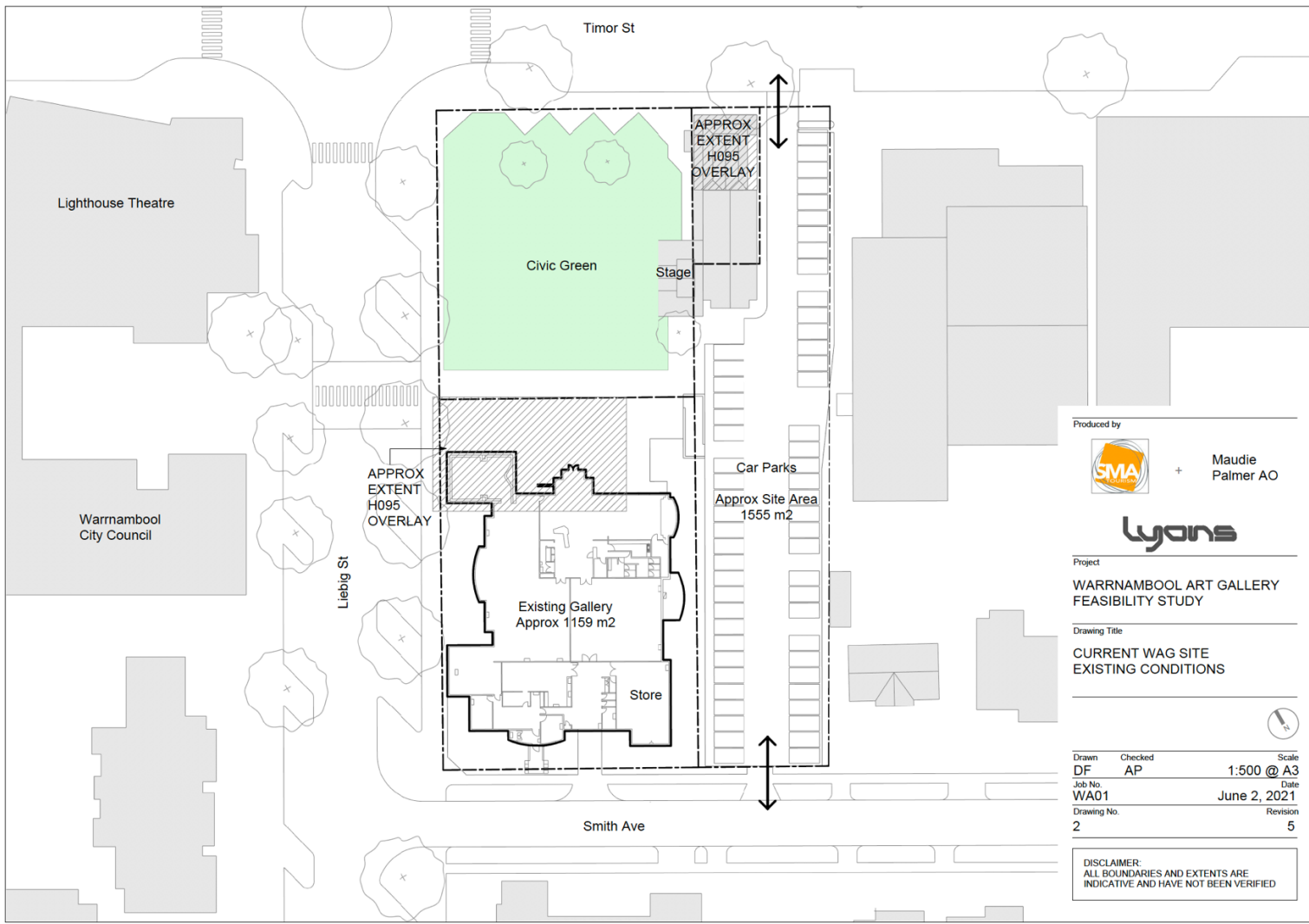


Figure 5.3 Access points to the existing site



Figure 5.4 Positioning of the proposal within the local environment



Figure 5.5 Concept Plan for a new build on current site (Ground Floor)

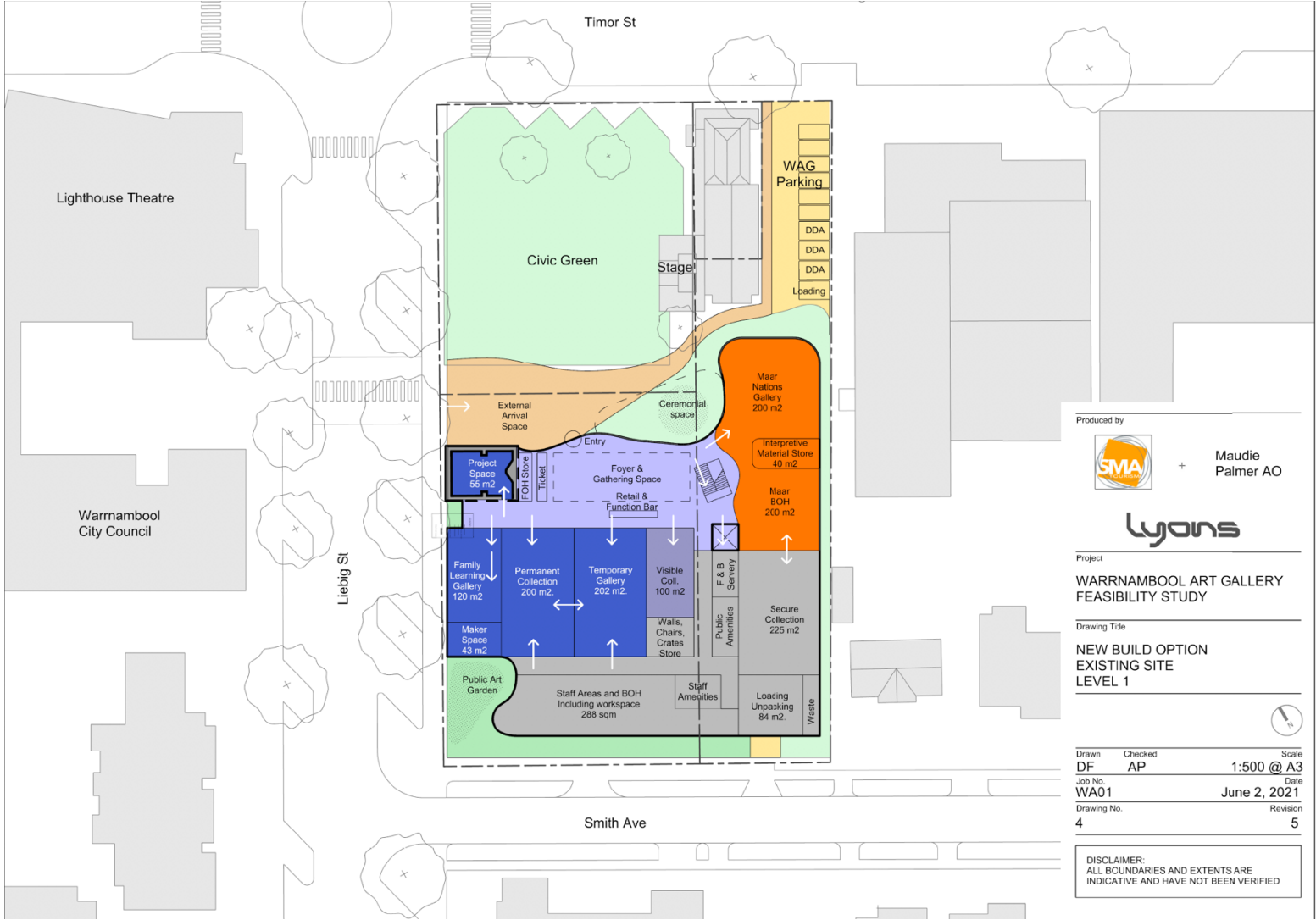
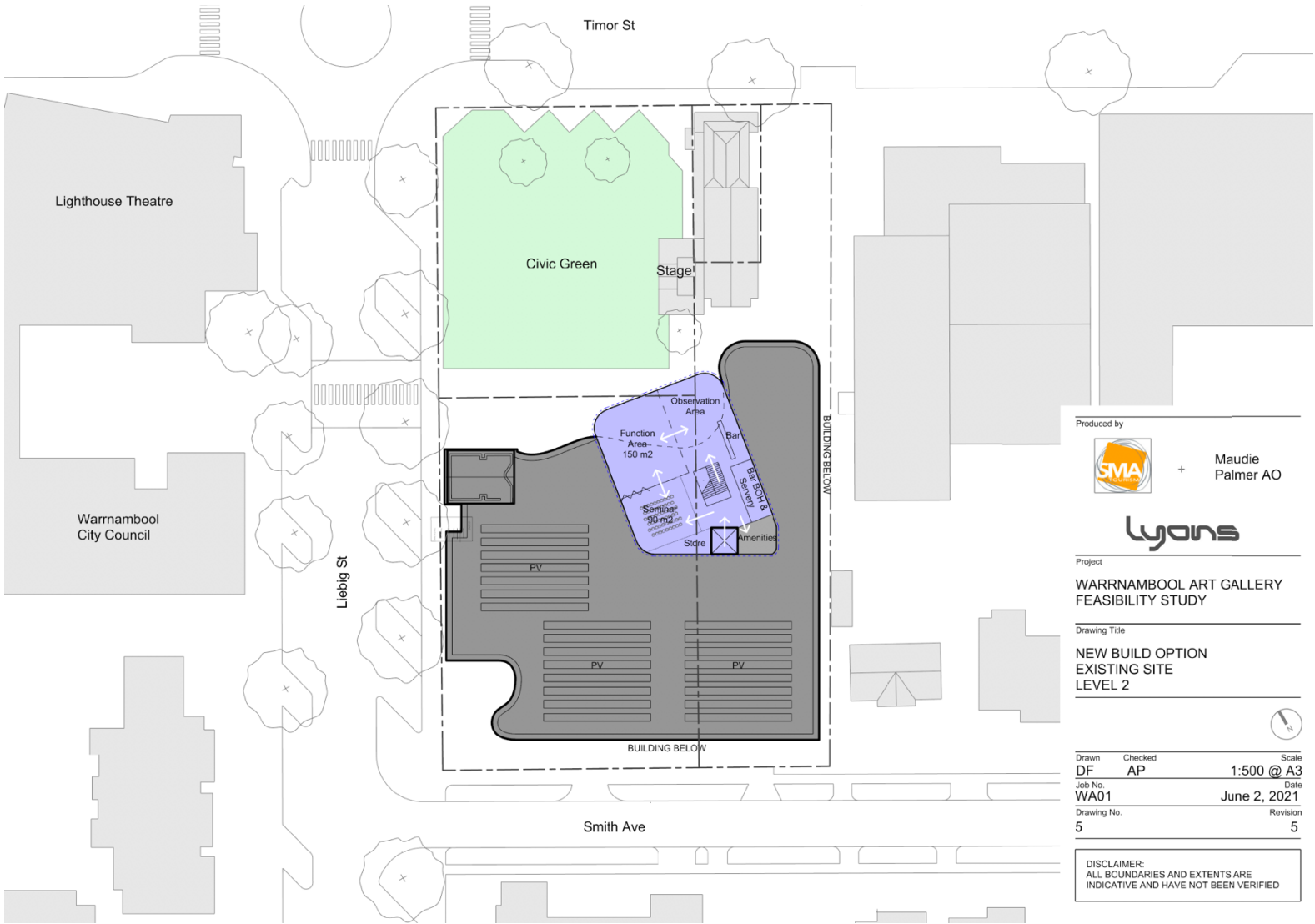


Figure 5.6 Concept Plan for a new build on current site (First Floor)



Site planning and architectural design approach

Existing Site – Outdoor Space and Built Form

The new building has a stronger visual identity and presence to the centre of Warrnambool and an improved physical connection to the Civic Green site. The two-storey design comprising a ground level of arrival, exhibition, and back-of-house spaces and an upper level with function and seminar spaces. The massing maximises the ground floor footprint to improve the functional connections for operations, flexibility, and to maximises the accessibility of gallery spaces for all visitors. To enable this efficient planning the Feasibility Study design is based upon the agreed assumption that the adjacent Council-owned carpark site to the east is utilised. Approximately 10 carparks are retained for use by gallery staff, visitors requiring DDA access, and deliveries.

The Ceremonial Space is located prominently near the building entry and Maar Nation spaces, facing toward the Civic Green. The Maar Nation Gallery directly addresses the Civic Green, and approach from Liebig Street and Timor Street. This prominent location in the new built form will allow the strategic goal of greatly improved Aboriginal storytelling and local identity to form a strand of the new WAG.

Existing Site – Functional Organisation and Gallery Design

The arrival foyer faces toward the Civic Green, improving the connection between the outdoor public spaces and WAG. The Maar Nation Spaces are accessed from the main entry and foyer and can create a unique identity within the project while also being functionally integrated with the operations of WAG.

The gallery spaces are adjacent to the foyer and are arranged side-by-side to allow for their interconnection for hosting larger touring exhibitions. They are well connected to the Staff and Back-of-House spaces. A contemporary and innovative

type of exhibition space, the visible collection, will allow artworks otherwise in storage to be presented in a controlled and accessible manner.

The upper level is accessed by a passenger lift and stairs from the foyer. The space is designed to host functions and seminars, with spaces able to be interconnected and expanded with operable walls. A bar and servery support functions, catering, and drinks service. An observation area affords views to the Civic Green and town centre. The upper level is designed as an architectural landmark form, the crystal box, to act as a unique destination for visitors, to host multimedia digital artwork on its façade, and as a showcase of integrated sustainability and energy generation through solar-powered building integrated photovoltaic cells as part of the highly energy efficient façade.

Outdoor landscape elements

Access and parking

- The resumption of Council land currently leased for parking would provide for three car parks for persons with a Parking Disability Pass, and an additional six parking spaces for Gallery staff and visitors with a Parking Pass.
- There is no new parking created for other gallery visitors – the existing opportunities continue with the exception of the removal of the 49 parking spots currently available that are proposed to be built over
- Increased visitation expected for a new WAG on this site of around an extra 150 visitors per day by 2027 (see Table 8.2) alongside the removal of the 49 parking spots indicates a need for further investigation of impacts on central City parking if this option is taken forward to a business case.

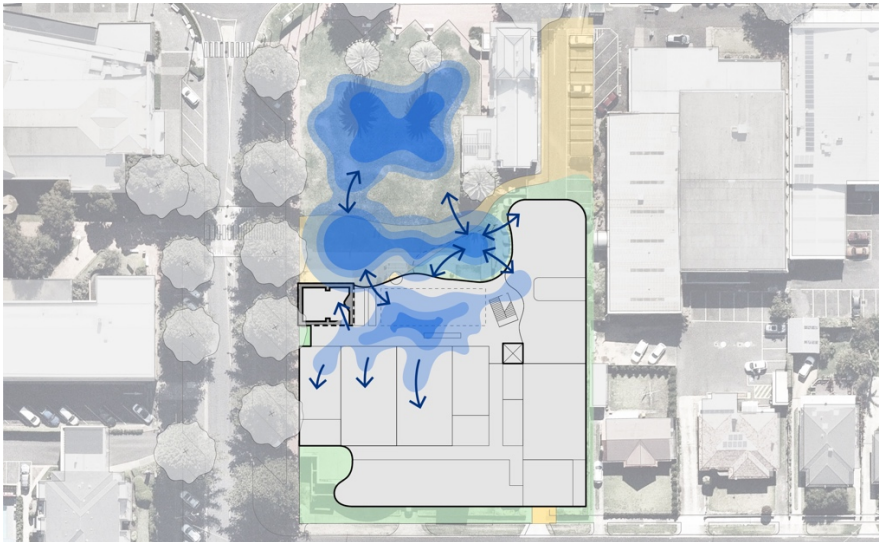
Outdoor facilities

- A ceremonial space is created near the entrance to respect the strong presence of Aboriginal culture and to use for Aboriginal smoking ceremonies

- A small public art garden is established in the western corner of the building

Positioning

- The entry, foyer, and FOH strongly visually connect toward the Civic Green and can access the adjacent 'ceremonial space'. The diagram below shows how these spaces relate and have a strong visual and physical connection to the new Foyer and arrival spaces.



Ground level features

Front of house

- The Permanent Exhibition and Temporary Exhibition Gallery spaces are organised as series of adjacent, and potentially interconnected spaces to enable the hosting of larger ticketed exhibitions.
- The Family Learning Centre can have a strong connection to Liebig Street and visual connection to an adjacent garden and/or outdoor sculptures.

- The existing George Lance Gallery is retained and lightly refurbished as the Wet Space/Maker's Space.
- The visible collection is adjacent to the new galleries and well connected to the BOH and secure collection.

Back of house

- All back-of-house and Staff Spaces are modernised.

First floor features

- The first floor is constructed above the new entry and foyer.
- The first floor features from the outside the crystal box, to attract visitors and generate a presence, especially at night
- The first floor offers the opportunity to generate income for WAG via:
 - an adaptable space for seminars and functions, supported by a servery, bar, storage, fixed audio visual equipment and amenities; and
 - an observation area offers a unique space for invited guests to view events held on the Civic Green
- On the rooftop would be a photo voltaic array to generate sustainable energy so as to reduce the carbon footprint and annual energy costs. The total array of 500m² could generate sustainable energy that reduces the environmental footprint.

5.3. Addressing potential issues of development

No gallery for 18 months

This proposal is likely to result in the closure of the gallery for public use for at least 18 months, and possibly two years, while the existing building is demolished and a new building constructed and fitted out for use. The closure will:

- cause challenges for utilising and therefore continuing employment of all Gallery staff (see **Section 5.4**);
- reduce the overall visitor offer in Warrnambool;
- remove access to educational programs drawing on the galleries resources; and
- reduce the overall brand strength of the Gallery in the community and visitor market.

No Civic Green for 18 months

This proposal is likely to result in the loss of use of the Civic Green for approximately 18 months. There is no room to demolish the existing gallery and construct a new building without temporarily closing the Civic Green to operate as a work space to receive construction materials, operate cranes and concrete pumps, and provide a construction site office. At the end of the construction, the Civic Green would be rehabilitated and returned to community use.

Intermittent road closures

This proposal is likely to result in the occasional closure of Leigh Street and Smith Street, to remove waste, receive deliveries and operate cranes. This will present some inconvenience for local residents and businesses, and general traffic using the roads. During these periods some other local parking would also be unavailable.

Long term loss of car parking

To gain the ground floor space needed for the proposal on this site requires the resumption of most of the car parking currently provided via lease to the owner of the Ten Pin Bowling Entertainment Centre. This will displace this parking demand onto the surrounding streets and increase competition for these parking spaces.

There may be the opportunity to use up to a third of the first spaces off Timor Street. There is also the future opportunity to construct underground carparking as part of a future development.

5.4. Changes to the operation during construction

- Gallery Director is retained to assist input into the new gallery
- There is a review of the utility of other staff for the duration of the construction and fitout period, with options including changes to work hours, changes to work tasks and redundancy. Ongoing staff could be transferred to alternative Council office space for the duration of the construction and fitout period
- A suitable alternative location to store the collection is found and the collection is transferred to the facility for approximately 18 months while construction and fitout of a new building occurs
- A suitable location is found to store transferrable equipment, other items are removed from the building and reused elsewhere, gifted or disposed of
- Vehicle access to back-of-house is assumed to be retained from Smith Avenue.
- The demolition of the existing building will require the decanting and relocation of WAG staff and the packing and storage of the collection. During the construction phase WAG will highly limit operation as a public-facing institution

for 12 – 24 months. The operational costs and reduced opportunities for cultural programming and display of the collection will need to be closely considered.

- The discontinuity of the exhibitions and public activities WAG will impact the connection between the gallery, the community, and visitors.

6. Option Two: New build on Cannon Hill site

6.1. Lead experiences

Lead attribute – an art gallery on the coast, connected to Country

The lead attribute of this proposal is making the most of its clear connection to and views of the coastline, Warrnambool Harbour and Lake Pertobe. This would be capitalised through:

- an extensive café and wine bar overlooking the coastal features;
- an observation deck to capture the views in almost any weather, supported by interpretation of the coastal features and history;
- a coastal themed Aboriginal and non-Aboriginal suite of permanent and temporary exhibitions;
- a rehabilitated coastal habitat surrounding the gallery; and
- sustainability measures to capture energy from the sun and wind, and water from the rain.

Summary of visitor experiences

The proposed lead visitor experiences for a new building on Cannon Hill are:

- parking for gallery users arriving by car, bus and coach;
- walking trail access through extensive Indigenous landscaped open space;
- large Aboriginal ceremonial space overlooking Lake Pertobe and the ocean for smoking ceremony;
- outdoor amphitheatre for Aboriginal and non-Aboriginal cultural performances

- observation area for weather protected viewing and interpretation of the coastline and Warrnambool development;
- viewing Aboriginal art in the Maar Nation Gallery;
- viewing parts of the WAG permanent collection;
- viewing temporary exhibitions, including major and blockbuster exhibitions;
- viewing local community art;
- viewing part of the WAG collection in viewable storage;
- holding two events / functions simultaneously;
- interacting with children in children designed exhibitions and activities;
- interpretive and educational activities (public programming) in a project space, in the surrounding environment and in land towards Lake Pertobe;
- artist demonstration in a makers space;
- attending seminars and meetings with a view of the coastline from an observation deck;
- lunch, snacks, drinks and alcoholic beverages at a café and wine bar; and
- purchasing art and art inspired merchandise;
- a launching pad for guided tours to Lake Pertobe and Warrnambool's coastline as far as ThunderPoint; and
- a purpose designed kitchen would support the café / wine bar, exhibition launches and venue hire of the seminar room.

Exhibition program

One major temporary exhibition is proposed each year, alternating between a major blockbuster like the Archibald, followed by a more modest profile raising exhibition. These biannual signature events would attract their own specific entry fee.

Storytelling and programming

There would be different public programming activities designed for adults, children and students. A special project space has been allocated for these focussed activities, to be charged on a user pays basis. Other versions of the public programming could include relevant talks / presentations, with small versions held upstairs and larger ones within an existing exhibition area.

In addition to the exhibition spaces, the project space would provide a very operational area where local artists could be engaged, and where visitors could learn to make art and undertake various art themed activities that provide an interactive and participatory dimension to public programs.

The Eastern Maar Nation story telling experience could include a 'trail' of interpretive elements added to the existing site - connecting from the coast and Lake Pertobe, the WAG Ceremonial Space, and then running into the interior to connect with the Maar Exhibition Space (trail not costed in this feasibility).

6.2. Site opportunities and concept design

This proposal has few constraints in terms of its built form but adopts the following assumptions as a response to the existing location. The single-floor building would maximise the ease of functional relationships, interconnections between galleries, and maximise the volume of gallery and foyer spaces. The proposal maximises the site's connection to the coastal landscape, tourist experience of the coast, and other destinations along the foreshore.

The connection to the town centre is clear. **Figure 6.1** presents the Cannon Hill site as a plan view and **Figure 6.2** as a view overlaying an aerial photograph. **Figure 6.3** presents access connections to the site and **Figure 6.4** presents the positioning of

the proposed development on the site and **Figure 6.5** presents the key aspects of the concept design for a new build on the Cannon Hill site. Total ground floor space is proposed to be 3,069m².

Site planning and architectural design approach

Cannon Hill – Outdoor Spaces and Built Form

The natural features and location offer a unique opportunity for the new WAG strongly connect with the coastal setting and draw visitors from the nearby civic centre, Flagstaff Hill, and holiday and recreational activities along the foreshore. The site can provide a natural and cultural connection to Country for the Maar Nation people. The concept design locates the single-storey building along the gently sloping ridge and toward the eastern side of the site to minimise the impact on views from properties on Merri Street. The proposed Observation Deck, Ceremonial Space, and Amphitheatre is highly accessible to the community of Warrnambool, gallery visitors and holidaymakers.

The new building is planned as a linear form to maximise the view to the coast from the internal spaces and to strengthen the experience of the existing walking paths along the southern side of the site. A series of public outdoors spaces are located along this pathway, visually and physically strengthening the connection between the town, the new WAG, the foreshore, and natural coastal landscape.

Figure 6.1 The current Cannon Hill site – plan view

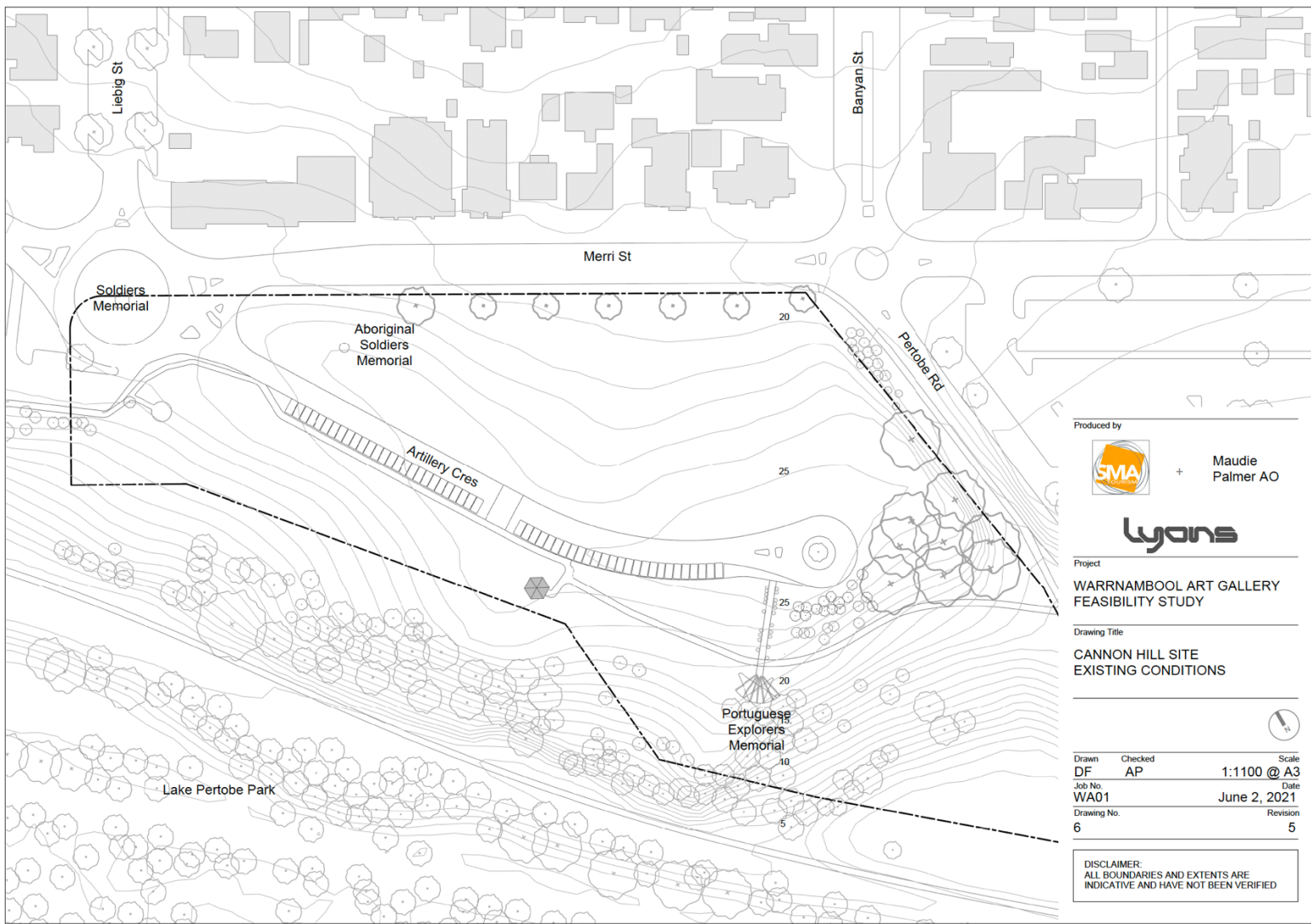


Figure 6.2 The current Cannon Hill site – aerial view



Figure 6.3 Access to the Cannon Hill site



Produced by

SMA Architects + **Maudie Palmer AO**

Lyons

Project

WARRNAMBOOL ART GALLERY FEASIBILITY STUDY

Drawing Title

NEW BUILD OPTION CANNON HILL SITE

Drawn DF **Checked** AP **Scale** 1:1100 @ A3

Job No. WA01 **Date** June 2, 2021

Drawing No. 8 **Revision** 5

DISCLAIMER:
ALL BOUNDARIES AND EXTENTS ARE INDICATIVE AND HAVE NOT BEEN VERIFIED

Figure 6.5 Concept Plan for new build on Cannon Hill (visitor drop off would be opposite coach parking)

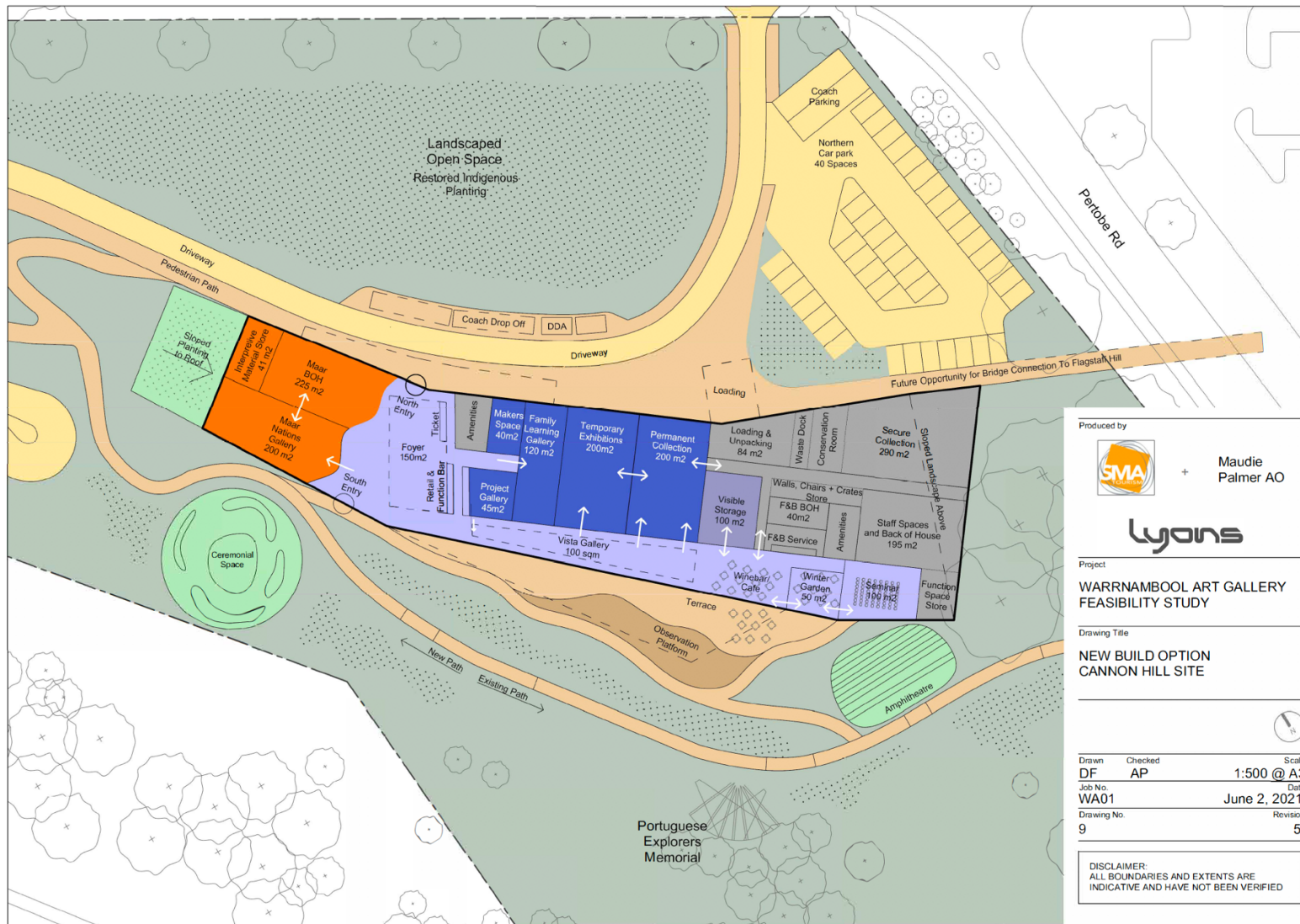
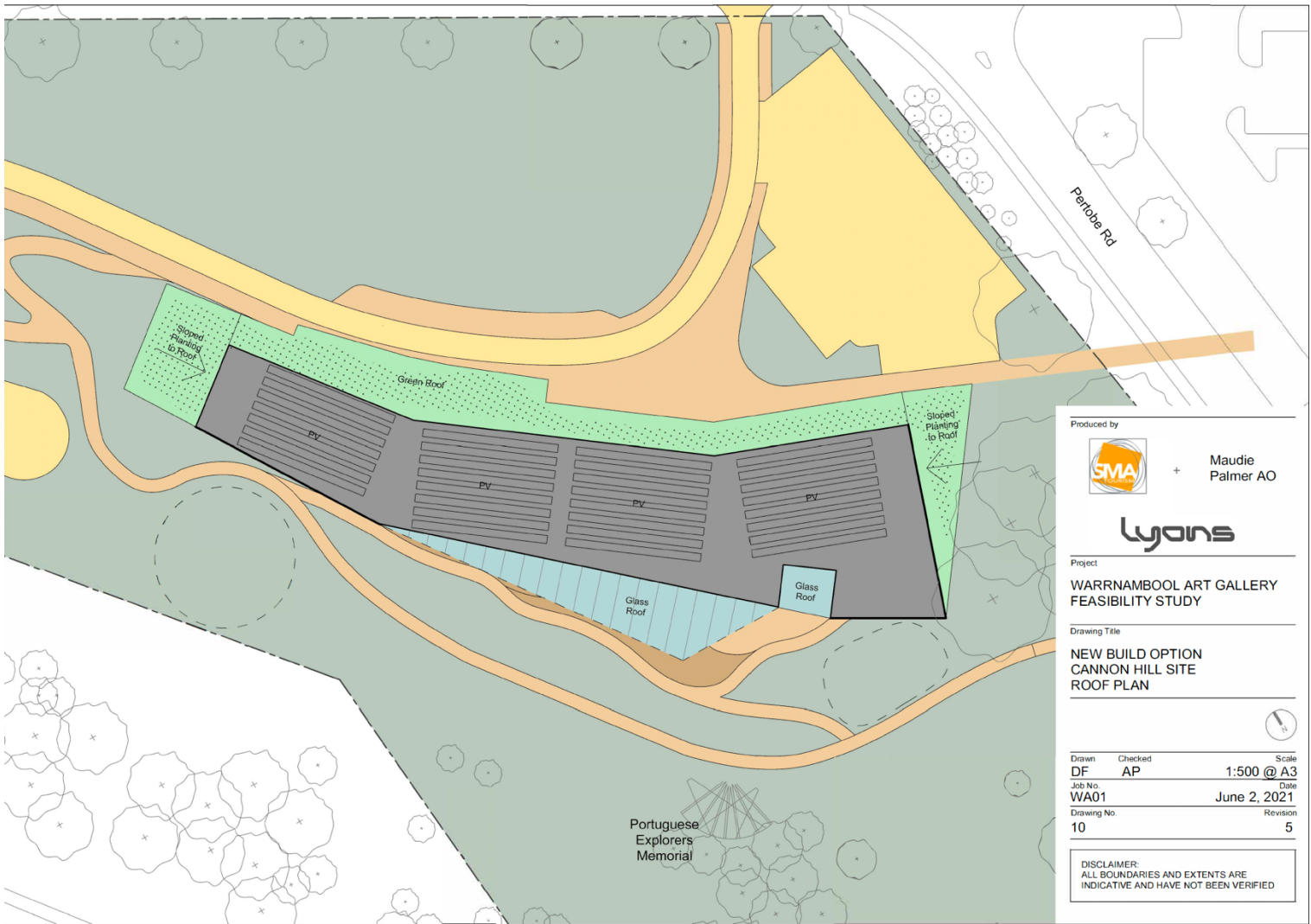


Figure 6.5 Concept Plan for roof on new build on Cannon Hill (featuring photovoltaic solar cells and green roof)



The concept design proposes the built form as an 'extension of the hill' and integrates the new form into the landscape setting. Sloped embankments on the eastern and western sides blend its form into the hillside, which connect to a landscaped 'green roof' that will blur the form of the building into the site. Indigenous coastal planting on the sloped embankment and green roof will provide thermal insulation and screen the view of the photovoltaic panels – another key sustainability initiative.

The primary arrival path and main entry is from the northern side, where a new driveway allows coaches to drop-off visitors close to the entry. Private vehicles park in a new carpark located on the eastern side of the site to minimise visual impact on Merri Street. Back-of-house and delivery spaces are integrated into the overall built form on this face.

The new building presents a simple built form along the arrival side toward Merri Street and on its southern side the design captures the coastal views with a continuous glazed wall.

Cannon Hill – Functional Organisation and Gallery Design

The foyer is designed to host its own events as well as allow events from the Maar Nation gallery to share this focal space. The foyer frames the view toward Lake Pertobe and the foreshore, and the 'Vista Gallery' connects the exhibition spaces, wine bar/café, and seminar space. Each of these visitor experience spaces are afforded the stunning coastal view.

The Maar Nation Spaces are accessed from the main entry and foyer and are designed to hold their own unique identity within the project while also being functionally integrated with the operations of WAG.

The gallery spaces are arranged side-by-side to allow for their interconnection for hosting larger touring exhibitions. A contemporary and innovative type of exhibition

space, the visible collection, will allow artworks otherwise in storage to be presented in a controlled and accessible manner. Moving between gallery spaces visitors are afforded the landscape and coastal view.

Outdoor landscape elements

Access and parking

- The approach is by a new 'arc' of pedestrian pathway and vehicle driveway from the corners of Liebig Street/Merri Street and Merri Street / Pertobe Road.
- A new landscaped carpark is proposed to be located adjacent to Pertobe Road and could accommodate two coaches and 40 cars. Coaches could drive past the carpark, and use two allocated spaces in front of the WAG entrance for passengers to disembark and reboard. Two spaces directly in front of the building have been set aside for vehicles with a Parking Disability permit.
- The primary public entrance is from the northern side, with a secondary entrance from the southern side.
- The site is highly accessible to the public (non-gallery visitors), with an improved pedestrian path running east-west across the site, which links The concept plan allows for a future pedestrian link bridge to connect the new WAG with the Flagstaff Hill attraction (not costed in this feasibility).
- proposed new exterior spaces.
- The publicly accessible parking along the current Artillery Crescent is re-established in part to the south-western part of the site to provide a similar vantage to the coastline view.

Positioning

- The new building is sited on the crown of the site to maximise the vantage toward coastline views.

- The built form is a linear building orientated to maximise the vantage toward the seaside landscape and coastline.

Outdoor facilities

- An alternative viewing area to vehicle-based viewing. An observation platform and interpretation would be built on the southern side of the building.
- The natural topography of this large site is utilised to create an amphitheatre that is relatively protected from the wind and could support small outdoor performance events.
- A ceremonial space for Maar Nation communities is provided on the coastline side of the site and close to the southern building entrance.
- The diagram below shows opportunities for events in the Maar Nation Gallery, Foyer and Ceremonial Space to be connected and hosted at the same time.



- The diagram below shows the multiple outdoor spaces that are available to all public and gallery visitors; the Ceremonial Space, Observation Deck, Amphitheatre, and Art-themed Playground.



Landscaping

- Large areas of the site that are not utilised for the new WAG, roadways, paths, or associated external works would be remediated with indigenous planting to improve the site ecology and enhance public open space.
- To help the building settle into the landscape, the western end of the building would have a sloped earth planted with indigenous species. The eastern end of the building would be dug into the slope and also be planted with indigenous species. The northern roof would feature a green roof parapet to further integrate the building into the landscape.

Ground level features

Front of house

- The large foyer frames the views and is intended to provide a memorable experience upon arrival and for events. The main north entry would have a view directly through to the coastal views to maximise connection.
- Ticketing, retail, and amenities are accessed directly from the opposite side of the foyer, and the co-location allows a small number of staff to manage front-of-house services.
- The Maar Nation Gallery is accessed directly from the foyer and would feature a curved internal wall to make it more natural.
- The Family Learning Centre, Community Gallery, and Maker's Space are nearby to the Foyer and can be accessed separately to the other major exhibition spaces.
- The Permanent Collection Gallery and Temporary Collection Gallery are located side-by-side to allow connection for larger ticketed exhibitions.
- All exhibition spaces are publicly accessed by a wide linear circulation zone that provides a continuous vantage to the coastline view.
- A food and beverage space located at the end of the circulation zone, with access to back-of-house, an outdoor terrace, observation deck, and coastline views. The space is proposed to operate a café and wine bar, capable of seating 50 customers. A glass roof is proposed to maximise the connection to the outdoor environment and weather, and facing south, would not have to receive direct sunlight.
- A seminar room providing extensive coastal views is located to the east of the adjacent F&B space and could seat approximately 50 customers in auditorium style. The room would be equipped with audio visual equipment for presentations and digital streaming.

- The visible collection is adjacent to the new galleries and can be well connected to the back-of-house and secure collection.

Back of house

- Loading bay access is from the vehicle driveway off Merri Street and links a loading and unpacking area for the gallery with a separate waste management area supporting gallery and food and beverage operations.
- The Back-of-House and Staff Spaces and have direct connection to the Loading Bay. Ease of access from the Loading Bay, Collection Stores, and exhibition spaces is facilitated by the layout.
- On the rooftop would be a photo voltaic array to generate sustainable energy so as to reduce the carbon footprint and annual energy costs. The total array of 2,100m² could generate sustainable energy that reduces the environmental impact of the operation.

6.3. Addressing potential issues of development

Permissibility to develop on Cannon Hill

While Cannon Hill is currently managed day to day by Warrnambool City Council, this is done under a management agreement with the Department of Environment, Land, Water and Planning (DELWP). As Crown Land without a Native Title Claim on it, the development of a major asset like an art gallery needs to be made clearly permissible. We have made informal enquiries and found a positive response from DELWP to such a proposal. We have asked the Warrnambool City Council to make a more formal approach to ensure that there are no fundamental impediments, and

to determine a process to gain development approval and suitable governance arrangements (such as a long lease or land transfer).

Visual impact from residences on Merri Street

There is potential for some residents living on the section of Merri Street that looks directly onto Cannon Hill to complain of visual impact associated with the development of the proposed carpark and building. Mitigative measures to minimise this issue include the following:

- There is limited view field to impact. The carpark has been positioned in the far north-eastern corner and the building at the eastern periphery. Along this section dwellings are all single storey with brick walls and hedges blocking most of their view and traffic noise.
- The majority of the mown grassed area would be replaced with indigenous plantings, vastly improving the look of the space.
- Trees and shrubs would be planted along Merri Street to screen out the carpark.
- The new building would be dug into the landscape to soften its western and eastern ends, and a green roof parapet would be installed to further hide the northern roof.

Loss of some Cannon Hill carparking

Artillery Crescent is a popular place to drive to and take in the view in the car or from the outdoor lookout area. To build a new WAG, approximately 23 of the 50 car spaces would be removed from use. Mitigative measures to minimise this issue include the following:

- Approximately 27 of the current 50 carpark spaces would be retained for ongoing short visits to take in the view. There would be value on placing a time limit on these to ensure turnover and wider use.
- The proposed WAG offers several alternative ways to view the coast that diversify the offer:
 - a purpose designed observation area with supporting interpretation explaining what can be seen;
 - a terrace area above the observation platform;
 - a café / wine bar inside WAG to gain a view outside of the weather, in comfort and with food and beverages; and
 - a seminar room for locals to conduct meetings while enjoying the view.

6.4. Changes to the operation during construction

- The full WAG team continue to be employed and operate gallery services on the existing gallery site, ensuring minimal disruptions and minimal risk to the collection.
- When the new gallery opens, the old door is closed and the new one opened literally on the same day. Gallery Director is retained with a short term expanded Position Description to provide expert input into the new gallery
- The collection is moved directly from the existing site to the new gallery.
- A new use is found for the existing building (see **Section 4.6**).

7. Development costs

7.1. Assumptions

For the purpose of the estimate it is assumed that construction will commence January 2023, with a total maximum construction period of thirty (30) months, including lead time, with delivery by a suitable sized local contractor after a competitive tender process. The estimate excludes FF&E Consultant Fees and Charges, FF&E, Client's project delivery cost and Project Contingency.

The estimates must be regarded as being indicative of the end costs as they have been prepared based on initial sketches and area schedules outlining requirements for both options.

Our estimate is based on there being a stable economic environment, but that we are in an era of extreme uncertainty with borders being closed randomly and an effectively fixed and disrupted workforce. Events may change rapidly making this estimate unreliable. We have attempted to provide for this with 5% escalation provision to and during construction. The estimate should be read and understood with this mind.

7.2. New build on existing site

Core development costs

We estimate a total development budget to develop a new WAG on the existing site of \$41,225,800. A breakdown of costs can be found in **Table 7.1**. This estimate includes unique costs of demolition of the existing gallery, a temporary gallery or storage and temporary offices, function space and the crystal box treatment of the exterior first level of the building.

Table 7.1 Estimated development costs for new build on existing site

Details		Subtotal
Front of house spaces		3,028,500
Maar Nation Spaces		1,630,000
Exhibition spaces		3,581,400
Staff spaces and back of house		3,316,700
External spaces		460,000
Transportation (lift)		250,000
Extra Over Items: Servery, reception, lighting, 6-Star Green Star, photovoltaics, glass façade, outdoor digital screen, temp control system		6,596,090
Plant and enclosure	Roof top and screening	175,000
Temp gallery	Accommodation and display	750,000
TOTAL works		19,778,290
Site works	Demolition and waste removal	691,200
Site preparation	Clearing, filling	123,440
Roads, Footpaths, paved areas	New vehicle crossover at Timor St, loading dock, signage	147,500
Landscaping	Civic Green repair, public garden, street furniture	88,750
External services	Stormwater, sewer, water, fire protection, electrical	170,000
Work beyond boundary		10,000
Total Net		21,009,180
On costs: 12.5% Preliminaries, 8% Overheads and margin, 10% Design contingency, 10% Construction contingency, 11.57% Escalation To commencement and during construction		9,877,469
Total construction costs		34,460,000
Consultant's Fees and Charges		2,930,000
Headworks Upgrade		40,000
GST		3,743,000
Provisional Building Permit Levy		52,800
Total development cost		41,225,800

7.3. New build on Cannon Hill site

Core development costs

We estimate a total development budget to develop a new WAG on the Cannon Hill site of \$40,201,400. A breakdown of costs can be found in **Table 7.2**.

This estimate includes unique costs of building a new carpark and associated roads and pathways, connections to services and landscaping, and preparing the empty former gallery building for a new use (not making it suitable for a specific use). These additional costs add value to the local assets and services. For example, gallery parking demand is removed from the CBD and the gallery building is ready to serve another operation, which could include generating revenue for Council.

Table 7.2 Estimated development costs for new build on Cannon Hill site

	Details	Subtotal
Front of house spaces		3,459,800
Maar Nation Spaces		1,620,600
Exhibition spaces		3,529,200
Staff spaces and back of house		3,514,100
External spaces		3,107,500
Extra Over Items: reception, lighting, 6-Star Green Star, photovoltaics, green roof, temp control system		4,352,570
Plant and enclosure	Roof top and screening	175,000
TOTAL works		19,758,770
Site works	Demolition and waste removal	219,300
Site preparation	Clearing, filling	512,390
Roads, Footpaths, paved areas	New vehicle crossover at Timor St, loading dock, signage	475,620
Landscaping	Civic Green repair, public garden, street furniture	370,384
Existing gallery	Make good for new use	210,000
External services	Stormwater, sewer, water, fire protection, electrical	265,000
Work beyond boundary		50,000
Total Net		21,009,180
On costs: 12.5% Preliminaries, 8% Overheads and margin, 10% Design contingency, 10% Construction contingency, 11.57% Escalation To commencement and during construction		12,900,820
Total construction costs		33,910,000
Consultant's Fees and Charges		2,550,000
Headworks Upgrade		40,000
GST		3,650,000
Provisional Building Permit Levy		51,400
Total development cost		40,201,400

8. Visitation and financial forecasts

8.1. Target markets by source market

To determine the potential source markets to either option we reviewed the splits of visitors to Warrnambool, Flagstaff Hill and the current gallery (see **Table 8.1**).

Table 8.1 Proposed target markets for a new WAG on existing site and on Cannon Hill using reference to visitors to Warrnambool, Flagstaff Hill and existing WAG

Source market	W'bool visitors	Flagstaff Hill	WAG Base Case	New build existing site Yr 2	New build Cannon Hill site Yr 2
Local residents	-	12%	54%	42%	33%
Domestic day	53%		10%	11%	12%
Intrastate overnight	35%	46%	20%	30%	35%
Interstate overnight	7%	26%	10%	10%	13%
International overnight	3%	16%	6%	7%	7%

Comparing Flagstaff Hill with the Warrnambool data, it is clear that the attraction's mix is much higher yielding than Warrnambool in that:

- it attracts a higher proportion of interstate and international visitors than Warrnambool; and
- it attracts a lower proportion of intrastate visitors than Warrnambool.

Comparing visitation to the WAG Base Case with visitation to Flagstaff Hill and Warrnambool, it is clear that the existing WAG is more reliant on locals rather than visitors. We interpret from this that there is huge potential to grow the proportion of visitors from intrastate and interstate and international sources to a new WAG.

Comparing the actual data from Warrnambool, Flagstaff Hill and the two options:

- we propose that both proposals aim to increase the proportion of visitors to the proportion of locals (increasing economic benefits to Warrnambool (but this doesn't mean a reduction in local visitors, just a greater growth in visitors from outside the local area);
- we propose that both options generate this increase mainly from the overnight intrastate and interstate markets (Warrnambool is a long way from the main source market of Melbourne making it much more difficult to increase its domestic day market);
- we propose that a new build on Cannon Hill would achieve a higher proportion of visitors than a new build on the existing site, due to its association with a view of the coastline, proximity to Lake Pertobe Park and Flagstaff Hill and greater accessibility for visitors staying in the major commercial accommodation properties clustered near the coast.

We believe that the proposed target markets splits could be achieved in the second year of a new WAG.

8.2. Visitation forecast assumptions

Visitation growth assumptions

Visitation has been forecast for:

- no change to the gallery on the existing site;
- a new building on the existing site; and
- a new building on the Cannon Hill site.

To prepare these forecasts, an extensive analysis of regional data collected by Tourism Research Australia was undertaken, so as to forecast visitation to Warrnambool and then using a capture rate, a share of this that then visits the WAG. We also benchmarked visitation to comparable regional galleries that have and have not undergone refurbishment or a new build.

Given the length of the analysis, a detailed account of how the visitation forecasts were generated is provided in **Attachment A**.

8.3. Visitation forecasts

Table 8.2 presents visitation forecasts for the Base Case, new building on the existing site and new building on the Cannon Hill site. For both new building options, we have assumed a spike in the first year by local residents (triggered by curiosity to see the new product), followed by an easing back and then progressive growth thereafter.

Base case forecast

In 2027, with no further significant investment, the existing WAG is forecast to receive 79,039 visits, of which 36,257 visits would come from people living outside Warrnambool City (15% of whom are less than 15 years of age) by 2030.

Option 1: New build existing site

In the same year (2027) a new WAG in its second year of operation at the existing site is forecast to receive 132,677 visits, of which 77,061 visits would come from people living outside Warrnambool City (15% of whom are less than 15 years of age).

These forecasts highlight that the major visit growth opportunity for a new WAG in either site is with visitors who live outside the City.

Option 2: New build Cannon Hill site

In the same year (2027) a new WAG in its second year of operation at Cannon Hill is forecast to receive 180,134 visits, of which 120,239 visits would come from people living outside Warrnambool City (15% of whom are less than 15 years of age).

Contribution of a new WAG to Warrnambool visitation

A new WAG on the existing site is forecast to increase total visitation to Warrnambool City by 20,000 annual visitors. A new WAG at the Cannon Hill site is forecast to increase total visitation to Warrnambool City by 38,000 annual visitors.

Beyond the increase in visitors to Warrnambool there will also be increased length of stay and average spend per day due to a new WAG in Warrnambool which will be calculated in the economic benefit analysis.

Table 8.2 Visitation forecasts for the Base Case, new building on the existing site and new building on the Cannon Hill site (no data for new WAG existing site 2024 – 2025 during construction)

Scenario / Option	2018-2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total visits 2023-2030
Visits from Warrnambool City residents													
No New WAG	36,180	Not available	37,989	38,749	39,524	40,314	41,121	41,943	42,782	43,637	44,510	45,400	339,231
New WAG at Cannon Hill	36,180	Not available	37,989	38,749	39,524	40,314	41,121	71,303	59,894	61,092	62,314	63,561	439,123
New WAG on existing site	36,180	Not available	37,989	38,749	39,524	-	-	58,720	55,616	56,729	57,863	59,020	327,473
Visits from people who live outside the LGA													
No New WAG	31,491	Not available	25,554	28,246	30,843	32,779	33,739	34,971	36,257	37,601	39,005	40,474	285,667
New WAG at Cannon Hill	31,491	Not available	25,554	28,246	30,843	32,779	33,739	89,956	120,239	125,308	129,815	134,517	697,196
New WAG on existing site	31,491	Not available	25,554	28,246	30,843	-	-	61,336	77,061	80,193	83,104	86,143	418,680
Total visits													
No New WAG	67,671	Not available	63,543	66,994	70,367	73,093	74,859	76,913	79,039	81,238	83,515	85,874	624,898
New WAG at Cannon Hill	67,671	Not available	63,543	66,994	70,367	73,093	74,859	161,259	180,134	186,401	192,129	198,077	1,136,319
New WAG on existing site	67,671	Not available	63,543	66,994	70,367	-	-	120,056	132,677	136,922	140,967	145,163	746,153

8.4. Assumptions for revenue generating activities

Operating hours

The current operating hours of the WAG are:

- Mon – Friday 10am – 5pm
- Saturday – Sunday 10am – 3pm
- Public Holidays 10am – 3pm
- Closed Christmas Day and Good Friday

These hours may not only reflect current demand but also be cost control based, perhaps to minimise the impost of penalty rates that can be higher under government awards than the private sector where enterprise agreements can allow businesses to trade more competitively on weekends.

A new gallery with stronger appeal and more user charge products should be able to operate longer hours in school holidays and some weekends, and night experiences should be appealing to visitors and some residents. A new gallery run as a not for profit trust and supported by revised position descriptions and enterprise agreements should be able to attract a flexible team prepared to service these hours without the penalty rates that come with employment by local government. It is therefore assumed that the Gallery will open between 10am and 5pm for most of the year, and between 10am and 7pm in the school holiday period.

Exhibitions generating an entry fee

Option 2: New build Cannon Hill

Exhibitions with a high public interest (such as a blockbuster / Archibald) have the potential to generate revenue through an entry fee. Most regional galleries charge for special exhibitions ranging from \$16 to \$25 for adults and \$7 to \$12 for children.

The following assumptions were made for this revenue:

- 1 Blockbuster style exhibition (in the second year eg Archibald) charged at \$20 per adult (no charge for children, no concessions for this model), attracting 35,000 adult visitors (no forecast for children charged at \$12)
- 1 International exhibition in the fourth year charged at \$22 per adult (no charge for children, no concessions for this model), attracting 30,000 adult visitors (no forecast for children charged at \$12)
- 1 alternative chargeable event every second year (starting in Year 1), charged at \$15 per adult (no charge for children, no concessions for this model) attracting 20,000 visitors (no forecast for children charged at \$7) CPI increased annually by 3%
- Expense: \$400,000 for Blockbuster procurement / hiring cost to secure per exhibition for Year 1
- Expense: \$300,000 for International procurement / hiring cost to secure per exhibition for Year 1
- Expense: \$175,000 Alternative exhibition procurement
- Expense: \$15,000 security service inside exhibition space during exhibition period for Blockbuster and International exhibitions

Variations specific for Option 1: New build on existing site

- None

Optional entry fee for general exhibitions

Option 2: New build Cannon Hill

- While most galleries operated by local and state governments do not charge a general admission fee, there is a growing trend for new and fully refurbished galleries featuring contemporary experiences to charge an entry fee that helps reduce dependency on local government and one-off grants. For example:
 - The Tarrawarra Gallery charges \$10 for adults and children are free
 - The Heide Gallery charges \$16 for adults and children are free
 - The McClelland Gallery charges \$6 for adults and children are free
- A general entrance fee is not part of the current financial model. However, some initial modelling has been undertaken at various price points and subsequent capture rates. The modelling targets adult visitors from outside the LGA, and therefore excludes local residents, WAG members and children. Prices have been modelled to include a CPI increase of 3% per annum.
- **Table 8.2** presents comparative charges and likely capture rates. We believe that a charge of \$5 or \$10 for adults would optimise the model.

Table 8.2 Alternative entry charge and capture rates for general exhibitions

Adult entry charge	Capture rate of visitors to WAG	Subsequent revenue
\$5	75%	\$337,337
\$7	70%	\$440,786
\$10	60%	\$539,739
\$12	50%	\$539,739

Variations specific for Option 1: New build on existing site

- None

Public programs (that attract a use fee)

Option 2: New build Cannon Hill

- 175 programs (number run) per year for adults in first year increasing by 10% per year
- 15 Maximum group size for adults
- \$60 per program for adults (3 hours), no concessions in this model, prices have been modelled to include CPI increase of 3%
- 50 programs (number run) per year for children in first year increasing by 10% per year
- 20 maximum group size for children
- \$20 per program for children (1.5 hours), prices have been modelled to include CPI increase of 3%
- 20 Art talks per year in the first year increasing by 10% per year
- 20 Maximum group size for art talks
- \$15 per art talk for adults, no concessions for this model
- Expenses: Education officer 20% of salary
- Expenses: Adult program leader \$400 for 3 hour program
- Expenses: Children program leader \$200 for 1.5 hour program
- Expenses for adult programs: \$15 cost of materials
- Expenses children programs: \$10 cost of materials

Variations specific for Option 1: New build on existing site

- 120 programs (number run) per year for adults in first year increasing by 10% per year

Public programs – education (that attract a use fee)

Option 2: New build Cannon Hill

- 25 school programs (number run) per year for schools in first year increasing by 10% per year
- 60 Maximum group size for students
- \$10 per student for school programs, prices have been modelled to include CPI increase of 3%
- Expenses: Education officer 45% of salary
- Expenses school programs: \$3 cost for materials per student

Variations specific for Option 1: New build on existing site

- 25 school programs (number run) per year for schools in first year increasing by 10% per year

Gift shop / artwork sales

Option 2: New build Cannon Hill

- \$20 Average spend per merchandise local residents (currently \$43), increased by 3% CPI
- \$900 Average spend per artwork local residents, increased by 3% CPI
- \$20 Average spend per merchandise visitors, increased by 3% CPI
- \$1,100 Average spend per artwork visitors, increased by 3% CPI
- 2% capture rate of total number of visiting resident for merchandise spend (currently 1%)
- 10% capture rate of total number of visitors for merchandise spend
- 0.1% capture rate of total number of visiting resident for artwork spend (equivalent to 9 artworks in Year 1)
- 0.35% capture rate of total number of visitors for artwork spend (equivalent to 25 artworks)

- 50% cost of merchandise
- 50% cost of local artwork

Variations specific for Option 1: New build on existing site

- None

Café / wine bar

Option 2: New build Cannon Hill

- \$7 average spend in café local residents
- \$20 average spend in wine bar local residents
- \$10 average spend in café visitors
- \$25 average spend in wine bar visitors
- \$35 average spend for evening function (foyer / exhibition)
- \$8 average spend for half day function F&B
- \$30 average spend for full day function F&B
- 20% capture rate of total number of visiting residents to café
- 30% capture rate of total visitors to café
- 10% capture rate of total number of visiting residents to wine bar
- 25% capture rate of total visitors to wine bar

Variations specific for Option 1: New build on existing site

- No café / wine bar

Venue hire

- Three types of venue hire
 - Half day seminar room hire charge \$200, 50 functions in Year 1 increasing by 5 per annum with average 35 pax per function

- Full day seminar room hire charge \$350, 25 functions in Year 1 increasing by 5 per annum with average 35 pax per function
- Evening foyer / exhibition space hire charge \$1,200, 50 functions in Year 1 increasing by 3, then 2 then 1 per annum with average 80 pax per function

Variations specific for Option 1: New build on existing site

- Three types of venue hire
 - Half day seminar room hire charge \$200 with 30 functions in Year 1 increasing by 3 per annum with average 35 pax per function
 - Full day seminar room hire charge \$350 with 20 functions in Year 1 increasing by 5 per annum with average 35 pax per function
 - Evening venue hire charge \$1,500 with 20 functions in Year 1 increasing by 5 each year thereafter with average 100 pax per function
- Additional revenue from caterer at 10% of F&B revenue

Staff structure

Option 2: New build Cannon Hill

- **Table 8.2** presents a revised staffing structure and time allocation across the various revenue generating activities (Direct costs) and indirect costs.
- See earlier assumption on Trust and enterprise agreements
- Gallery Director shift emphasis from dominant direct at 70% to equal direct and indirect to support greater fundraising
- No change to Curator Collections (FT 1) Curator Exhibitions Outreach (FT 1) and Customer Officer (0.6)
- Education officer shift from 0.6 to full time funded through user charges
- Front house coordinator from 0.6 to full time to take on more direct activity that Gallery Director was doing

- Add Marketing and Business Development Officer (FT 0.6) to further reduce Gallery Director direct time

Variations specific for Option 1: New build on existing site

- None

Memberships

Membership revenue for the new WAG Gallery increases by \$6,700 in the first year and by 3% CPI per annum thereafter.

Private donations, sponsorships, philanthropy, trusts, government grants

- Revenue from private donations, sponsorships, philanthropy and trusts will increase from the base of \$150,000 to by 3% CPI per annum.
- Revenue from government grants will increase by 3% per annum equivalent to CPI.
- The annual operating grant from Creative Victoria will remain at \$100,000 with no CPI increase.

Table 8.2 Revised staff allocations to various revenue raising activities (Direct time) and Indirect time costs

Staff - new model	Salary	Salary + on costs (18.9%)	Exhibitions touring	Exhibitions - local / national contemp art	Public programs, education and Outreach	Public programs - user charges	Gift shop / artwork sales	Venue hire / Sundry income	M'ship	Private donations, sponsorship, philanthropy trusts	Govt grants	Annual Gallery Operating Grant (Creative Victoria)	Total Direct time	Indirect time
Gallery Director (FT)	\$130,000	\$154,570	10%	10%	5%	3%	3%	1%	3%	20%	15%	5%	75%	25%
Collections/curator registrar (FT)	\$80,000	\$95,120	30%	20%	2%	2%	0%	0%	0%	0%	1%	1%	56%	44%
Education Officer (FT)	\$70,000	\$83,230	10%	15%	60%	5%	0%	0%	0%	2%	2%	1%	95%	5%
Front of House Coordinator (FTE 0.6)	\$42,000	\$49,938	6%	30%	15%	3%	30%	3%	3%	1%	0%	0%	91%	9%
Front of House Coordinator (FTE 0.4)	\$28,000	\$33,292	6%	30%	15%	3%	30%	3%	3%	1%	0%	0%	91%	9%
Customer officer / Facilities Management (FT)	\$70,000	\$83,230	2%	2%	5%	5%	10%	15%	1%	0%	0%	1%	41%	59%
Marketing and Fundraising / development (FT)	\$80,000	\$95,120	0%	0%	0%	0%	3%	5%	3%	50%	2%	2%	65%	35%
MAAR Nation Gallery specialist (FT)	\$70,000	\$83,230	5%	25%	20%	25%	5%	0%	0%	5%	5%	2%	92%	8%
Contemporary and Special exhibitions (FT)	\$70,000	\$83,230	30%	30%	10%	10%	3%	0%	2%	3%	5%	2%	95%	5%
Total	\$640,000	\$760,960												

8.5. Assumptions for indirect costs

Option 2: New build Cannon Hill

- Bank fees credit card fees 2% of revenue
- Printing, postage, stationary and office supplies increase of 3% pa from base case
- Cleaning increase from \$7,000 to \$20,000 to allow for larger building and in some areas more frequent cleaning
- Landline calls costs / line rental increase from \$1,000 to \$2,000 to allow for additional operations
- Consumables / catering increase from \$4,900 to \$8,500 to support additional fundraising and political support activities
- Conservation increase of 3% pa from base case
- Accounting fees and audit fees introducing a new cost of \$15,000 assuming the operation is operating as a non for profit trust
- Contribution to council Manager Recreation and Culture removed due to transferring from a not for profit trust
- Board travel and meeting expenses for new trust governance model introducing a new cost of \$15,000
- Energy (electricity and gas) increased from \$66,000 to \$95,500 to allow for larger footprint for heating / cooling, introduction of gas for café kitchen, offset with savings from alternative air-conditioning / heating between exhibition and storage areas versus foyer, café and function area, and potential savings from the introduction of renewable energy (solar for both sites and potentially wind for Cannon Hill). The proposed building would use approximately 55,000 to 70,000 KWH a month at around \$10,000, but this has been reduced to allow for improved building materials reducing energy leakage.
- Fire services and essential safety measures increased 3% pa from base case

- Security is back to base and increased from \$2,703 to \$5,406 to enhance service level
- Rates and water increased 3% pa from base case
- Repairs and maintenance reduced from \$15,000 to \$5,000 to allow for new build and warranties
- Indirect WAG staff costs adjusted to allow for new operating structure positions
- Insurance – collection contents is valued at \$29,000 and increases by 3% per annum, building insurance introduced for Cannon Hill because it is not located on Council land at \$20,000 and increases by 3% per annum)
- Sundry increased from \$7,600 to \$10,360 to allow for incidentals missed in development budget
- FF&E reserve (Fittings, fixtures and equipment) introduced at 5% of revenue to create savings for renewal and reinvigoration of the Gallery

Variations specific for Option 1: New build on existing site

- We increased energy costs due to less renewable energy inputs.

8.6. Forecast Profit and Loss for new build on existing site

Forecast profitability and ongoing Council support

Figure 8.1 presents the projected financial performance of a new build on the existing site, with a trend line suggesting the Loss that would be underwritten by the City of Warrnambool would be slowly reduced. **Figure 8.1** suggests that the current \$536,000 loss underwritten by Council would be lowered to between \$316,000 and \$418,000, depending on the year.

Figure 8.1 Forecast profit and Loss for a new build on existing site

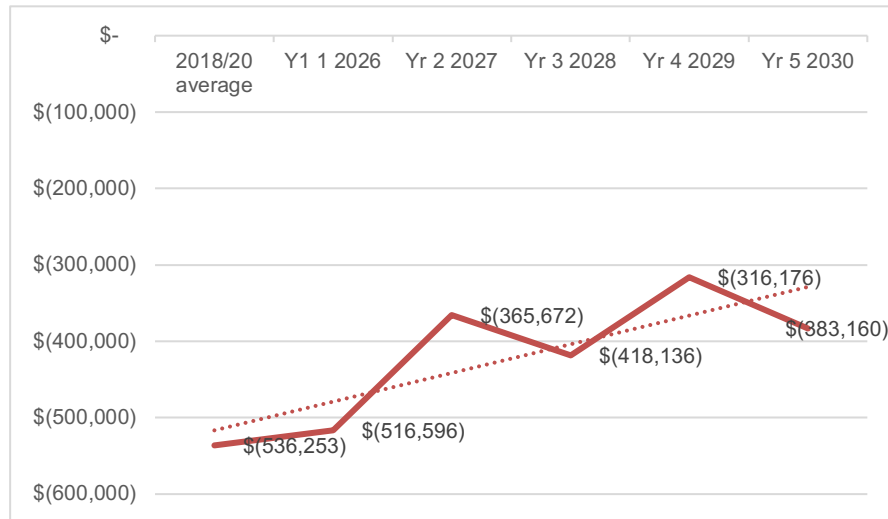


Table 8.3 presents a detailed breakdown of the forecast Profit and Loss for a new build on the existing site.

This improved financial performance is also significant for at least two reasons:

1. The proposal has made several positions that are currently funded by one off grants into full time permanent positions funded by the operation
2. The proposal includes an allocation of approximately \$55,000 to \$80,000 per annum to FF&E reserve (savings for renewal and replacement of equipment and fitout needed to keep the gallery up to date). This that may not be needed in the first years and therefore could accumulate and act as grant matching funds.

Revenue

A new WAG is forecast to attract many more visitors which in turn is forecast to generate much more revenue. Revenue of forecast to increase from the base case of \$227,000 to an alternating 1 – 1.4M per annum.

The largest contribution to revenue (50%) is from the inbound / touring periodic blockbuster and international exhibitions, which boost revenue every second year by between \$655,000 and \$721,000.

Key business areas generating significant and continuous revenue are:

- the giftshop / artwork sales (12% of Yr 2 revenue at \$176,000;
- private donations, sponsorships, philanthropy and trusts (11% of Yr 2 revenue at \$155,000); and
- Public programs attracting user charges (10% in Yr 2 at \$139,000).

Gross Operating Profit

After taking into account direct expenses, business unit performance as GoP is slightly different to revenue generation. The lead contributions to GoP are:

- inbound / touring periodic blockbuster and international exhibitions \$143,000 at 20% of Yr 2 revenue);
- venue hire / caterer commission (\$44,000 at 67% of revenue, proportionately profitable); and
- private donations, sponsorships, philanthropy and trusts (118,000 at 77%, proportionately profitable.

Business units that make a Gross Operating Loss from the outset are exhibitions local / self curated (no revenue), public programs – education and outreach (low revenue and labour intensive). These areas are typically subsidised by government for their cultural and educational objectives.

Table 8.3 Forecast profit and Loss for a new build on existing site

Revenue	Averaged & rounded 2018/20	% of revenue	Yr 1 2026	Yr 2 2027	% of Year 2 revenue	Yr 3 2028	Yr 4 2029	Yr 5 2030
Exhibitions - inbound / touring	0	0%	300,000	721,000	50%	327,818	655,636	358,216
Exhibitions - local / self curated	0	0%	0	0	0%	0	0	0
Public programs - education and outreach	27,000	12%	15,000	16,995	1%	19,255	21,816	24,718
Public programs - user charges	2,125	1%	123,000	139,359	10%	157,894	178,894	202,686
Gift shop / artwork sales	34,500	15%	170,102	175,517	12%	185,225	195,297	205,939
Venue hire / Caterer commission	8,000	4%	52,940	65,904	5%	79,499	93,753	108,184
Membership	3,300	1%	10,000	10,300	1%	10,609	10,927	11,255
Private donations, sponsorships, philanthropy, trusts	0	0%	150,000	154,500	11%	159,135	163,909	168,826
Government Grants	52,000	23%	53,560	55,167	4%	56,822	58,526	60,282
Annual Gallery Operating Grant (Creative Victoria)	100,000	44%	100,000	100,000	7%	100,000	100,000	100,000
Total Revenue	226,925	100%	\$974,602	\$1,438,741	100%	\$1,096,257	\$1,478,760	\$1,240,106
Direct expenses	Averaged & rounded 2018/20	% of expenses	Yr 1 2026	Yr 2 2027	% of Year 2 expenses	Yr 3 2028	Yr 4 2029	Yr 5 2030
Exhibitions - inbound / touring	0	0%	263,105	577,848	48%	268,470	476,838	274,163
Exhibitions - local / self curated	142,584	38%	119,376	122,957	10%	126,646	130,445	134,358
Public programs - education and outreach	98,231	26%	105,684	109,318	9%	113,123	117,111	121,299
Public programs - user charges	11,191	3%	131,990	141,935	12%	152,776	164,601	177,505
Gift shop / artwork sales	68,169	18%	140,930	145,382	12%	152,191	159,244	166,655
Venue hire / Caterer commission	700	0%	21,283	21,922	2%	22,579	23,257	23,954
Membership	6,938	2%	12,485	12,859	1%	13,245	13,642	14,051
Private donations, sponsorships, philanthropy, trusts	18,661	5%	87,629	36,027	3%	37,108	38,221	39,367
Government Grants	13,519	4%	36,027	15,576	1%	16,043	16,524	17,020
Annual Gallery Operating Grant (Creative Victoria)	15,408	4%	15,576	16,043	1%	16,524	17,020	17,531
Total Direct expenses	375,402	100%	\$934,084	\$1,199,866	100%	\$918,705	\$1,156,904	\$985,904

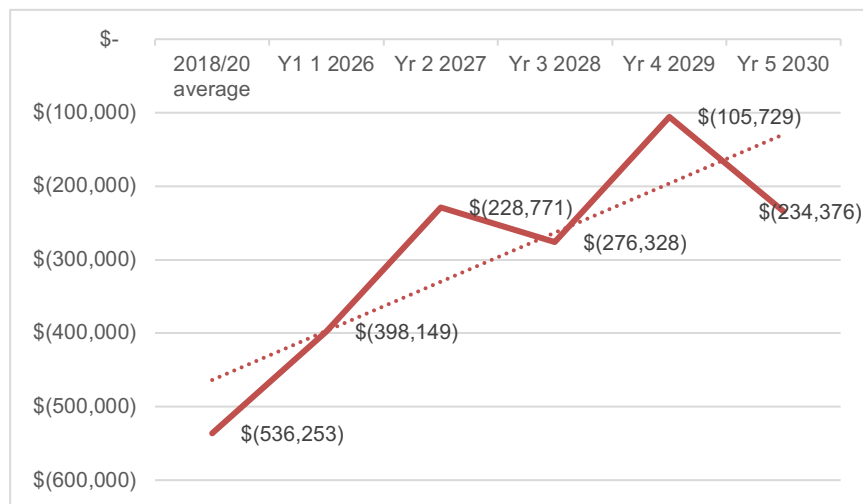
	Averaged & rounded 2018/20	% of GOP	Yr 1 2026	Yr 2 2027	% of Year 2 ind revenue	Yr 3 2028	Yr 4 2029	Yr 5 2030
Gross Operating Profit								
Exhibitions - inbound / touring	0	0%	36,895	143,152	20%	59,348	178,798	84,053
Exhibitions - local / self curated	-142,584	96%	-119,376	-122,957	0%	-126,646	-130,445	-134,358
Public programs - education and outreach	-71,231	48%	-90,684	-92,323	-543%	-93,867	-95,295	-96,581
Public programs - user charges	-9,066	6%	-8,990	-2,576	-2%	5,118	14,292	25,181
Gift shop / artwork sales	-33,669	23%	29,172	30,135	17%	33,034	36,054	39,284
Venue hire / Caterer commission	7,300	-5%	31,657	43,982	67%	56,920	70,497	84,229
Membership	-3,638	2%	-2,485	-2,559	-25%	-2,636	-2,715	-2,796
Private donations, sponsorships, philanthropy, trusts	-18,661	13%	62,371	118,473	77%	122,027	125,688	129,459
Government Grants	38,481	-26%	17,533	39,591	72%	40,779	42,002	43,262
Annual Gallery Operating Grant (Creative Victoria)	84,592	-57%	84,424	83,957	84%	83,476	82,980	82,469
Total Gross Operating Profit	-148,477	100%	\$40,518	\$238,875		\$177,552	\$321,856	\$254,202
	Averaged & rounded 2018/20	% of revenue	Yr 1 2026	Yr 2 2027	% of Year 2 revenue	Yr 3 2028	Yr 4 2029	Yr 5 2030
Indirect expenses								
Bank fees, credit card fees	4,539	2%	19,492	28,775	2%	21,925	29,575	24,802
Printing, postage, stationary and office supplies	6,500	3%	6,936	7,150	0%	7,365	7,585	7,813
Cleaning	7,000	3%	19,400	20,000	1%	20,600	21,218	21,855
Landline call costs / line rental	1,000	0%	1,940	2,000	0%	2,060	2,122	2,185
Consumables / catering	4,900	2%	8,245	8,500	1%	8,755	9,018	9,288
Conservation	23,000	10%	24,735	25,500	2%	26,265	27,053	27,865
Accounting and audit fees	0	0%	14,550	15,000	1%	15,450	15,914	16,391
Sales and Marketing expenses	30,000	13%	43,650	45,000	3%	46,350	47,741	49,173
Contribution to council Mgr Rec & Culture	14,408	6%	0		0%	0	0	0
Board fees & expenses (new Trust)			14,550	15,000	1%	15,450	15,914	16,391
Energy	66,000	29%	101,850	105,000	7%	108,150	111,395	114,736
Fire services and essential safety measures	4,863	2%	5,009	5,159	0%	5,314	5,473	5,638
Security	2,703	1%	5,244	5,406	0%	5,568	5,735	5,907
Rates & Water	2,800	1%	3,719	3,834	0%	3,949	4,067	4,190
Repairs and Maintenance	15,000	7%	4,850	5,000	0%	5,150	5,305	5,464

Indirect WAG staff costs	158,767	70%	185,365	190,926	13%	196,654	202,553	208,630
Insurance (building & contents)	27,350	12%	38,800	40,000	3%	41,200	42,436	43,709
Sundry	18,946	8%	10,049	10,360	1%	10,671	10,991	11,321
FF&E reserve (5% revenue)	0	0%	48,730	71,937	5%	54,813	73,938	62,005
Total Indirect expenses	\$387,776	171%	\$557,114	\$604,547	42%	\$595,688	\$638,032	\$637,362
EBITDA	\$(536,252)		\$(516,596)	\$(365,672)	-53%	\$(418,136)	\$(316,176)	\$(383,160)
Warrnambool City Council financial contribution	\$536,252		\$516,596	\$365,672		\$418,136	\$316,176	\$383,160

8.7. Forecast Profit and Loss for new build on Cannon Hill site

Figure 8.2 presents the projected financial performance of a new build on the Cannon Hill site, with a trend line suggesting the Loss that would be underwritten by the City of Warrnambool. **Figure 8.2** suggests that a new build on the Cannon Hill site is a more profitable business than a new build on the existing site. This proposal would decrease the operating loss underwritten by Council from the current \$536,000 to an average of \$102,000 to \$280,000. Importantly, the trend line is steeper than the existing site proposal, suggesting that the operation might further reduce the deficit and call on Council in the years after 2030.

Figure 8.2 Forecast profit and Loss for a Cannon Hill site



The two peaks in profitability in Years 2027 and 2029 are associated with the attraction of a blockbuster exhibition in 2027 (eg Archibald¹⁵) and an international exhibition in 2028. Interestingly the international exhibition is more profitable because it has lower costs.

The improved financial performance is also significant for the same two reasons: as the proposal for the existing site

1. The proposal has made several positions that are currently funded by one off grants into full time permanent positions funded by the operation
2. The proposal includes an allocation of approximately \$55,000 to \$80,000 per annum to FF&E reserve (savings for renewal and replacement of equipment and fitout needed to keep the gallery up to date). This that may not be needed in the first years and therefore could accumulate and act as grant matching funds.

Table 8.4 presents a detailed breakdown of the forecast Profit and Loss for a new build on the Cannon Hill site.

Revenue

A new WAG is forecast to attract many more visitors which in turn is forecast to generate much more revenue. Revenue of forecast to increase from the base case of \$227,000 to an alternating \$1.2 – 1.6M per annum.

The largest contribution to revenue (45%) is from the inbound / touring periodic blockbuster and international exhibitions, which boost revenue every second year by between \$655,000 and \$721,000.

¹⁵ We note that the Art Gallery of NSW only permits a single regional Victorian gallery to borrow the Archibald twice

Key business areas generating significant and continuous revenue are:

- the giftshop / artwork sales (13% of Yr 2 revenue at \$208,000);
- private donations, sponsorships, philanthropy and trusts (10% of Yr 2 revenue at \$155,000);
- Café / wine bar (9% of Yr 2 revenue at \$145,000); and
- Public programs attracting user charges (9% in Yr 2 at \$139,000).

Gross Operating Profit

After taking into account direct expenses, business unit performance as GoP is slightly different to revenue generation. The lead contributions to GoP are:

- café / wine bar (\$145,000 at 100% of revenue (operator has all expenses);
- inbound / touring periodic blockbuster and international exhibitions \$143,000 at 20% of Yr 2 revenue);
- private donations, sponsorships, philanthropy and trusts (\$118,000 at 77%, proportionately profitable); and
- Creative Victoria Operating Grant (\$84,000 at 84% proportionately profitable).

Business units that make a Gross Operating Loss from the outset are exhibitions local / self-curated (no revenue), public programs – education and outreach (low revenue and labour intensive). These areas are typically subsidised by government for their cultural and educational objectives.

8.8. Conclusion on financial feasibility

Developing a new WAG via either option provides the Gallery operation with the financial resources to convert critical temporary positions supported by external funding to full time permanent positions. This shift significantly lifts the services provided by the Gallery to local residents and visitors, which in turn assists

generate more revenue and allows the Gallery Director to transition to more strategic roles.

Developing a new WAG via either option is likely to reduce the long-term financial support from Council. The current \$536,000 loss underwritten by Council would be lowered to by \$316,000 and \$418,000 through a new WAG on the existing site. A new WAG at the Cannon Hill site would lower the loss even further to between \$102,000 and \$280,000 per annum. The trend in deficit reduction for new build at Cannon Hill suggests that its operation might further reduce the deficit and call on Council in the years after 2030.

A general entrance fee is not part of the current financial model. However, some initial high level modelling suggests that even a \$5 fee only levied at adult visitors from outside the LGA could greatly assist in the financing of operating costs.

Table 8.4 Forecast profit and Loss for a new build on Cannon Hill site

Revenue	Averaged & rounded 2018/20	% of revenue	Yr 1 2026	Yr 2 2027	% of Year 2 revenue	Yr 3 2028	Yr 4 2029	Yr 5 2030
Exhibitions - inbound / touring	0	0%	300,000	721,000	45%	327,818	655,636	358,216
Exhibitions - local / self curated	0	0%	0	0	0%	0	0	0
Public programs - education and outreach	27,000	12%	15,000	16,995	1%	19,255	21,816	24,718
Public programs - user charges	2,125	1%	123,000	139,359	9%	157,894	178,894	202,686
Gift shop / artwork sales	34,500	15%	214,136	207,819	13%	219,719	231,908	244,804
Venue hire / Sundry income	8,000	4%	36,750	44,393	3%	51,188	57,040	63,197
Café / wine bar			115,678	145,404	9%	156,287	166,823	178,052
Membership	3,300	1%	10,000	10,300	1%	10,609	10,927	11,255
Private donations, sponsorships, philanthropy, trusts	0	0%	150,000	154,500	10%	159,135	163,909	168,826
Government Grants	52,000	23%	53,560	55,167	3%	56,822	58,526	60,282
Annual Gallery Operating Grant (Creative Victoria)	100,000	44%	100,000	100,000	6%	100,000	100,000	100,000
Total Revenue	\$226,925	\$1	\$1,118,124	\$1,594,936	100%	\$1,258,727	\$1,645,480	\$1,412,037
Direct expenses	Averaged & rounded 2018/20	% of expenses	Yr 1 2026	Yr 2 2027	% of Year 2 expenses	Yr 3 2028	Yr 4 2029	Yr 5 2030
Exhibitions - inbound / touring	0	0%	263,105	577,848	47%	268,470	411,275	274,163
Exhibitions - local / self curated	142,584	38%	119,376	122,957	10%	126,646	130,445	134,358
Public programs - education and outreach	98,231	26%	105,684	109,318	9%	113,123	117,111	121,299
Public programs - user charges	11,191	3%	131,990	141,935	12%	152,776	164,601	177,505
Gift shop / artwork sales	68,169	18%	165,174	163,243	13%	171,265	179,489	188,148
Venue hire / Sundry income	700	0%	21,283	21,922	2%	22,579	23,257	23,954
Café / wine bar			0	0	0%	0	0	0
Membership	6,938	2%	12,485	12,859	1%	13,245	13,642	14,051
Private donations, sponsorships, philanthropy, trusts	18,661	5%	87,629	36,027	3%	37,108	38,221	39,367
Government Grants	13,519	4%	36,027	15,576	1%	16,043	16,524	17,020
Annual Gallery Operating Grant (Creative Victoria)	15,408	4%	15,576	16,043	1%	16,524	17,020	17,531
Total Direct expenses	\$375,402	100%	\$958,327	\$1,217,727	100%	\$937,779	\$1,111,585	\$1,007,397

	Averaged & rounded 2018/20	% of GOP	Yr 1 2026	Yr 2 2027	% of Year 2 ind revenue	Yr 3 2028	Yr 4 2029	Yr 5 2030
Gross Operating Profit								
Exhibitions - inbound / touring	0	0%	36,895	143,152	20%	59,348	244,362	84,053
Exhibitions - local / self curated	-142,584	96%	-119,376	-122,957	#DIV/0!	-126,646	-130,445	-134,358
Public programs - education and outreach	-71,231	48%	-90,684	-92,323	-543%	-93,867	-95,295	-96,581
Public programs - user charges	-9,066	6%	-8,990	-2,576	-2%	5,118	14,292	25,181
Gift shop / artwork sales	-33,669	23%	48,963	44,576	21%	48,454	52,419	56,656
Venue hire / Sundry income	7,300	-5%	15,467	22,471	51%	28,609	33,784	39,243
Café / wine bar			115,678	145,404	100%	156,287	166,823	178,052
Membership	-3,638	2%	-2,485	-2,559	-25%	-2,636	-2,715	-2,796
Private donations, sponsorships, philanthropy, trusts	-18,661	13%	62,371	118,473	77%	122,027	125,688	129,459
Government Grants	38,481	-26%	17,533	39,591	72%	40,779	42,002	43,262
Annual Gallery Operating Grant (Creative Victoria)	84,592	-57%	84,424	83,957	84%	83,476	82,980	82,469
Total Gross Operating Profit	-\$148,477	100%	\$159,797	\$377,210		\$320,948	\$533,895	\$404,640
	Averaged & rounded 2018/20	% of revenue	Yr 1 2026	Yr 2 2027	% of Year 2 revenue	Yr 3 2028	Yr 4 2029	Yr 5 2030
Indirect expenses								
Bank fees, credit card fees	4,539	2%	22,362	31,899	2%	25,175	32,910	28,241
Printing, postage, stationary and office supplies	6,500	3%	6,936	7,150	0%	7,365	7,585	7,813
Cleaning	7,000	3%	19,400	20,000	1%	20,600	21,218	21,855
Landline call costs / line rental	1,000	0%	1,940	2,000	0%	2,060	2,122	2,185
Consumables / catering	4,900	2%	8,245	8,500	1%	8,755	9,018	9,288
Conservation	23,000	10%	24,735	25,500	2%	26,265	27,053	27,865
Accounting and audit fees	0	0%	14,550	15,000	1%	15,450	15,914	16,391
Sales and Marketing expenses	30,000	13%	43,650	45,000	3%	46,350	47,741	49,173
Contribution to council Mgr Rec & Culture	14,408	6%	0		0%	0	0	0
Board fees & expenses (new Trust)			14,550	15,000	1%	15,450	15,914	16,391
Energy	66,000	29%	92,635	95,500	6%	98,365	101,316	104,355
Fire services and essential safety measures	4,863	2%	5,009	5,159	0%	5,314	5,473	5,638
Security	2,703	1%	5,244	5,406	0%	5,568	5,735	5,907
Rates & Water	2,800	1%	3,719	3,834	0%	3,949	4,067	4,190
Repairs and Maintenance	15,000	7%	4,850	5,000	0%	5,150	5,305	5,464

Indirect WAG staff costs	158,767	70%	185,365	190,926	12%	196,654	202,553	208,630
Insurance (building & contents)	27,350	12%	38,800	40,000	3%	41,200	42,436	43,709
Sundry	7,600	3%	10,049	10,360	1%	10,671	10,991	11,321
FF&E reserve (5% revenue)	11,346	5%	55,906	79,747	5%	62,936	82,274	70,602
Total Indirect expenses	\$387,776	171%	\$557,945	\$605,981	38%	\$597,276	\$639,624	\$639,016
EBITDA	\$(536,253)		\$(398,149)	\$(228,771)	-36%	\$(276,328)	\$(105,729)	\$(234,376)
Warrnambool City Council financial contribution	\$536,253		\$398,149	\$228,771		\$276,328	\$105,729	\$234,376

9. Economic impact assessment

9.1. Introduction to why different issues are considered to the financial assessment

Understanding economic benefits from the project to the City of Warrnambool (the City) requires a very different perspective than that of the previous section which was focussed on the profitability or direct subsidy necessary for the project as a standalone investment. This economic perspective recognises that the City economic benefits are much greater than the direct revenues to the attraction viewed as a financial investment of around \$1.6 million in 2027.

This perspective also explicitly compares the two new WAG development options against the continuation of the current WAG.

This economic impact assessment is framed principally from the perspective of the Warrnambool City community. It asks, is there a net benefit or cost for this community? In the potential Phase 3 of this project (see **Figure 1.1**), a more comprehensive cost benefit analysis would be necessary and it would also address the net benefit or cost for the Victorian community following guidelines from the Department of Treasury and Finance in preparing applications for State Government funding.

A key challenge with visitor attractions is that they tend, as in this case, to have much better economic returns for the local area than financial returns for the owner/ operator. In economist language, there is a market failure in development of visitor attractions, which explains why so many worthwhile projects from a community economic return viewpoint only arise with capital investment support from the public sector, and in many cases are run by governments at a loss.

Typically, economic benefits spread to other City businesses, beyond the operator of the attraction, who ‘free ride’ on the attraction investment, by providing other services required by visitors brought to the region by the attraction.

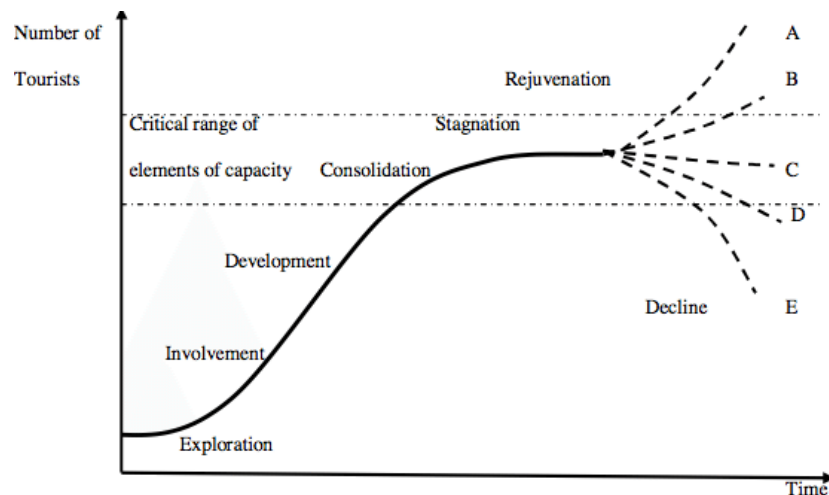
Commonly, where visitor attraction investments are profitable, they tend to have a very large neighbouring market, be highly unique, or be in a destination with many other existing visitor attractions. For example, from the perspective of the non-art expert one form of uniqueness considered in this feasibility study is the setting at the Cannon Hill site providing the only regional art gallery with an ocean outlook in Victoria and Australia.

Critically from a local government community economic perspective, it is not a requirement for a highly worthwhile regional visitor attraction for the visitor attraction to operate profitably.

Warrnambool’s decline in visitor economy competitiveness against other Victorian regional cities pre-COVID

Economic impact assessment takes a whole of destination perspective. The urgency of investment in new attractions to a destination is related to where the destination is in terms of the destination lifecycle. This lifecycle is illustrated in **Figure 9.1** showing the critical need for ongoing attraction investment to refresh the sources of visitor growth.

Figure 9.1 The visitor destination life cycle

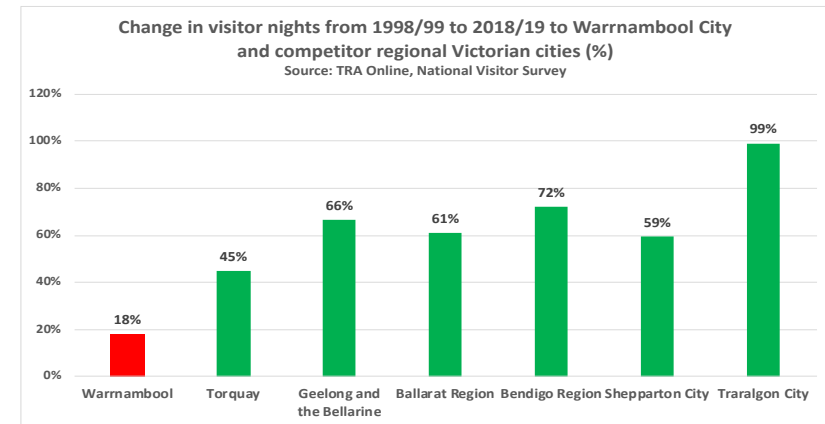


As noted in **Section 2.3**, in recent years the competitiveness of Warrnambool City in attracting the major visitor market of domestic visitor nights has fallen significantly compared to other regional Victorian cities.

In the period leading up to 1998/99, Warrnambool City had a significantly stronger reliance on its visitor economy than most of the Victorian regional cities. In the period since then, competitor regional cities in Victoria have had noticeably stronger growth in the core market for the visitor economy of domestic visitor nights.

If we look over the 20 years to 2018/19 (the last COVID free financial year), growth in domestic visitor nights to Warrnambool is between around a fifth and a third of the growth to competitor regional centres – this is indicated in **Figure 9.2**.

Figure 9.2 Growth in the main visitor market to Warrnambool has lagged that to competitor regional cities for 20 years



Warrnambool would normally compare itself with Ballarat, Bendigo and Geelong which have larger and more industrially diverse economies and so a lower reliance on the visitor economy for jobs. Torquay is far more visitor economy reliant than Warrnambool and despite having a far smaller population had a similar level of domestic visitor nights and many more domestic day trip visitors. The previously unfashionable visitor destinations of Shepparton and Traralgon have surprisingly the highest growth rate in domestic visitor nights in the last five years, as they became more focussed on growing visitation (Tourism Research Australia).

The loss of competitiveness for Warrnambool over the last 20 years came from a high base. So, the City's economy continued to be more heavily reliant on visitor spending than other regional cities in Victoria in aside from Torquay (see **Figure 9.2**).

We estimate that 14%, or one in seven of all jobs in the City of Warrnambool pre-COVID were reliant on visitor spending either directly or indirectly.

A key backdrop to considering this feasibility study and its economic benefits for the City, is the higher reliance on the Warrnambool visitor economy for jobs pre-COVID and declining tourism competitiveness against other Victorian regional cities. The urgency of gaining new investments in visitor attractions is more important to Warrnambool in avoiding an accelerating decline phase (path E in **Figure 9.1**) of the destination life cycle than for other major regional cities in Victoria.

Post COVID and competition has heated up between Victorian regional cities for the working from home exodus from Melbourne

The COVID period from March 2020 has made a further major difference to the justification for investment in regional city cultural attractions. Recent work by one of our team has provided detailed analysis of the opportunity for Ballarat to increase its population growth rate by attracting more of the working from home exodus from Melbourne.

Post COVID there is a historic shift to decentralisation – which sets regional economies to faster growth from 2021. Regional cities face far faster growth of populations as former Melbourne residents in continuing to work from home take advantage of high Melbourne real estate prices or lower rents in regional cities to make a tree or sea change. This is turbo-charging regional real estate values and lifting City Council incomes from residential rates, as land values increase.

These potential migrants are keen to exploit improving transport links to Melbourne and are also likely to boost regional tourism to inspect/explore and with growing VFR longer term as regional city populations increase.

But to impress potential immigrants to the City it is vital that the local visitor economy put on its best face – the “makeup”. Availability of high quality cultural

attractions, braggable local facilities including café culture and ‘buzz’ of activity/attractions in the evenings will all be vital ingredients to attracting new residents from Melbourne.

9.2. Discount rate

The nature of visitor attraction projects is that the major costs are for construction in the two years before the project opens while net benefits only accrue progressively in later years. This is why the assumption of the real discount rate is a key influence on whether a project is assessed to be in the public interest.

Mathematically, the assumption of the real discount rate allows the calculation of one number to summarise community returns from major public investments over the many years of the life of a project. In this case the economic net benefits of this project are discounted and summed over the two years of construction (2024 and 2025), the five years from 2026 to 2030 of operations and allow for a depreciated and discounted terminal value of the asset at the end of 2030.

The Victorian Government’s Technical Guidelines recommend a real discount rate of 4% for projects in traditional areas of public service provision where the benefits of these projects can be articulated but are not easily translated to monetary

terms¹⁶. However, this equates to a roughly 6.5% pa nominal interest rate before inflation is deducted. This very high discount rate ensures that in the calculations of economic benefit in this study one dollar of revenue in 2030 is only worth 73 cents in 2025 real dollars.

At the end of April 2021, the interest rate on 10-year Treasury Corporation of Victoria bonds was 1.84% per annum, or well below current and expected inflation¹⁷. From December 2013 to June 2021 the interest rate on Commonwealth Government bonds before inflation fell from 4.3% to 1.6%. After allowing for inflation that is assumed to average 3% pa the Commonwealth is now able to borrow at a negative real interest rate of nearly -1.5% and so borrow money today and pay back nearly 15% less money after inflation in ten years.

Therefore, the large decline in long term bond rates since the publication of the Technical Guidelines in late 2013 argues for a lower and still conservative real discount rate of 1%. While this report uses the conservative assumption of a 4% real discount rate in its key valuation of the project, in the sensitivity analysis provided later in this section we report on the impact of assuming an alternative, still conservative, but far more realistic 1.0% real discount rate.

Were, for example, the City Council to borrow \$20 million over ten years to fund a contribution for a new WAG it is expected that the interest cost would be around 2% or a real interest rate of -1.0%. In this example, this would involve a cost to the Council in annual outgoings of only \$400,000 per annum with an expectation of having to repay less than was borrowed after inflation in ten years.

¹⁶ Victorian Department of Treasury and Finance (2013), 'Economic Evaluation for Business Cases Technical guidelines, V-102, August 2013, page 15.

9.3. Costs

Capital costs

The proposed construction approach is aimed at a highly cost-effective investment that minimises disruption to the environmental amenity of the area and leads to reductions in operating costs.

Section 7.0 identified costs of the two new WAGs as:

- \$41.2M for a new build on the existing site; and
- \$40.2M for a new build on the Cannon Hill site.

9.4. Benefits

There are both economic and social benefits from the two options for a new WAG. The economic benefits can be more accurately estimated but social benefits are also important with both new WAGs.

Within economic benefits there are direct benefits for the City economy due to the project reducing Council subsidies and from project spending. There are also indirect benefits for the City economy that accrue to other areas of the City economy, most obviously from increased visitor spending beyond the new WAG.

Direct benefits include the projects staff costs and local purchases at both the construction stage and when operating.

¹⁷ <https://www.tcv.vic.gov.au/tcv-bonds/interest-rates>

Indirect economic benefits include increases in other visitor spending within the City beyond the project, but that will only occur due to the project. For this project the indirect economic benefits are expected to be mainly to other businesses providing visitor accommodation to the large expected increase in visitors to the new WAG and to the local sellers of food and beverage, fuel and groceries.

Direct project economic benefits

Reduced ongoing City Council subsidies for new WAG compared to existing WAG

Compared to the existing WAG, both development options promise savings to the City Council in required operating subsidies (see **Tables 8.3 and 8.4**). Over the five years from 2026 to 2030 the savings for the City Council sum to \$682,000 for development on the existing site and \$1,438,000 for development at Cannon Hill.

Reduced ongoing City Council subsidies to Flagstaff Hill

Compared to the existing WAG, both development options promise to bring more visitors to Warrnambool interested in visiting art galleries and museums. Indeed, we expect an additional 13,000 and 23,000 overnight visitors to Warrnambool due to the new WAGs at the existing site or on Cannon Hill respectively. This increased number of visitors is also forecast to be accompanied by a small increase in the average length of stay of overnight visitors in Warrnambool reflecting the availability of increased attraction options. Both more overnight visitors and visitors staying longer are expected to produce increased visitation to Flagstaff Hill.

In addition, a new WAG promises to significantly increase the number of visitors to Warrnambool who are interested in visiting art galleries and museums. As noted earlier in **Table 2.2**, for domestic overnight visitors in the five years to end 2019 the share of visitors to the City who visit art galleries and museums while in Warrnambool was only around one third that in the competing destinations of Ballarat and Bendigo.

As outlined later in **Table 12.7**, a new WAG at the existing site is expected to increase the number of visitors to the City of Warrnambool with the activity of visiting art galleries and museums by 41,000 visitors per annum at 2030, or a more than doubling. Alternatively, a new WAG at Cannon Hill is expected to increase the number of visitors to the City of Warrnambool with the activity of visiting art galleries and museums by 76,000 visitors per annum by 2030, or a more than tripling¹⁸.

In the 2018/19 financial year Flagstaff Hill required a City Council subsidy of \$740,512.

It is expected that particularly the development at the adjoining Cannon Hill site promises to bring increased visitors and revenues to Flagstaff Hill. This benefit is conservatively valued at \$250,000 per annum from 2026 for the Cannon Hill development and a more modest \$100,000 per annum from 2026 for development of a new WAG on the existing site.

¹⁸ These visitor forecasts with the activity of visiting art galleries and museums only include adults (15 years and older) and don't allow for multiple visits to the same or different art

galleries or museums during their trip. It is also likely that in collecting this survey data from visitors to Warrnambool relying on a recall method fails to count many brief look arounds.

Construction spending that benefits the City economy

For the purposes of this analysis, we assume that of total construction costs of \$41.2M for the existing site and \$40.2M for the Cannon Hill site, 45% of the total cost of development on the existing site (more imported materials, due to specialised design) and 65% of the total cost at the Cannon Hill site goes to local Warrnambool City workers or suppliers (this is equivalent to \$26.8M or \$26.1M respectively). This calculation recognised that some more specialised purchases for construction and skills for construction will need to come from outside the Warrnambool City area. Construction is assumed to take most of two years, with the first year of 2024 consuming 40% of the total cost and 2025 the remaining 60% of total construction cost.

In 2019/20 across Australia around \$200bn in construction work was done with 1.1M workers, so each job in the sector was supported annually by just over \$180,000 in spending which is slightly lower spending per job than for jobs due to visitor spending. The estimate of local spending therefore suggests around 58-60 construction jobs in the city are created in 2024 and 87-89 construction jobs in the city are created in 2025.

Incremental spending on WAG staff costs

Increased staff costs at a new WAG will provide a boost to the City economy. Both development options for a new WAG have equivalent staff costs of \$761,000 per annum. Compared to the existing WAG, the increase in ongoing annual staffing costs of the project were estimated at \$285,000 per annum, representing an increase of 60% over the cost of staffing the existing WAG.

Both development options promise employment for 9 staff of which 7 are full time and 2 part time.

Increased spending on WAG non-staff purchases

The increase in total direct and indirect non-staff expenses compared to the existing WAG summed to \$0.7M and \$0.72M per annum for the new WAGs proposed on the existing site and Cannon Hill respectively. Of this total the major non-staff item is for international/travelling exhibitions as a cost that largely benefits areas outside Warrnambool. It is assumed that of this non-staff spending 45% or \$315,000 and \$323,000 per annum respectively is spent on Warrnambool goods and services. This spending is expected to generate 1.5 jobs in the City economy.

Terminal value of the two proposed new WAG buildings

To be conservative, it is sensible to include 2% pa of economic depreciation after inflation of the proposed new WAG buildings over the period to 2030 to allow for wear and tear on the buildings. While it is possible these buildings could increase in value after inflation in the first five years it is more appropriate to assume a small level of economic depreciation.

The comparatively high real discount rate of 4% pa after inflation, ensures that the discounted estimated terminal value of the proposed buildings by the end of 2030 will be significantly lower than their development cost. To this discount factor, we have added a further 2% pa fall in the economic valuation of these buildings. The combination of the real discount factor and the economic depreciation means that a new WAG building falls in real value by 30% from the end of 2025 to the end of 2030. Of this fall, the fall due to economic depreciation is 11%.

The Terminal Value (2024 – 2030) on the existing site is \$36.58M and \$41.43M on the Cannon Hill site (see **Tables 9.3 and 9.4**).

Indirect project economic benefits

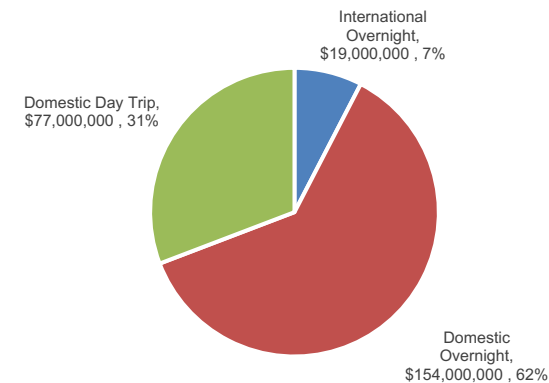
Visitor spend increase outside the project but in the City from visitation induced by the project

Forecasting this source of economic benefit requires a number of steps. First a small number of additional visitors will come to Warrnambool to visit a new WAG. Second, more of the already coming overnight visitors will elect to stay marginally longer on average in Warrnambool because of this new high-profile attraction. Finally, spending increases within the project and for visitors to Flagstaff Hill due to a new WAG are deducted from the sum of steps one and two.

Tourism Research Australia publishes visitor spending estimates for local government areas in Australia. These provide a starting point for making assumptions on visitor spending within the Warrnambool City from domestic day trip, domestic overnight and international overnight visitors.

Unfortunately, this TRA economic contribution data for Warrnambool City does not include day trip visits to the City when either international or domestic overnight visitors stay outside the City, for example when travelling along the Great Southern Touring Route and staying overnight in Port Fairy, Port Campbell or Portland but visiting Warrnambool as part of a day trip. The total annual average visitor spending in the City of Warrnambool for the three main forms of tourism over the 2016-19 period is shown in **Figure 9.3**.

Figure 9.3 Annual average visitor spending and share by type of visitor to the City of Warrnambool over 2016-19 (Source: TRA Website, LGA visitor profiles 2019)



Other published key TRA data on visitor spending for the City of Warrnambool pre-COVID (average 2016-19 data) were estimates of:

- average Shire day trip spending of \$141 per trip;
- average Shire domestic overnight visit spending of \$139 per night and \$379 per overnight trip to Warrnambool; and
- average Shire international overnight visit spending of \$79 per night and \$566 per overnight trip to Warrnambool.

That the international visitor spending per night is lower than for domestic visitors presumably reflects a high share of long staying international students and backpackers in visitation to the City.

In the regional tourism satellite account for the Great Ocean Road region in 2018-19, there was \$1.91B of visitor spending that directly supported 9,800 jobs. This implies that each job in the visitor economy in this region was supported by \$195,000 in visitor spending. The sources of this spending by type of visitor for the

GOR region were very similar to that for the City of Warrnambool with a slightly lesser reliance on international visitors (6% Vs 7%) and smaller reliance on domestic day trips (21% Vs 31%) but higher reliance on domestic overnight visitors (total of 74% with intrastate 64% and interstate 10%, compared to 62% for the City of Warrnambool¹⁹.

The economic benefit for the City of Warrnambool beyond that accruing to the new WAG operator and Flagstaff Hill is estimated using the pre-COVID spending data from TRA for the City of Warrnambool and conservative assumptions on extra visitation and length of stay. In doing this, it is required to consider only the additional visitors to the new WAG compared to the existing WAG.

Section 8 of this report details the forecasts for increased visitation to Warrnambool expected with the two new proposed WAGs. These forecasts build in the strong impacts of the COVID recession on the Warrnambool visitor economy.

Warrnambool SA3 as focussed on the City of Warrnambool was hard hit by the COVID recession and from 14 March 2020 to 22 May 2021 had the 14th worst percentage change in payroll jobs at -0.1% across the 64 Victorian SA3s. Neighbouring SA3s of Glenelg-Southern Grampians SA3 (+4.3%) and Colac-Corangamite SA3 (-1.7%) had very different paths in retaining jobs so far in the COVID period. Indeed, across the south west area of Victoria from Melbourne's outskirts to the South Australian border, other than Colac-Corangamite SA3, Warrnambool SA3 alongside the tourism focussed Surf Coast and the Bellarine Peninsula SA3 lost a larger share of total payroll jobs than the other five SA3s in this area.

¹⁹ <https://www.tra.gov.au/Economic-analysis/Economic-Value/Regional-Tourism-Satellite-Account/regional-tourism-satellite-account>

To calculate visitor nights it was assumed that the average length of stay in Warrnambool increases by 5% due to the new WAG on the existing site and by 6% due to the new WAG on the Cannon Hill site. Average length of stay is less than three nights for both domestic intrastate and interstate overnight. Spending per domestic day trip, domestic visitor night and international visitor night is conservatively assumed to remain at TRA pre-COVID estimates for Warrnambool of \$141, 139 and \$79 respectively.

Table 9.1 details the forecasts for increased visitor spending in Warrnambool City for the new WAG on the existing site compared to forecasts with no change to the current WAG. Compared to TRA estimated pre-COVID total visitor spending in the City of Warrnambool the new WAG at the existing site is estimated to increase this by 5.8% on average over 2026-2030. This indirect effect of this project is also expected to boost total jobs in the City's visitor economy by an average of 74 jobs between 2026 and 2030.

Similarly, **Table 9.2** details the forecasts for increased visitor spending in Warrnambool City for the new WAG on the Cannon Hill site compared to forecasts with no change to the current WAG. Compared to TRA estimated pre-COVID total visitor spending in the City of Warrnambool, the new WAG at the Cannon Hill site is estimated to increase this by 8.3% on average over 2026-2030. This indirect effect of this project is also expected to boost total jobs in the City's visitor economy by an average of 106 jobs between 2026 and 2030.

Table 9.1 Extra visitors, visitor nights, visitor spending and City jobs due to this spending in the City of Warrnambool due to a new WAG on the existing site compared to the existing WAG (000s) (Source: SMA Tourism)

Numbers in 000s	2026	2027	2028	2029	2030	Total 2026-2030	Average 2026-2030
Extra domestic day trips	1.8	2.7	2.7	2.8	2.9	13	2.6
Extra domestic day trip spending	\$260	\$375	\$386	\$398	\$410	\$1,829	\$366
Extra domestic overnight intrastate visitors	2.1	4.4	6.7	6.9	7.1	27.3	5.5
Extra domestic intrastate visitor nights	65	73	82	84	87	390.6	78.1
Extra domestic overnight intrastate visitor spending	\$9,032	\$10,175	\$11,352	\$11,693	\$12,043	\$54,295	\$10,859
Extra domestic overnight interstate visitors	0.5	1.1	1.6	1.7	1.7	6.6	1.3
Extra domestic interstate visitor nights	15	17	19	19	20	89.7	17.9
Extra domestic overnight interstate visitor spending	\$2,032	\$2,324	\$2,624	\$2,703	\$2,784	\$12,467	\$2,493
Extra international overnight visitors	0.3	0.8	1.2	1.3	1.4	5.1	1.0
Extra international visitor nights	16	20	25	27	29	117.6	23.5
Extra international overnight visitors spending	\$1,273	\$1,606	\$1,976	\$2,134	\$2,305	\$9,293	\$1,859
Total increase in visitors	4.8	8.9	12.3	12.8	13.2	52.0	10.4
Total increase in visitor nights	96	110	126	131	136	598	120
Total increase in City visitor spending after deducting revenue increases to WAG & Flagstaff Hill	\$11,749	\$13,167	\$15,369	\$15,576	\$16,429	\$72,290	\$14,458
Resulting increase in jobs in the City visitor economy (not in 000s)	60	68	79	80	84	371	74

Table 9.2 Extra visitors, visitor nights, visitor spending and City jobs due to this spending in the City of Warrnambool due to a new WAG on the Cannon Hill site compared to the existing WAG (000s) (Source: SMA Tourism)

Numbers in 000s	2026	2027	2028	2029	2030	Total 2026-2030	Average 2026-2030
Extra domestic day trips	3.7	5.3	5.5	5.6	5.8	26	5.2
Extra domestic day trip spending	\$520	\$750	\$773	\$796	\$820	\$3,659	\$732
Extra domestic overnight intrastate visitors	3.7	7.7	11.9	12.2	12.6	48.1	9.6
Extra domestic intrastate visitor nights	91	106	122	125	129	573.8	114.8
Extra domestic overnight intrastate visitor spending	\$12,712	\$14,759	\$16,918	\$17,425	\$17,948	\$79,763	\$15,953
Extra domestic overnight interstate visitors	1.0	2.1	3.3	3.4	3.5	13.2	2.6
Extra domestic interstate visitor nights	19	23	27	27	28	124.0	24.8
Extra domestic overnight interstate visitor spending	\$2,617	\$3,148	\$3,709	\$3,821	\$3,935	17,230	\$3,446
Extra international overnight visitors	0.6	0.7	0.7	0.8	0.8	3.7	0.7
Extra international visitor nights	21	23	24	26	28	122.7	24.5
Extra international overnight visitors spending	\$1,652	\$1,784	\$1,927	\$2,081	\$ 2,248	\$9,692	\$1,938
Total increase in visitors	9.1	15.8	21.3	22.0	22.7	90.9	18.2
Total increase in visitor nights	131	151	173	179	186	820	164
Total increase in City visitor spending after deducting revenue increases to WAG & Flagstaff Hill	\$16,360	\$18,824	\$22,045	\$22,454	\$23,516	\$103,199	\$20,640
Resulting increase in jobs in the City visitor economy (not in 000s)	84	97	113	115	121	529	106

The strength of this indirect impact on the City of Warrnambool's economy reflects that the major visitor spending attracted to the City is spent outside the new WAGs with businesses that range across visitor accommodation, food and beverage, tourism retail, grocery and fuel sales. There were 296 employing businesses heavily reliant on visitor spending in the City of Warrnambool on average over the 2016-19 period. These businesses and their employment are set to be major beneficiaries of a new WAG.

Valuation of the re-use of the existing WAG building for the Cannon Hill option

The economic benefit of the re-use of the existing WAG building for the Cannon Hill option depends on a commitment to build the new WAG at Cannon Hill.

Advice was sought from an experienced commercial property valuer in Warrnambool. While the Council could decide to use the existing WAG building for a community use, it would still need to value the opportunity cost of doing so by calculating the highest market value possible from the site.

Christine Steere of First National Real Estate Warrnambool noted that the highest value use for the current Warrnambool Art Gallery other than as an art gallery is for retail use, ahead of office use. Retail space in the best areas of Warrnambool earns up to \$400 per square metre per annum. The current WAG is a little away from the most premium retail area of Warrnambool but offers outstanding visibility across the Civic Green for signage and should be able to realise around \$300 per square metre. Ms Steere noted that the current WAG building would also be in strong demand as office space, but office space in the core of the city typically earns lower rents than retail space, and she estimates around \$240 per square metre, as boosted by excellent visibility for signage. She also noted that the best buildings in Warrnambool sell on around a 6% yield while lesser buildings sell on an 8% yield.

At a rental of \$300 per square metre for retail use of the 1,160 square metres of the existing WAG building this suggests an annual rental for the Council of \$348,000 per annum. If instead the Council decided to sell the building with a tenant paying \$300 per square metre and at a 7% yield this would raise approximately \$5 million which could be applied towards the cost of a new art gallery at Cannon Hill. These estimates are at 2021 valuations rather than for when the building could first become available 2026. As such, inflation by 2026 would be expected to lift values, so these valuations are presumably conservative.

Avoidance of the closure of the existing WAG for two years with the Cannon Hill option

Avoidance of the closure of the existing WAG for two years with the Cannon Hill option is an economic and social benefit from choosing the Cannon Hill site not available with the choice of the existing site for a new WAG. That the Council subsidises the existing WAG by around \$536,000 per annum indicates that the community values the existing WAG at greater than this subsidy. If the existing WAG was closed for two years to allow a new WAG to be built on its site, some costs for the staffing of the existing WAG would continue in planning for the new WAG. In addition, some visitation would be lost to Warrnambool and there should be a shortened average length of stay due to a loss of an activity in Warrnambool in these two years. A valuation of this benefit for the Cannon Hill site in comparison to the choice of developing a new WAG on the existing site is assumed to be \$1.5M and worth 8 jobs to the City economy over the two-year construction period.

Increased potential to attract population and prosperity to the City

The economic benefit from increased potential to attract population and prosperity to the City is harder to estimate. The growth of work from home in the current COVID period sees a historic rise in decentralisation from Melbourne and growing

competition among regional cities to attract former Melburnians. A key aspect of this competition is the availability of cultural services, high-quality attractions and a city image that is modern and vibrant.

A new WAG is likely to lead to provide a modern and vibrant hub for and perception of city life. This is the expectation for the new Shepparton Art Museum that is scheduled to open in 2021. The Shepparton Council provided \$15.35M of the estimated final cost of \$49M.

The post COVID shift to regional cities accelerates an already developed trend. Between 2015 and 2020, 42 of the 50 postcodes with the fastest-growing house prices in Victoria were located outside of Melbourne. COVID added fuel to that fire last year, accelerating growth in already rising regional areas. But in the previous five years between 2010 and 2015, not a single regional town featured in the top 50. Instead, the top performers list was dominated by affluent inner city suburbs like South Yarra and Prahran.

In the year to the end of March 2021, the shires of South Gippsland, Hepburn, Macedon Ranges and Corangamite all recorded median house price growth of more than 20%.

A new WAG would contribute beside other improvements to boost the long-term population and economic growth rate of Warrnambool. The train line from Warrnambool to Melbourne is one of the priorities for major upgrading in the May 2021 Federal Government budget commitment to invest \$3.4B in Victoria to undertake a range of new rail and road infrastructure projects. This Federal budget also promised \$250M to invest in a further round of the Building Better Regions Fund to support regional infrastructure development. This fund might be accessible to help fund a new WAG if the business case to follow this feasibility study is developed quickly.

Warrnambool in 2019/20 collected rates revenue of around \$40M on the \$7B capital improved value basis of valuation of all properties within the municipality. A more rapid increase in population and land values in the current and coming years promises to boost valuations for rates purposes but also impose extra costs on the City Council.

For this economic benefit evaluation we have included a valuation of \$4M and \$5M in 2026 for this benefit to the city from a new WAG on the existing site and at Cannon Hill respectively.

9.5. Social benefits

Key social benefits are introduced in this section but are not assigned money values. Assigning valuations for social benefits is a key task for any business case as including a more formal cost benefit analysis from a whole of Victoria perspective that might follow this feasibility study.

Social benefits are nevertheless important justifications for this project.

Improved art appreciation and education facilities for the local community from the new WAG

This benefit is the critical aspect of a new WAG project for many members of the Warrnambool community. It is, however, quite a difficult benefit to evaluate from a cost benefit standpoint and demands a valuation approach to assess what users would have paid for these services above what is proposed to be charged (a valuation of consumer surplus).

Lifting Aboriginal reconciliation and economic progress in the City

A key social benefit of either of the proposed new WAGs is that their upgraded spaces will help the City respond to the State Government push to advance

reconciliation with and respect for Victoria's Aboriginal communities. The Victorian State Government is looking to fund regional visitor attractions that provide Aboriginal tourism experiences. Similarly, Australian Government funding may be more available for a new WAG from within Aboriginal support agencies.

South West Victoria is, regrettably, the Australian region with the largest number of massacres of Aboriginal people during colonial times, ahead of the Kimberley and Tasmania. The Budj Bim World Heritage Area is also beginning to attract many more visitors to the Warrnambool region who are strongly motivated to understand Aboriginal culture and pre-British settlement Aboriginal culture and industry. Finally, the Moyjil (Point Ritchie) area in Warrnambool is the subject of a globally high-profile scientific debate over the identification of evidence of Aboriginal settlement of Australia nearly twice as long ago as previously established, at over 100,000 years ago. If this site is established as providing the dated evidence of Aboriginal settlement this would rewrite the history of human sapiens leaving their African birthplace.

The Advancing the Treaty Process with Aboriginal Victorians Bill 2018 ('Advancing the Treaty Bill') was introduced in the Legislative Assembly by the Minister for Aboriginal Affairs, Natalie Hutchins, on 7 March 2018. In Victoria, Members of Parliament have acknowledged that:

- Aboriginal and Torres Strait Islanders endured 'catastrophic outcomes' as a result of European settlement;
- the 'recognition of these injustices' is important; and

²⁰ <https://www.parliament.vic.gov.au/publications/research-papers/download/36-research-papers/13861-advancing-the-treaty-process-with-aboriginal-victorians-bill-2018>

- Indigenous communities continue to face extreme disadvantage in comparison to the broader community²⁰.

Across the City of Warrnambool there were 555 individuals who self-identified as Aboriginal or Torres Strait Islander in the 2016 Census. This represented 1.8% of the City's population or twice the share of the Victorian population who self-identified as Aboriginal or Torres Strait Islander. The Glenelg-Southern Grampians statistical area west of Warrnambool had a higher 2.2% share who self-identified as Aboriginal or Torres Strait Islander.

While non-Aboriginal people in the City of Warrnambool had an estimated median income of just over \$30,000 in 2016, Aboriginal people in this Shire had a median income only three quarters as large of \$24,000. In using data on medium incomes, it is also recognised that were comparisons available on average incomes the comparison would be less favourable for Aboriginal people²¹.

The proposed new WAG at either site with its spaces and displays devoted to Aboriginal culture and art will complement the fast growing interest in Aboriginal tourism with the development of Budj Bim and the neighbouring Tower Hill Aboriginal sites, and promises to:

1. Increase knowledge of and pride in Aboriginal art and culture
 - within Aboriginal communities; and
 - within the Australian population as a contribution to reconciliation

²¹ ABS Census 2016, Self-reported personal weekly income by Indigenous status derived using Table Builder. The estimates should also be considered approximates as personal income is asked by income range requiring interpolation of the data.

2. Help give increased opportunities for Aboriginal people in visitor economy employment. This will also encourage Aboriginal entrepreneurs in the visitor economy – changing the culture of the city's Aboriginal community toward business engagement.

Negative social impacts associated with a new WAG at the existing site

A social impact can be attributed to the development of a new WAG at the existing site, through significant disruption of traffic, parking, roads and public spaces in the City centre. It is also expected that the Civic Green in front of the existing WAG would be lost for much of the two-year construction period. We understand that Warrnambool residents put a high premium on both the availability of the Civic Green for community events and as a green island in the town centre and on ease of driving through and parking in the City Centre.

9.6. Economic Evaluation for a new build on the existing site

The calculation of the total incremental economic benefits of the project for the City of Warrnambool from a new WAG on the existing site is shown in **Table 9.3**. This is a comparison with the counterfactual of no new WAG and a continuation of the existing WAG under current policies.

Table 9.3 shows the three groups in the City that gain most from this new WAG are: the construction businesses in the City, the visitor economy businesses in the City and the Council (which gains a valuable new community asset).

Table 9.3 also includes calculations of net economic benefit to the City after allowing for varying levels of \$10M, \$20M and \$30M local community input to the funding of this project. This local community input might come from a combination

of the WAG Foundation, local philanthropists and the City Council. In the case of the Shepparton Art Museum (SAM) the local community provided \$22.35M toward the construction cost of \$47.4M (\$15.35M from the City Council plus \$7M from the SAM Foundation) plus \$8M from the SAM Foundation to support future operating costs. In total therefore just over half of the project cost for the new SAM came from the local Shepparton community.

9.7. Economic Evaluation for new build on the Cannon Hill site

The calculation of the total incremental economic benefits of the project for the City of Warrnambool from a new WAG on the Cannon Hill site is shown in **Table 9.4**. This is a comparison with the counterfactual of no new WAG and a continuation of the existing WAG under current policies.

Table 9.4 shows there are much larger indirect economic benefits to other businesses in the City from the operation of the new WAG than the direct economic benefits of the operation of the new WAGs.

Table 9.4 also includes calculations of net economic benefit to the City after allowing for varying levels of \$10m, \$20m and \$30m local community input to the funding of this project.

Table 9.3 Incremental economic benefits for the City of Warrnambool due to a new WAG on the existing site (Source: SMA Tourism)

For a new WAG at the existing site Numbers in \$millions	2024	2025	2026	2027	2028	2029	2030	Total 2024-2030
Direct Project Economic Benefits								
Reduced subsidies for WAG			\$0.02	\$0.17	\$0.12	\$0.22	\$0.15	\$0.68
Reduced subsidies for Flagstaff Hill			\$0.10	\$0.10	\$0.10	\$0.10	\$0.10	\$0.50
Construction spending benefits for the City	\$7.42	\$11.12	\$-	\$-	\$-	\$-	\$-	\$-
Incremental spending on WAG staff costs			\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$1.42
Incremental spending on WAG non-staff costs			\$0.32	\$0.32	\$0.32	\$0.32	\$ 0.32	\$1.58
Lost benefits of existing WAG during construction of new WAG on existing site	\$(0.75)	\$(0.75)	\$-	\$-	\$-	\$-	\$-	\$(1.50)
Terminal (end 2030) value of new WAG building							\$36.58	\$36.58
Total Direct Project Economic Benefits	\$6.67	\$10.37	\$0.72	\$0.87	\$0.82	\$0.92	\$37.43	\$39.26
Indirect Project Economic Benefits								
Incremental visitor spending in the City beyond the project			\$ 11.7	\$ 13.2	\$ 15.4	\$ 15.6	\$ 16.4	\$72.3
Valuation of the re-use of the existing WAG building for the Cannon Hill option			\$-	\$-	\$-	\$-	\$-	\$-
Increased potential to attract population and prosperity to the City			\$4.0	\$-	\$-	\$-	\$-	\$4.0
Total Indirect Project Economic Benefits			\$15.7	\$13.2	\$15.4	\$15.6	\$16.4	\$76.3
TOTAL PROJECT ECONOMIC BENEFITS								
Total benefits pre discounting	\$6.67	\$10.37	\$16.47	\$14.04	\$16.19	\$16.50	\$53.86	\$115.55
DISCOUNTED NET PRESENT VALUE OF TOTAL PROJECT ECONOMIC BENEFITS	\$6.67	\$9.70	\$14.38	\$11.46	\$12.35	\$11.76	\$35.89	\$71.96
Net discounted economic benefits at varying levels of funding from the City community (Council, WAG Foundation &/or local philanthropists)								
\$10m							\$ 61.96	
\$20m							\$51.96	

Table 9.4 Incremental economic benefits for the City of Warrnambool due to a new WAG on the Cannon Hill site (Source: SMA Tourism)

For a new WAG at the Cannon Hill site Numbers in \$millions	2024	2025	2026	2027	2028	2029	2030	Total 2024-2030
Direct Project Economic Benefits								
Reduced subsidies for WAG			\$0.14	\$0.31	\$0.26	\$0.43	\$0.30	\$1.44
Reduced subsidies for Flagstaff Hill			\$0.25	\$0.25	\$0.25	\$0.25	\$0.25	\$1.25
Construction spending benefits for the City	\$10.45	\$15.68	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Incremental spending on WAG staff costs			\$0.28	\$0.28	\$0.28	\$0.28	\$0.28	\$1.42
Incremental spending on WAG non-staff costs			\$0.32	\$0.32	\$0.32	\$0.32	\$0.32	\$1.62
Lost benefits of existing WAG during construction of new WAG on existing site	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Terminal (end 2030) value of new WAG building							\$35.70	\$35.70
Total Direct Project Economic Benefits	\$10.45	\$15.68	\$1.00	\$1.17	\$1.12	\$1.29	\$36.86	\$41.43
Indirect Project Economic Benefits								
Incremental visitor spending in the City beyond the project			\$16.36	\$8.82	\$22.05	\$22.45	\$23.52	\$103.20
Valuation of the re-use of the existing WAG building for the Cannon Hill option			\$5.00	\$ -	\$ -	\$ -	\$ -	\$5.00
Increased potential to attract population and prosperity to the City			\$4.00	\$ -	\$ -	\$ -	\$ -	\$4.00
Total Indirect Project Economic Benefits	\$ -	\$ -	\$25.36	\$18.82	\$22.05	\$22.45	\$23.52	\$112.20
TOTAL PROJECT ECONOMIC BENEFITS								
Total benefits pre discounting	\$10.45	\$15.68	\$26.36	\$19.99	\$23.16	\$23.74	\$60.38	\$153.63
DISCOUNTED NET PRESENT VALUE OF TOTAL PROJECT ECONOMIC BENEFITS	\$10.45	\$14.65	\$23.02	\$16.32	\$17.67	\$16.93	\$40.23	\$95.67
Net discounted economic benefits at varying levels of funding from the City community (Council, WAG Foundation &/or local philanthropists)								
\$10m								\$85.67
\$20m								\$75.67

9.8. Sensitivity analysis

A lower and much more realistic real discount rate

Reflecting the lower funding costs for Victorian Government agencies since the recommendation of a real discount rate of 4% in 2013, the sensitivity analysis recalculates net community benefits also with a lower real discount rate of 1%. The impact of this change to a more realistic real discount rate is shown in **Table 9.5**. As noted previously this real discount rate of 1% remains well above current long term real interest rates payable by government sector borrowers.

Table 9.5 Impact of a 1% real discount rate compared to the 4% rate for the net present value of economic benefits from a new WAG at varying levels of City funding (Source: SMA Tourism)

Net Present Values in \$ millions	4% real discount rate		1% real discount rate	
	Existing Site	Cannon Hill	Existing Site	Cannon Hill
Net present value of economic benefits for the City when all funding comes from outside City	\$ 72	\$ 96	\$ 114	\$ 149
Net present value of economic benefits for the City when City provides \$10m of funding	\$ 62	\$ 86	\$ 104	\$ 139
Net present value of economic benefits for the City when City provides \$20m of funding	\$ 52	\$ 76	\$ 94	\$ 129

Without knowing what (if any) seed funding is raised by Council, WAG Foundation and/or local philanthropists, it is impractical to calculate a benefit cost ratio for the Warrnambool community. However, if for example we assume a \$10 or \$20 million local community contribution for the development of the Cannon Hill site and 4% real discount rate, the benefit cost ratio is respectively 10:1 or 5:1.

9.9. Conclusion

Developing a new WAG at either proposed site is clearly in the interests of the Warrnambool community.

Net present value of economic benefits for the Warrnambool community are much higher for developing the Cannon Hill site as compared to the existing site. This reflects:

- a greater share of the construction spending benefits in 2024 and 2025 go to Warrnambool businesses;
- a larger saving for the City Council in running the new WAG and Flagstaff Hill;
- the availability to Council of the valuable asset of the existing building used by the current WAG; and
- significantly stronger tourism spending benefits in the City of Warrnambool from induced tourism (increased visitors and slightly longer length of stay) due to the new WAG.

This economic evaluation did not include valuing social benefits which are considered likely to be highly significant. These social benefits are expected to also be significantly higher for developing the Cannon Hill site as it avoids extended disruption to city centre parking and traffic as well as providing expected higher levels of local visitation and social benefits to users of the new WAG.

This economic evaluation was developed from the perspective of the community of the City of Warrnambool. If this project proceeds to a business case aimed at attracting Victorian State Government funding it would be essential to develop a revised evaluation from the perspective of the Victorian community and make the evaluation more sophisticated by providing valuations of social benefits from the proposal chosen to be taken to this next stage.

10. Qualitative analysis

10.1. Experiential assessment

Proximity to complementary attractions operating same time

This criterion considers the proximity, similar operating hours and benefit that complementary experiences might add to a new WAG.

0.1 Weighted score for new build at current site

0.2 Weighted score for new build at Cannon Hill

The current site offers the local library and Lighthouse (performance) Theatre on the opposite side of the road, creating what some people have suggested is a cultural precinct. However, WAG staff do not report a high correlation of visitors using either of these with a visit to WAG, and the Lighthouse Theatre rarely opens same time as the WAG, so the notion of a cultural precinct is weaker than hoped.

The Cannon Hill site is located across the road from the Visitor Information Centre and Flagstaff Hill cultural attraction. They are both open the same time as WAG, but access could be improved to improve this strength. In addition, Cannon Hill attracts many visitors and locals to engage with the landscape, and a sealed walking trail connecting the coastal precinct with the city adds more outdoor recreation visitors.

Opportunity to create differentiated experiences that interpret region

This criterion looks for opportunities that the site offers to help create differentiated experiences that interpret the region, contributing to a sense of place and a richer experience.

0.3 Weighted score for new build at current site

0.75 Weighted score for new build at Cannon Hill

This is a major difference between the two sites. The built and urban view fields at the existing site offer some opportunity to interpret current lifestyle. The view fields at Cannon Hill offer a wider mix of elements that allow interpretation to connect with geography, Aboriginal, non-Aboriginal and contemporary uses that significantly add to a sense of place.

Opportunity to expand local Aboriginal connection

This criterion acknowledges visual prompts and past uses that enhance the opportunity to expand the local Aboriginal connection.

0.6 Weighted score for new build at current site

1 Weighted score for new build at Cannon Hill

There are minimal prompts available at the existing site – it is a colonial and contemporary urbanised environment. At Cannon Hill it is possible to interpret the cultural landscape and its interconnectivity to Aboriginal stories and culture.

Opportunity to expand delivery of children's experiences with parents

This criterion looks for space and creative props within the site to expand the already successful delivery of children's experiences with parents.

0.3 Weighted score for new build at current site

0.4 Weighted score for new build at Cannon Hill

The current site offers the Civic Green for some temporary activities but opportunities for installing permanent structures to facilitate this is very limited. Cannon Hill offers more space in its immediate area, as well as the potential to introduce permanent supporting infrastructure to support these activities. In addition, Cannon Hill is within visual and short walking distance to Lake Pertobe / E. Johnson Reserve, where there is a range of landscapes and facilities to extend this idea through independent or facilitated activities.

Opportunities for profitable Food & Beverage experience

The provision of food and beverage services has become a standard expectation at most built attractions, including art galleries. Whether a café, wine bar, restaurant or function centre, this service is dependent on consistent visitation from locals and visitors to be profitable. This visitation comes from the appeal of the attraction and ancillary appeal, such as view fields, safe place for children to play, and easy cheap parking. For example, art galleries like that at Benalla have a strongly functioning café (overlooking the river) that serves to increase visitation to the gallery.

0.05 Weighted score for new build at current site

0.15 Weighted score for new build at Cannon Hill

The existing site has some local walk by traffic associated with local business and recreation, but it also has paid and limited time parking that can be in short supply in peak periods, and has several competitors within close proximity.

The Cannon Hill site has significant view fields, a safe place for children to play, and easy cheap parking, with minimal competitors (except Pippies by the Bay seafood restaurant at Flagstaff Hill).

Opportunity to deliver continuous / permanent outdoor experiences

This criterion greatly assists WAG to break out of enclosed conventional gallery space and experiences, and experiment with outdoor art that performs different functions and presents larger scale than indoor exhibitions. Outdoor experiences widen appeal and act as a marketing tool for WAG – passers-by recognise the use and consider visiting, even at night when the building is closed.

0.15 Weighted score for new build at current site

0.75 Weighted score for new build at Cannon Hill

This is a major difference between the two sites. The existing site offers the Civic Green for this use, but competing uses of the site limit the WAG application to short periods.

Cannon Hill offers a larger and more permanent space for this use that can be seen from visitors to the traditional viewing area and visitors commuting between the coastal; precinct and Lake Pertobe and the city centre.

Opportunity for public events, unique experiences

Explanation of the criteria and interpretation of the two site's performance

Opportunity for greater curatorial flexibility

This criterion seeks to create the opportunity for greater curatorial flexibility, through larger space, more flexible space and walls, higher ceilings and efficient back of house to exhibition connectivity.

0.6 Weighted score for new build at current site

1 Weighted score for new build at Cannon Hill

The Cannon Hill site offers a larger space and totally purpose designed facility to maximise curatorial flexibility. The natural connection to Country will be of primary benefit for the Maar Nation people and the view of the ocean to the south will provide a contemplative experience for all visitors. This site offers an opportunity for the creation of temporary environmental art works that will provide a powerful reminder of how we must value and work together to protect the land. There will be the potential to separate the two spaces that can be used for events which will mean that more than one fundraising activity can take place simultaneously. There is also the opportunity at the Cannon Hill site to later develop an amphitheatre to hold small concerts.

10.2. Site based assessment

Demonstrates Warrnambool tourism brand values / unique sense of place

0.4 Weighted score for new build at current site

1 Weighted score for new build at Cannon Hill

This is a major difference between the two sites. The current site has no coastal connection in its view field and therefore does not deliver the regional /

Warrnambool brand. The Cannon Hill site exemplifies the Warrnambool value proposition perfectly. Its 360 degree view contrasts a city that meets the freedom of the coast.

Visibility from a major through road or tourist attractions

For a cultural attraction like a gallery to be visited by more than by the dedicated minority, it needs to be seen by passing traffic to generate spontaneous visitors.

0.3 Weighted score for new build at current site

0.4 Weighted score for new build at Cannon Hill

While the current site does receive good local traffic on Timor Street, it has been anecdotally reported that this is not a street frequented by visitors to Warrnambool.

Cannon Hill attracts visitation to the site itself to access one of the best views in Warrnambool. Pertobe Road on the eastern side is heavily used by visitors travelling and walking between the popular coastal precinct and the city centre.

Capacity for coach, private vehicle, and pedestrian access

People expect to be able to park close to attractions like art galleries, and prefer not to worry about their parking time being limited. Coaches bringing school groups and other visitors need a safe location to park for passengers to disembark and re-board.

0.1 Weighted score for new build at current site

0.25 Weighted score for new build at Cannon Hill

The current site has pedestrian access via footpaths, but these are not lit to the entrance, which combined with large trees does mean the route becomes darkened. There is a pedestrian crossing supporting Liebig Street, but not the busier Timor Street. There is a bicycle lane on Timor Street to the site.

Access to sufficient carparking (on-site or offsite)

This criterion seeks sufficient carparking to support WAG visitors. Parking includes the number of spaces typically likely to be available, the length of time one can park there, the cost to park (if any), and the provision of specialised places for coaches and people with special needs.

0.1 Weighted score for new build at current site

0.5 Weighted score for new build at Cannon Hill

While the current site is surrounded by urban parking, it is hotly contested in peak periods and has time periods on most locations, which can make it difficult for WAG visitors, especially coming for events. There is no coach parking available in the vicinity and limited disabled parking spaces.

Use of the current site removes 49 carparks from the City centre and with increased visitation expected of around 150 people per day on average is expected to lead to much tighter parking in the core of the City.

Cannon Hill has the open space to build customised parking to provide for WAG specific customers coming by car or coach or needing a special space for people with a disability. While this space would come from grassed open space, it can be landscaped to reduce visual impact and improve overall amenity. Some use is also expected of parking at the visitor information centre and Flagstaff Hill by visitors who walk to the Cannon Hill site while also visiting these other attractions.

Sufficient space for building footprint & external spaces

This criterion assesses the total area and its utility for incorporation into the space required to achieve the Functional Brief.

0.2 Weighted score for new build at current site

0.5 Weighted score for new build at Cannon Hill

The current site is heavily constrained by the Civic Green and roads on three sides. The only area to expand across is the carparking area to the east that is owned by Council and leased to the Ten Pin Bowling Entertainment Centre. There is an option to building over this parking area with a first level that is interconnected to the existing building. The owner of the Ten Pin Bowling Entertainment Centre would be interested in a joint venture to build apartments above the first level. The only other way to generate additional area is to build an additional level(s) above the existing building footprint.

The Cannon Hill site has far greater area to construct a gallery that avoids the need for multi-level development. There is also sufficient space for external spaces for outdoor art, interpretation facilities such as auditoriums and for supporting infrastructure such as carparks.

Sufficient space for future expansion of building and external spaces

This criterion considers what space might still be available after the Functional Brief was implemented. This contingency space might be needed for new ideas that were not foreseen in the Functional Brief.

0.05 Weighted score for new build at current site

0.15 Weighted score for new build at Cannon Hill

There is minimal space at the current site to implement more than the Functional Brief, and further construction would be quite disruptive to the gallery and adjacent users.

The Cannon Hill site has some surplus space in the eastern half that subject to consultation might be able to assist support the expansion or development of additional functions.

Minimal infrastructure and flood mitigation requirements

This criterion considers multiple aspects including the requirement for additional infrastructure and services to support the Functional Brief (roading, parking and connection to services such as power, water and sewer), geotechnical mitigation works to create a stable development, land contamination works to make the operation safe, and flood mitigation work to protect the site. A detailed assessment of these matters was undertaken and provided as **Attachment A**.

0.3 Weighted score for new build at current site

0.3 Weighted score for new build at Cannon Hill

The existing site is located on stable ground but is subject to some flooding. Services are immediately available and already connected into the site.

The Cannon Hill site is also located on stable ground, is not subject to flooding but does require additional roading into the site and services connections from Merri Street.

Opportunities for sustainability interventions

Sustainability interventions can reduce the carbon footprint and operating cost of a gallery, delivering inspiration and direction for other developments to follow, and reducing operating costs. We have prioritised energy consumption, as galleries are heavy energy users, but water reuse is also considered.

0.15 Weighted score for new build at current site

0.6 Weighted score for new build at Cannon Hill

The existing site entrance faces north and its store is located to the south, which assists with passive energy management. However, there are limited opportunities within the available footprint to implement sustainability measures.

The Cannon Hill site has greater ability to source natural light where needed, and a larger footprint from which to install sustainability infrastructure, such as water tanks, photovoltaic panels, and wind power generators. The Cannon Hill site also has a greater capacity to include remediation works and interpretation of these, extending learning about the place and its sustainable management.

Indicative development cost

The lower the development cost, the easier it might be to acquire funding for the development. A high level cost estimation for implementing the Functional Brief at both sites was used to consider this criterion.

0.1 Weighted score for new build at current site

0.1 Weighted score for new build at Cannon Hill

Both sites have been estimated to cost approximately \$41M. The existing site contains the cost of demolition, business interruption to the gallery operations and the external façade crystal box / solar treatment that is difficult to accurately cost –

with the cost estimators giving this a high contingency that makes this proposal slightly higher in cost. The Cannon Hill site costs contain a larger building, a new carpark and services connections. The Cannon Hill site would be built while the existing site continued to operate in situ, imposing less disruption to the existing business, and therefore achieve greater productivity and serviceability to visitors throughout the development period.

10.3. Bottom line to Multi Variant Analysis

Interpretation of **Tables 5.3 and 5.4**, contrast the experiential and site-based performance of the two sites and their functions, and show that Cannon Hill is twice as effective at achieving the assessment criteria as the current site. This performance occurs with both the raw scores and the weighted scores.

A new build on the existing site scored a weighted 4.3 while a new build at Cannon Hill; scored a weighted 8.95. The performance was double for both the experiential and the site-based criteria. The lead influences on the total score were:

- Opportunity to create differentiated experiences that interpret region
- Opportunity to deliver continuous / permanent outdoor experiences
- Opportunity for greater curatorial flexibility
- Better car parking outcomes
- Demonstrates regional tourism brand values / unique sense of place

The Multi Variant Analysis confirms from an objective analysis the Cannon Hill Site is dramatically more effective at delivering the Functional Brief than the existing site.

Table 5.3 Results of Multi Variant Analysis – experiential criteria

Experiential criteria	Weighting	Current site raw score	Current site weighted score	Cannon Hill site raw score	Weighted Cannon Hill score
Proximity to complementary attractions	5%	2	0.1	4	0.2
Opportunity to create differentiated experiences that interpret region	15%	2	0.3	5	0.75
Opportunity to expand local Aboriginal connection	20%	3	0.6	5	1
Opportunity to expand delivery of children's experiences with parents	10%	3	0.3	4	0.4
Opportunities for profitable Food & Beverage experience	5%	1	0.05	3	0.15
Opportunity to deliver continuous / permanent outdoor experiences	15%	1	0.15	5	0.75
Opportunity for public events, unique experiences	10%	3	0.3	5	0.5
Opportunity for greater curatorial flexibility	20%	3	0.6	5	1
Total	100%	18	2.4	36	4.75

Table 5.4 Results of Multi Variant Analysis – site-based criteria

Site-based criteria	Weighting	Current site raw score	Current site weighted score	Cannon Hill site raw score	Weighted Cannon Hill score
Demonstrates regional tourism brand values / unique sense of place	20%	2	0.4	5	1
Visibility from a major through road or tourist attractions	10%	3	0.3	4	0.4
Capacity for coach, private vehicle, and pedestrian access	5%	2	0.1	5	0.25
Access to sufficient carparking (on-site or offsite)	10%	1	0.1	5	0.5
Sufficient space for building footprint & external spaces	10%	2	0.2	5	0.5
Sufficient space for future expansion of building and external spaces	5%	1	0.05	3	0.15
Minimal infrastructure and flood mitigation requirements	10%	3	0.3	3	0.3
Opportunities for sustainability interventions	15%	1	0.15	4	0.6
Indicative development cost	5%	2	0.1	2	0.1
Indicative operating subsidisation by Council	10%	2	0.2	4	0.4
Total	100%	19	1.9	40	4.2

11. Conclusion and recommendations

11.1. Conclusion

Developing a new WAG at either proposed site is clearly in the interests of the Warrnambool community because it provides a larger, purpose designed and more flexible building capable of:

- creating differentiated experiences that interpret the region;
- delivering continuous / permanent outdoor experiences;
- increasing curatorial flexibility, effectiveness and efficiency;
- increasing the sustainability of the operation; and
- increasing the proportion of operational revenue to offset indirect costs.

Developing a new WAG via either option provides the Gallery operation with the financial resources to convert critical temporary positions (currently supported by external funding) to full time permanent positions. This shift significantly enhances the services provided by the Gallery to local residents and visitors.

This feasibility assessment identified a new build on Cannon Hill to more effectively deliver the Functional Brief, and offer a greater opportunity for realising the emerging vision of WAG. The Multi-Variant Analysis identified a new build on the Cannon Hill site to be superior to a new build on the existing site in every respect, including:

- providing the greatest functionality for contemporary gallery design, flexibility for larger exhibitions, entirely modernised facilities, and a transformed visitor experience;
- strengthening the Aboriginal dimension of the gallery and its connectivity with local Aboriginal people, including the opportunity to make more meaningful

connections to country and place, and a greater opportunity for cultural design collaboration with the Maar Nation

- demonstrating regional tourism brand values / unique sense of place of a city by the ocean, connected to the Great Ocean Road;
- converting more visitors coming to the Great Ocean Road but not Warrnambool, and more visitors coming to Warrnambool but not WAG;
- providing better car parking outcomes for the City; and
- allowing WAG to operate and deliver services throughout the construction period, until the new building was ready to open.

The cost to develop a new WAG at either site is forecast to be approximately \$41M, with Cannon Hill costed at approximately \$1M less.

Developing a new WAG via either option is likely to reduce the long-term financial support needed from the Warrnambool City Council. The financial support needed could be much less at the Cannon Hill site than a new build on the existing site.

Developing a new WAG via either option is likely to significantly increase the long-term economic benefits to the local community. A new WAG at Cannon Hill is likely to deliver higher economic and social benefits than a new build on the existing site.

11.2. Recommendations

This Draft Report will be reviewed by the PCG to ensure that the draft is satisfactory to share with Councillors, and the overall proposals and analysis are suitable to share as a summary presentation at targeted stakeholder consultation. One round of feedback has been allowed for by no later than 21 June 2021.

It is recommended to advise stakeholders that Council will engage consultants to prepare a Business Case for a new gallery at the Cannon Hill site.

12. Attachment A – Forecast total visitation to Warrnambool

12.1. Background analysis of Warrnambool City's falling visitor economy competitiveness against other regional cities pre-COVID

In recent years the competitiveness of Warrnambool City in attracting the major visitor market of domestic visitor nights has fallen significantly compared to other regional Victorian cities.

Warrnambool City up to 1998/99 had a significantly stronger reliance on its visitor economy than most of the Victorian regional cities. In the period since then, competitor regional cities in Victoria have had noticeably stronger growth in the core market for the visitor economy of domestic visitor nights.

If we look over the twenty years to 2018/19 (the last COVID free financial year), growth in domestic visitor nights to Warrnambool is between around a fifth and a third of the growth to competitor regional centres. This is indicated in **Figure 12.2** and **Table 12.2**.

Warrnambool would normally compare itself with Ballarat, Bendigo and Geelong which have larger and more industrially diverse economies and so a lower reliance on the visitor economy for jobs. Torquay is far more visitor economy reliant than Warrnambool and despite having a far smaller population had a similar level of domestic visitor nights and many more domestic day trip visitors.

Figure 12.2. Growth in the main visitor market to Warrnambool has lagged that to competitor regional cities for 20 years

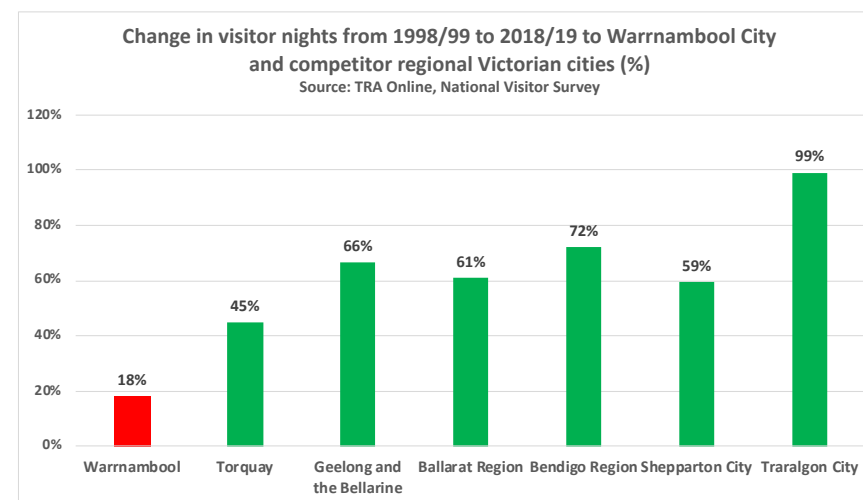


Table 12.2 Growth in domestic visitor nights to major regional centres in Victoria over the five years and 20 years to 2018/19 (Source: TRA Online, National Visitor Survey)

	Growth from 2013/14 to 2018/19	Growth from 1998/1999 to 2018/19	Scale of domestic visitor nights to this area compared to Warrnambool in 2018/19
Warrnambool	19%	18%	100%
Torquay	20%	45%	88%
Geelong and the Bellarine	40%	66%	352%
Ballarat Region	56%	61%	167%
Bendigo Region	45%	72%	221%
Shepparton City	111%	59%	85%
Traralgon City	152%	99%	38%

The previously unfashionable visitor destinations of Shepparton and Traralgon have surprisingly the largest growth rate in domestic visitor nights in the last five years, as they became more focussed on growing visitation.

The loss of competitiveness for Warrnambool over the last 20 years came from a high base. So, the City's economy continued to be more heavily reliant on visitor spending than other regional cities in Victoria, aside from Torquay.

12.2. Visits to art galleries and museums were a weak point of the Warrnambool visitor experience pre-COVID

Warrnambool when compared to the major regional cities of Bendigo, Ballarat and Geelong has a noticeably lower visitation to art galleries and museums in visits by domestic overnight and day trip visitors. As shown in **Table 12.3**, this comparison is particularly unfavourable with Bendigo and Ballarat which have emphasised art gallery and museums as a core experience for visitors.

It is expected that without a major investment in a new WAG or Flagstaff Hill upgrading, that the capture rates of domestic visitors will stay depressed at similar shares in the forecast period.

There is unfortunately no data on capture rates for visits to art galleries and museums for overnight international visitors from Tourism Research Australia, but for developing forecasts it is assumed that international visitors have a capture rate of 50% higher than domestic interstate overnight visitors. So, for Warrnambool without a new WAG this suggests a capture rate of $7\% \times 1.5 = 10.5\%$. This assumption reflects that they are less likely than domestic interstate visitors to have visited the region on a previous trip and have a longer average length of stay when visiting the city overnight (7.1 Vs 2.9 visitor nights over 2016-19).

Table 12.3 Warrnambool had much lower activity of domestic visitors in going to art galleries and museums (Source: TRA Online, National Visitor Survey)

Capture rates for visitors to visit art galleries and museums for key regional cities in Victoria by type of visitors over the five years 2015-19			
Destination State/Region/SA2	Domestic day trips	Domestic intrastate overnight visitors	Domestic interstate overnight visitors
Ballarat	8%	10%	18%
Bendigo	8%	11%	17%
Warrnambool	1%	3%	7%
Geelong	2%	8%	5%

12.3. Forecasts for capture rates for visitation to art galleries and museum of visitors to Warrnambool with a new WAG at Cannon Hill Vs in the City centre

A more complex element of forecasting visitation to a new WAG is that it is expected to grow the overall market of visitations to Warrnambool as it is also grows the capture rate of this growing market for visitation to art galleries and museums.

In this approach we started by looking at revised capture rates for visitation to art galleries and museums in Warrnambool before turning to the increase in the total number of visitors to Warrnambool.

The proposed new WAG at Cannon Hill is expected to grow capture rates to art galleries and museum of visitors to Warrnambool and total visitation to

Warrnambool significantly more than a new WAG in the City centre over the forecast period as:

- Cannon Hill site will have greater visibility to the many visitors who stay in commercial accommodation in the area from the Hill to the coast;
- there will be much greater visibility of the Cannon Hill site for visitors to the Visitor Information Centre and the Flagstaff Hill attractions – creating a cultural tourism cluster;
- visitation to Cannon Hill site is likely to lead to a greater number of visitors to the Flagstaff Hill attractions than visitation to the city site;
- the more appealing outlook of the Cannon Hill site is expected to lead to greater social media reporting of this site;
- access and parking near the Cannon Hill site should be easier for visitors;
- construction over the assumed 2024-25 period will be far less disruptive of visitor (and resident) travel flows when at Cannon Hill compared to the current site; and
- the existing art gallery can still operate during construction at the Cannon Hill site.

Core assumptions of this forecasting approach is that the major investment proposed at Cannon Hill, as the largest ever investment in a visitor attraction in Warrnambool, leads to:

- An increase in capture rates in Warrnambool for overnight visitors staying in the City to match the average of those in Ballarat and Bendigo by the third year of operation for the Cannon Hill site and half this incremental growth in capture rates for the city centre site. The resulting forecast capture rates are provided in **Table 12.4**.
- It is also recognised that the domestic day trip market to Warrnambool is more service centre oriented and much more distant from Melbourne than visitation

to Ballarat and Bendigo and only around one third the increase in capture rates to the Ballarat and Bendigo data is appropriate for this class of visitor.

The resulting forecast capture rates are provided in **Table 12.4**.

Table 12.4 Forecasts for capture rates by class of visitor to a new WAG in Warrnambool (Note: Data for 2020 ignores the closure of some art galleries and museums in 2020)

Warrnambool - share of visitors by category who have the activity of visiting art galleries and museums in Warrnambool	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
New WAG at Cannon Hill												
Domestic Day trips	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	4.0%	6.0%	8.0%	8.0%	8.0%	8.0%
International overnight visitors	10.5%	10.5%	10.5%	10.5%	10.5%	10.5%	15.5%	21.0%	26.3%	26.3%	26.3%	26.3%
Domestic Intrastate visitors	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	5.5%	8.0%	10.5%	10.5%	10.5%	10.5%
Domestic Interstate visitors	7.0%	7.0%	7.0%	7.0%	7.0%	7.0%	10.5%	14.0%	17.5%	17.5%	17.5%	17.5%
New WAG on existing site												
Domestic Day trips	1.0%	1.0%	1.0%	1.0%	0.67%	0.67%	2.3%	3.7%	5.0%	5.0%	5.0%	5.0%
International overnight visitors	10.5%	10.5%	10.5%	10.5%	7.04%	7.04%	13.3%	16.2%	19.0%	19.0%	19.0%	19.0%
Domestic Intrastate visitors	3.0%	3.0%	3.0%	3.0%	2.01%	2.01%	4.4%	5.8%	7.3%	7.3%	7.3%	7.3%
Domestic Interstate visitors	7.0%	7.0%	7.0%	7.0%	4.69%	4.69%	8.7%	10.5%	12.3%	12.3%	12.3%	12.3%

12.4. Forecasts for increased visitation to Warrnambool due to a new WAG at Cannon Hill versus in the City centre

It is conservatively assumed that the increase in visitation to Warrnambool from a new WAG is one third of the change in capture rates. This reflects that while some visitors to a new WAG will only come to Warrnambool because of the new art gallery, these people are expected to be in the minority. These forecasts are shown in **Table 12.5**.

Table 12.5 Forecasts for changes in visitation by class of visitor to Warrnambool due to a new WAG

Warrnambool - change in visitation to Warrnambool with a new WAG	2023	2024	2025	2026	2027	2028	2029	2030
New WAG at Cannon Hill								
Domestic Day trips	0.0%	0.0%	0.0%	0.6%	0.8%	0.8%	0.8%	0.8%
International overnight visitors	0.0%	0.0%	0.0%	1.7%	1.7%	1.7%	1.7%	1.7%
Domestic Intrastate visitors	0.0%	0.0%	0.0%	0.8%	1.7%	2.5%	2.5%	2.5%
Domestic Interstate visitors	0.0%	0.0%	0.0%	1.2%	2.3%	3.5%	3.5%	3.5%
New WAG on existing site								
Domestic Day trips	0.0%	-0.1%	-0.1%	0.3%	0.4%	0.4%	0.4%	0.4%
International overnight visitors	0.0%	-1.1%	-1.1%	0.9%	1.9%	2.8%	2.8%	2.8%
Domestic Intrastate visitors	0.0%	-0.3%	-0.3%	0.5%	0.9%	1.4%	1.4%	1.4%
Domestic Interstate visitors	0.0%	-0.8%	-0.8%	0.6%	1.2%	1.7%	1.7%	1.7%

The use of the estimates in **Table 12.4** with the forecasts for total visitation to Warrnambool in **Table 12.1** allows the calculation of total visitation to Warrnambool with a new WAG as shown in **Table 12.6**.

Table 12.6 Forecasts for visitation by class of visitor to Warrnambool with or without a new WAG
(Note: Data for 2020 ignores the closure of some art galleries and museums in 2020)

No New WAG	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Domestic Day trips	597,000	469,000	507,450	567,150	626,850	626,850	644,760	664,103	684,026	704,547	725,683	747,454
International overnight visitors	35,000	7,000	5,250	14,000	24,500	31,500	35,000	37,800	40,824	44,090	47,617	51,426
Domestic Intrastate visitors	399,000	237,000	438,900	418,950	418,950	438,900	438,900	452,067	465,629	479,598	493,986	508,805
Domestic Interstate visitors	82,000	16,000	49,200	69,700	77,900	82,000	86,100	88,683	91,343	94,084	96,906	99,813
Total visitors to Warrnambool	1,113,000	729,000	1,000,800	1,069,800	1,148,200	1,179,250	1,204,760	1,242,653	1,281,822	1,322,318	1,364,192	1,407,499
New WAG at Cannon Hill	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Domestic Day trips	597,000	469,000	507,450	567,150	626,850	626,850	644,760	667,792	689,346	710,026	731,327	753,267
International overnight visitors	35,000	7,000	5,250	14,000	24,500	31,500	35,000	38,424	41,498	44,817	48,403	52,275
Domestic Intrastate visitors	399,000	237,000	438,900	418,950	418,950	438,900	438,900	455,797	473,312	491,468	506,212	521,398
Domestic Interstate visitors	82,000	16,000	49,200	69,700	77,900	82,000	86,100	89,707	93,454	97,344	100,264	103,272
Total visitors to Warrnambool	1,113,000	729,000	1,000,800	1,069,800	1,148,200	1,179,250	1,204,760	1,251,720	1,297,609	1,343,656	1,386,206	1,430,212
New WAG on existing site												
Domestic Day trips	597,000	469,000	507,450	567,150	626,167	626,167	644,058	665,948	686,686	707,287	728,505	750,360
International overnight visitors	35,000	7,000	5,250	14,000	24,220	31,140	34,600	38,150	41,591	45,327	48,953	52,869
Domestic Intrastate visitors	399,000	237,000	438,900	418,950	417,581	437,466	437,466	454,159	470,004	486,324	500,914	515,941
Domestic Interstate visitors	82,000	16,000	49,200	69,700	77,306	81,375	85,444	89,190	92,404	95,714	98,585	101,543
Total visitors to Warrnambool	1,113,000	729,000	1,000,800	1,069,800	1,145,275	1,176,148	1,201,567	1,247,447	1,290,685	1,334,651	1,376,957	1,420,713

By 2030, a new WAG at Cannon Hill is bringing an extra 23,000 visitors to Warrnambool per annum. In contrast, a new WAG on the existing site is bringing an extra 13,000 visitors to Warrnambool per annum.

Beyond the impact on total visitors there is a separate economic benefit from the visitors who do come extending their length of stay and average spending in Warrnambool due to having a new WAG to visit.

12.5. Forecasts for visitors with the activity of visiting art galleries and museums while in Warrnambool with a new WAG

The forecasts shown in **Table 12.7** include the impacts of increased capture rates for this activity when visiting Warrnambool and the impact of the new WAG increasing total visitation to the City. They don't reflect the reality that many visitors to the existing and new WAG will visit other art galleries and museums while in Warrnambool or visit a number of times during their stay.

Table 12.7 Forecasts for visitors to Warrnambool to have the activity of visiting art galleries and museums with or without a new WAG (Note: Data for 2020 ignores the closure of some art galleries and museums in 2020)

No New WAG	2016-19	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Domestic Day trips	5,970	4,690	5,075	5,672	6,269	6,269	6,448	6,641	6,840	7,045	7,257	7,475
International overnight visitors	3,675	735	551	1,470	2,573	3,308	3,675	3,969	4,287	4,629	5,000	5,400
Domestic Intrastate visitors	11,970	7,110	13,167	12,569	12,569	13,167	13,167	13,562	13,969	14,388	14,820	15,264
Domestic Interstate visitors	5,740	1,120	3,444	4,879	5,453	5,740	6,027	6,208	6,394	6,586	6,783	6,987
Total visitors to Warrnambool	27,355	13,655	22,237	24,589	26,863	28,483	29,317	30,380	31,490	32,649	33,860	35,125
New WAG at Cannon Hill	2016-19	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Domestic Day trips	5,970	4,690	5,075	5,672	6,269	6,269	6,448	17,808	22,978	23,668	24,378	25,109
International overnight visitors	3,675	735	551	1,470	2,573	3,308	3,675	8,069	10,893	11,765	12,706	13,722
Domestic Intrastate visitors	11,970	7,110	13,167	12,569	12,569	13,167	13,167	36,464	49,698	51,604	53,152	54,747
Domestic Interstate visitors	5,740	1,120	3,444	4,879	5,453	5,740	6,027	12,559	16,354	17,035	17,546	18,073
Total visitors to Warrnambool	27,355	13,655	22,237	24,589	26,863	28,483	29,317	74,900	99,923	104,071	107,782	111,651
New WAG on existing site												
Domestic Day trips	5,970	4,690	5,075	5,672	6,269	4,195	4,315	12,209	14,878	15,325	15,784	16,258
International overnight visitors	3,675	735	551	1,470	2,573	2,191	2,434	6,178	7,902	8,612	9,301	10,045
Domestic Intrastate visitors	11,970	7,110	13,167	12,569	12,569	8,793	8,793	26,557	34,075	35,259	36,316	37,406
Domestic Interstate visitors	5,740	1,120	3,444	4,879	5,453	3,816	4,007	9,381	11,319	11,725	12,077	12,439
Total visitors to Warrnambool	27,355	13,655	22,237	24,589	26,863	18,996	19,550	54,325	68,175	70,920	73,478	76,148

12.6. Forecasts for visitors to the existing and new WAG at either Cannon Hill or on the existing site

Data from the existing WAG indicates that there were between 47,000 visitors in 2015-16 and 67,000 in 2018-19 before the WAG was closed for various reasons. The gallery also indicated that around half its visitors longer term were from outside the Warrnambool LGA. This suggests around 30,000 visitors to the WAG from outside Warrnambool per annum pre-COVID when the gallery was open year-round.

All the forecasts to this point have relied on TRA data which only includes visitation by people 15 years and over. Data from the gallery indicates that school groups (which will often be from outside Warrnambool) and children under 18 represent around 20-25% of visitors. If we allow for an extra 15% of visitors with the activity of visiting art galleries and museums to inflate the data shown in **Table 12.6** this gives an estimate of around 30,000 annual visitors including children to Warrnambool pre-COVID had this activity.

There is also a need to allow for only a share of these visitors with the activity of visiting art galleries and museums visiting the existing WAG, as they could for example only visit Flagstaff Hill.

Finally, there is a need to allow for some of the overnight visitors visiting the WAG in a several days on the one visit. It is expected that of visitors to Warrnambool on a non-day trip who do visit the existing WAG they visit on average 1.2 times.

If we assume that two-thirds of visitors with the activity of visiting art galleries and museums visit the existing WAG and this visitation is boosted by 15% with inclusion of children, we get the numbers in **Table 12.8** of forecasts for visitation to the existing WAG.

For the new WAG we assume that rather than two-thirds of visitors with the activity of visiting art galleries and museums in Warrnambool visiting the WAG the proportion visiting the Cannon Hill site is 85% and for the City Centre site 80%. We also assume that the number of visits per overnight visitor to the new WAG goes to 1.3 for the Cannon Hill site and 1.2 for a new WAG on the existing site. These assumptions are also included in the forecasts shown in Table 8. Also the new WAG on the existing site is assumed to result in a two year closure of the existing WAG.

Table 12.8 Forecasts of visits to the existing and proposed new WAGs (Note: Data for 2020 ignores the closure of some art galleries and museums in 2020)

No New WAG	2018-2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Domestic Day trips	5,943	4,669	5,052	5,646	6,240	6,240	6,419	6,611	6,810	7,014	7,224	7,441
International overnight visitors	4,390	878	659	1,756	3,073	3,951	4,390	4,742	5,121	5,530	5,973	6,451
Domestic Intrastate visitors	14,300	8,494	15,730	15,015	15,015	15,730	15,730	16,202	16,688	17,188	17,704	18,235
Domestic Interstate visitors	6,857	1,338	4,114	5,829	6,514	6,857	7,200	7,416	7,639	7,868	8,104	8,347
Total visitors to WAG	31,491	15,379	25,554	28,246	30,843	32,779	33,739	34,971	36,257	37,601	39,005	40,474
New WAG at Cannon Hill	2018-2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Domestic Day trips	5,943	4,669	5,052	5,646	6,240	6,240	6,419	17,407	22,461	23,135	23,829	24,544
International overnight visitors	4,390	878	659	1,756	3,073	3,951	4,390	10,254	13,842	14,950	16,146	17,437
Domestic Intrastate visitors	14,300	8,494	15,730	15,015	15,015	15,730	15,730	46,336	63,153	65,576	67,543	69,570
Domestic Interstate visitors	6,857	1,338	4,114	5,829	6,514	6,857	7,200	15,959	20,782	21,647	22,297	22,966
Total visitors to WAG	31,491	15,379	25,554	28,246	30,843	32,779	33,739	89,956	120,239	125,308	129,815	134,517
New WAG on existing site	2018-2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Domestic Day trips	5,943	4,669	5,052	5,646	6,240	-	-	11,934	14,543	14,980	15,429	15,892
International overnight visitors	4,390	878	659	1,756	3,073	-	-	7,247	9,269	10,102	10,910	11,783
Domestic Intrastate visitors	14,300	8,494	15,730	15,015	15,015	-	-	31,151	39,970	41,358	42,599	43,877
Domestic Interstate visitors	6,857	1,338	4,114	5,829	6,514	-	-	11,003	13,278	13,753	14,166	14,591
Total visitors to WAG	31,491	15,379	25,554	28,246	30,843	-	-	61,336	77,061	80,193	83,104	86,143

Compared to the staying with the existing WAG, the proposed WAG at Cannon Hill is expected to receive an extra 94,000 visitors in 2030 while the proposed WAG at the existing site is expected to receive an extra 46,000 visitors in 2030.

12.7. Local Resident visits

Local visits increase to the existing WAG in line with growth in population of the City assumed at 2% pa over the 36,180 local visits estimated by the Gallery in 2018/19.

For visits to the new WAG at Cannon Hill it is assumed that the ratio of visits in the population increases by 70% in the first year of opening (in many cases to have a look around, in part attracted by the spectacular site) before falling to a 40% increase in the second and subsequent years.

For visits to the new WAG at the existing site it is assumed that the ratio of visits in the population increases by 40% in the first year of opening (in many cases to have a look around) before falling to a 30% increase in the second and subsequent years.

Table 12.9 Forecasts of total visits to the existing and proposed new WAGs from visitors to Warrnambool and local residents of the City

	2018-2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	Total visits 2023-2030
Visits from Warrnambool City residents													
No New WAG	36,180	Not available	37,989	38,749	39,524	40,314	41,121	41,943	42,782	43,637	44,510	45,400	339,231
New WAG at Cannon Hill	36,180	Not available	37,989	38,749	39,524	40,314	41,121	71,303	59,894	61,092	62,314	63,561	439,123
New WAG on existing site	36,180	Not available	37,989	38,749	39,524	-	-	58,720	55,616	56,729	57,863	59,020	327,473
Visits from people who live outside the LGA													
No New WAG	31,491	Not available	25,554	28,246	30,843	32,779	33,739	34,971	36,257	37,601	39,005	40,474	285,667
New WAG at Cannon Hill	31,491	Not available	25,554	28,246	30,843	32,779	33,739	89,956	120,239	125,308	129,815	134,517	697,196
New WAG on existing site	31,491	Not available	25,554	28,246	30,843	-	-	61,336	77,061	80,193	83,104	86,143	418,680
Total visits													
No New WAG	67,671	Not available	63,543	66,994	70,367	73,093	74,859	76,913	79,039	81,238	83,515	85,874	624,898
New WAG at Cannon Hill	67,671	Not available	63,543	66,994	70,367	73,093	74,859	161,259	180,134	186,401	192,129	198,077	1,136,319
New WAG on existing site	67,671	Not available	63,543	66,994	70,367	-	-	120,056	132,677	136,922	140,967	145,163	746,153

13. Attachment B – Infrastructure analysis